TRITAX BIG BOX

10 March 2021

TRITAX BIG BOX REIT PLC

Strategically aligned with long-term structural growth drivers

Tritax Big Box REIT plc (the Group) reports its results for the 12 months from 1 January to 31 December 2020.

	31 December 2020	31 December 2019	Change
Operating profit[1]	£147.5m	£122.5m	+20.4%
Adjusted earnings per share (EPS)[2]	7.17p	6.64p	+8.0%
Dividend per share (DPS)	6.40p	6.85p	-6.6%
Dividend pay-out ratio	90%	103%	
Total Accounting Return	19.9%	3.8[3]%	+16.1 pts
IFRS earnings per share	26.30p	8.40p	+ 213.1%
EPRA Cost ratio (including vacancy cost)	14.2%	15.1%	-0.9 pts
EPRA Net Tangible Assets per share[3]	175.61p	151.79p	+ 15.7%
Portfolio value[4]	£4.41bn	£3.94bn	+ 11.9%
Contracted annual rent roll	£180.6m	£166.6m	+ 8.4%
Weighted average unexpired lease term (WAULT)	13.8 yrs	14.1 yrs	- 0.3 yrs
Loan to value (LTV)	30.0%	29.9%	+0.1 pts
IFRS net asset value per share	169.92p	150.04p	+ 13.3%

Delivering strong income and capital growth in an accelerating market

- 8.0% increase in Adjusted EPS to 7.17p (2019: 6.64p) driven by development completions, active asset management and development management income, net of disposals. Excluding the impact of development management income in excess of our anticipated run-rate, Adjusted EPS was 6.91p, an increase of 4.1%.
- Q4 dividend declared of 1.7125p, resulting in FY 2020 DPS of 6.40p (2019: 6.85p), a pay-out ratio of 90% or 93% when adjusting for development management income.
- Total Accounting Return of 19.9% (2019: 3.8%) driven by strategy implementation coupled with positive market backdrop.
- Strong balance sheet with 30.0% LTV, providing firepower to support strategy.
- Sustainability initiatives increasing ESG ratings - GRESB from 1 star to 3 stars and MSCI ESG from B to BB.

Strategically aligned with favourable long-term structural growth drivers

- Record demand in 2020 for logistics space driven by an acceleration of structural changes to facilitate the ongoing growth in e-commerce and the increasing need for modern, efficient and resilient supply chains, which the pandemic and the impact of Brexit reinforce.
- Supply of prime large-scale logistics real estate remains constrained by planning process and development timelines.
- High levels of investment in logistics real estate attracted to long-term resilient income and increasing capital values.

High-quality portfolio delivering strong performance

- Portfolio value increased to £4.41 billion driven by development gains, asset management and the strength of our market (31 December 2019: £3.94 billion), including a capital valuation surplus of 9.5%, net of capex.
- Strong rent collection, with 99.4% of 2020 rent collected and all arrears expected to be received in 2021.
- WAULT of 13.8 years as at 31 December 2020 (31 December 2019: 14.1 years), with 65% of rent generated by leases having an unexpired term of more than 10 years.

Adding further value through direct and active management

- Grew contracted annual rent roll by £13.9 million (8.4%) to £180.6 million (31 December 2019 £166.6 million) driven by asset management and letting of development assets, net of disposals:
  - 21.7% of the portfolio was subject to rent review or variation in FY2020 achieving a 5.4% increase and adding £2.0 million to contracted rent.
  - Lettings of development assets added £16.9 million to contracted rent roll
- Realising value created in the portfolio through the disposal of four assets for £134 million, delivering a weighted levered IRR of 12.9% per annum (net of corporate costs).
- Redeploying disposal proceeds into higher returning development opportunities and acquisition of a prime 325,000 sq ft South Coast distribution logistics building with significant value-add potential.

Targeting long-term outperformance through development of the UK's largest logistics focused land bank

- Let 2.9 million sq ft of development assets increasing contracted annual rent roll by £16.9 million.
  - Achieved 2.4 millon sq ft of pre-lets growing contracted annual rent by £13.0 million.

- Let four buildings, including two to Apple and recent 20 year lease to Ocado adding £3.9 million to rent.

- Planning consent received on a further 5.4 million sq ft of prime logistics space during 2020.
- Near-term development pipeline of 10.2 million sq ft across 12 sites, of which 74% had planning consent at 31 December 2020.
- New ESG strategy launched, including commitment to build net zero carbon buildings in the Symmetry portfolio, supported by first sterling Green Bond issued by a UK REIT.

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

"Despite the challenges presented by Covid-19, Tritax Big Box built significant momentum in 2020 as the benefits of complementing our strong investment portfolio with our development land bank begin to crystalise. This progress was evidenced in the Group's strong performance during the year, with extensive letting activity on our development portfolio, increasing values through asset management and the successful recycling of capital. In addition to these active steps that the Manager has taken, we have seen a strengthening in the UK logistics market driven by heightened occupier and investor demand, which we are well placed to capitalise upon in the coming years."

"We believe the positive structural drivers currently being experienced in the UK logistics sector are at an early stage, and these trends will continue to have a favourable lasting impact on our market over the long-term. As a business we have the necessary capabilities and resources to capture this opportunity to deliver long-term sustainable income and capital growth for our shareholders. Progress is expected to continue in 2021, as we drive income and enhance value from the existing portfolio through asset management and rent reviews, and as our development portfolio increasingly contributes to our financial performance. We have seen significant and increasing levels of occupational interest in our development pipeline giving us confidence in our ability to deliver further long-term sustainable growth. We expect to continue to pay an attractive dividend to shareholders, while ensuring we have the capacity to invest in the opportunities that will drive earnings and dividend growth over the coming years."

The Group will hold a results webcast at 9:00 today for analysts and investors:

A replay of the webcast will be available at www.tritaxbigbox.co.uk/investors

Notes

1. Operating profit before changes in fair value and other adjustments.
2. See Note 13 to the financial statements for reconciliation.
3. Following the October 2019 update to EPRA's Best Practice Recommendations Guidelines, the Group has adopted EPRA net tangible assets (NTA) as its primary measure of net asset value and restated its December 2019 position in line with this change. A reconciliation of this change is provided within the Notes to EPRA NAV calculations.
4. The Group's Investment portfolio comprises let or pre-let assets as well as any speculative developments that have reached practical completion but remain vacant (inclusive of all forward funded development commitments).

CHAIRMAN'S STATEMENT

Strong outperformance

The Group delivered another strong year of performance in 2020. This performance is a consequence of our strategy, the high-quality portfolio we have constructed, the increasing contribution from our development activities and the strength of our market.

Operating profit before changes in fair value and other adjustments grew by 20.4% to £147.5 million (2019: £122.5 million) and our EPRA cost ratio reduced to 14.2% (2019: 15.1%). Adjusted earnings per share rose by 8.0% to 7.17 pence (2019: 6.64 pence). EPRA Net Tangible Assets grew to 175.61 pence at the year end, enabling us to generate an attractive Total Accounting Return for shareholders of 19.9%. This was predominantly due to the strong performance of the investment portfolio and capital profit arising from the development portfolio, generating a fair value gain across the portfolio of £351.1 million net of costs.

Against the backdrop of Covid-19, the strength and resilience of our diverse customer base is demonstrated by the Group's rent collection performance, with 99.4% of the rent falling due for 2020 collected by the year end and payment plans in place to collect the balance. Our expectation is that we will collect 100% of the 2020 rent due in full. The Group is soundly financed, with significant liquidity and headroom within its existing debt facilities.

Well positioned with the attributes needed to deliver further sustainable long-term growth

Our progress this year reflects the growing maturity and strength of the business. Having built a leading portfolio of large-scale logistics assets, the Group has the key attributes needed to deliver on its long-term strategy. We have transitioned successfully from having an early focus on pre-let forward funded third-party development, where we were the market leader, to building an in-house capability through the acquisition in 2019 of Tritax Symmetry. We own and control the UK's largest logistics-focused land bank, through which our largely pre-let focused model provides the opportunity to minimise risk, efficiently utilise capital and maximise returns. The land bank complements our ability to acquire attractive opportunities in the market and to deliver value through active asset management of the portfolio. It also enables us to support the expansion plans of our existing customer base as well as those of potential new customers. This reduces our dependence on acquiring assets in the open market and increases our ability to create new, high-quality assets at an attractive yield on cost through our profitable development programme. An example of the benefits of this transition is the successful pre-letting to Amazon at our Littlebrook, Dartford site, one of Europe's largest logistics facilities.

This year we continued to make good progress with our development platform, obtaining planning consents for 5.4 million sq ft of new space and securing lettings for the remaining speculatively developed buildings completed earlier in the year. Our close and direct relationships with customers have enabled us to support them while continuing to add value to the existing portfolio. We have also crystallised value by disposing of assets where we have completed our asset management programme and recycled the proceeds into higher returning opportunities.

As the Group has grown, the Manager has invested in its own capabilities. The Manager made several senior appointments this year, adding breadth and depth of experience and significantly enhancing its resilience with expertise in areas such as research and data analytics, logistics, supply chains, investment management and investor relations. These capabilities give us fresh insights, help the Manager better understand and respond to its evolving customer requirements and help us communicate more effectively with the wider market, all to deliver enhanced value to our stakeholders.

In December 2020, Aberdeen Standard Investments (ASI) announced its intention to acquire a 60% stake in the Manager. The Board believes this is positive for the Group and that there will be no impact on the Manager's ability to continue to deliver our strategy successfully. The dedicated team responsible for the Group's day-to-day operations under the Investment Management Agreement remains unchanged. In the longer term, we expect that ASI's stake will strengthen the Manager, by giving it access to the resources of a global financial institution, while preserving the Manager's unique and market-leading logistics real estate expertise for our shareholders.

In uncertain times, which have required a remote working environment for most of the year, the critical importance of strong governance is evident. The Board has continued to work closely with the Manager this year, with an even greater focus on high-quality communications ensuring effective oversight and a deep understanding of what is happening in the business and the

market. This helps to ensure that the Group continues to operate effectively and safely in the interests of our shareholders and wider stakeholder base.

A progressive dividend

In April 2020, we made the prudent decision to withdraw dividend guidance for 2020 due to the significant uncertainty regarding the economic impact of Covid-19. We remain cautious given the ongoing effects of the pandemic on the economy and our customers and will keep this under review in the context of our dividend. During FY 2020, we paid three quarterly dividends of 1.5625 pence per share each and have announced an increase to 1.7125 pence in respect of the fourth quarter. This provides a total dividend for the year of 6.40 pence, representing a pay-out ratio of 90%, or 93% when adjusting for non-recurring development management income.

The investments we have made over the years, most notably acquiring a development platform and land bank, provide the Group with more tools to generate further attractive and growing returns for our shareholders. Our aim is to achieve a total return that is formed of income and capital performance increasingly generated by development gains and asset management initiatives, rather than externally driven by market yield compression. We have the attributes to deliver long-term dividend progression, which will ensure the pay-out to shareholders remains attractive and an important part of our total return. In future, our intention is for the first to third quarter dividend payments to each represent 25% of the full year dividend of the previous financial year, and use the fourth quarter dividend to determine the level of any potential progression, with an overall aim to achieve a pay-out ratio in excess of 90% of Adjusted earnings. This provides both attractive returns to shareholders coupled with the financial flexibility to invest in the opportunities our strategy will continue to create.

Embedding and enhancing sustainability

Enhancing sustainability and good governance are central to the way the Group operates. We launched our new sustainability strategy during the year and are making good progress with its implementation. Key examples included our commitment that from June 2020 all new Tritax Symmetry developments will be constructed to net zero carbon standards, while we continue to enhance the sustainability of the existing portfolio through our asset management activities. This progress is reflected in our external ratings, with material improvements in our GRESB rating from one to three stars and increasing our MSCI ESG rating from B to BB. In December, we launched a £250 million Green Bond, the first sterling Green Bond to be issued by a UK REIT, the proceeds from which are already being used to support our development of more sustainable buildings.

Board succession

As announced in January 2021, I will be stepping down from the Board at the next Annual General Meeting. It has been a privilege to lead the Board for more than seven years, during which time the Group has gone from a start-up to a market leader, and is well positioned for further long-term success. Following a succession planning process, Aubrey Adams, who is currently our Senior Independent Director, will become Chairman when I retire. He is exceptionally well qualified for the role, with around four decades of senior experience in real estate, including 17 years as Chief Executive of Savills.

Outlook

In 2021, 37% of the Group's rent roll is up for review, giving us the ability to realise income growth through the certainty of fixed or inflation linked uplifts and also through capturing market rental growth. Combined with further upside from our development portfolio, this will help to enhance our earnings and adds to our confidence of further growth in the coming year. We will continue to progress our sustainability initiatives and look forward to the completion of our first net zero carbon developments.

The Group has the tools it needs to further benefit from the significant growth in demand for logistics real estate assets, underpinned by intensifying long-term structural trends. Through the Manager, we have the necessary people, market experience, contacts, intelligence and data to take advantage of the increasing opportunities. The Group has the largest big box investment portfolio by square footage, and the biggest logistics focused land bank in the UK, giving us unrivalled insight into the marketplace and a pipeline of internally generated solutions to capitalise on occupier demand and deliver further attractive returns to shareholders. We believe the positive structural drivers currently being experienced in the UK logistics real estate sector are at an early stage, and these trends will continue to have a favourable lasting impact on our market as economies begin to recover.

Sir Richard Jewson
Chairman

9 March 2021

MANAGER'S REPORT

This was a year of positive momentum for the Group, as it delivered good progress across every element of its strategy, against a backdrop of strengthening occupier demand and record levels of take-up for large-scale logistics assets.

Long-term positive structural drivers make logistics real estate an increasingly attractive and growing sector

Our strategy is aligned with three long-term structural drivers which are expected to increase and in turn sustain strong demand for logistics real estate in the UK. These are:

1. **The ongoing growth in e-commerce**

   Consumers have continued to demand faster and more convenient ways to buy and receive goods, leading to an increasingly complicated omnichannel supply chain network and a rapid rise in online shopping over recent years. Suppliers have responded by improving e-commerce channels through their supply chains. Covid-19 has accelerated this trend, with total UK annual online sales in 2020 up 46% year-on-year resulting in online sales as a proportion of total retail sales rising to 28% from 19% in 2019. We see considerable scope for further growth in online sales as these levels reflect instore sales partially recovering during the year. At the height of the national lockdowns online sales represented up to 36% of total retail sales. Additionally, with many of the population forced to shop online for the first time, it is likely pre-pandemic online sales penetration projections will be revised upwards as much of this increase is expected to remain in place. Retail Economics' July 2019 outlook projected online sales will account for 53% of total UK retail sales by 2028. Over the last four years, every £1 billion of additional online sales has resulted in demand for new logistics property averaging nearly 900,000 sq ft. There has been no evidence that this relationship has changed as the pandemic has evolved. In 2020, there was 13 million sq ft of take-up from online retailers, compared to £35 billion of additional online sales. The Group's development pipeline is attractively placed to allow us to support our customers and other occupiers in fulfilling this increasing level of demand.

2. **The need to drive productivity and reduce costs**

   Even prior to the pandemic, corporate profit margins were under pressure from cost and wage inflation. The economic fallout from Covid-19 has only intensified the pressure on profitability. To avoid passing higher costs to consumers, companies are looking to lower their unit cost, including making their distribution activities as efficient as possible. Modern Big Boxes are increasingly using high levels of automation and technology to stock and retrieve products rapidly and efficiently. Such systems are vital to handling large volumes of complex omnichannel orders and returns, and are typically only found in larger, modern logistics buildings. The occupier's investment in such systems can exceed the cost of the building itself, meaning that occupiers are willing to sign long leases to protect their outlay and the importance of the location to their supply chain. Automation has proved beneficial during the pandemic, supporting occupiers' ability to meet rapid growth in online sales and helping to maintain effective social distancing when moving product. This enabled highly automated buildings to remain operational throughout the worst of the pandemic. In addition, automation could help the cost effectiveness of shifting supply chains closer to domestic markets (see below).

3. **The need to generate efficiencies, increase resilience and sustainability**

   In addition to the benefits of automation, Big Boxes enable occupiers to consolidate smaller, disparate units into a single large property, which can act as a regional or national distribution centre. This offers economies of scale and allows occupiers to optimise their staff and stock management. Modern Big Boxes also have greater energy efficiency and the potential to install substantial renewable power generation, reducing costs and enhancing the occupier's sustainability performance. The pandemic has also highlighted the potential for supply chains to be interrupted or slowed. For occupiers importing goods from the EU, the re-introduction of checks at UK ports may also slow the flow of goods. Both these factors

are encouraging occupiers to manufacture more in the UK and/or to hold more stock domestically, increasing the amount of space they require. This builds on the trend of de-globalisation and the unwinding of complex and long supply chains.

Our trading environment continues to strengthen

Occupational demand reached record levels in 2020

2020 was the year that evidenced how critical logistics is to the UK's infrastructure, supporting every industry and underpinning the UK's economic output during the pandemic.

Take up trends show that occupiers increasingly favour larger buildings of 500,000+ sq ft. Leasing activity of 500,000+ sq ft buildings as a proportion of total take-up (including under offer) has grown from around 35% in 2016 to nearly 50% in 2020. 2020 was a record year for uptake of 500,000+ sq ft buildings and almost more than the previous two years combined, according to CBRE data.

UK logistics take-up in 2020 was up 69% year-on-year to 43 million sq ft (source: CBRE), reaching an unprecedented level and substantially exceeding the previous record of 31.5 million sq ft set in 2018. Over 75% of demand was driven by occupiers that reported large increases in e-commerce sales; online retailers, third-party logistics and food retailing companies were responsible for 31%, 29% and 7% of this take-up respectively, as they continued to invest in their logistics networks. Total space 'under offer' was over 8.7 million sq ft, with Big Boxes representing 49% of this demand. Data published by Savills stated there was approximately 112 million sq ft of unfulfilled demand in the market as we entered 2021, a level believed to be equivalent to nearly four years of the 5-year average annual take-up.

While availability of larger logistics assets remains constrained

The supply shortage of new larger logistics assets in the UK is evident, with only three buildings available to let immediately and one speculatively under construction. The speculative supply of larger logistics real estate has been limited by the material upfront costs required to build them compared to smaller boxes, and the lack of bank debt available compared to the last development cycle. CBRE market data shows that since 2016, only eight large-scale buildings or 4.5 million sq ft of space has been speculatively developed. Including the one building currently under construction, this rises to 5.1 million sq ft.

Looking forward, we believe the construction of new space for large logistics buildings will continue to be primarily driven by occupier-led build-to-suit opportunities given the inherent barriers to entry and low levels of speculative supply at this scale. The planning system remains slow moving and extensive infrastructure works can be required before a building can be constructed, both at the expense of time and cost, particularly for larger scale buildings.

Driving sustainable and attractive long-term rental growth prospects for larger logistics assets

Occupational demand is strong and is increasing at a level that exceeds 'take-up'. Conversely, supply is low and is expected to remain constrained (particularly for larger sized buildings) and we therefore consider that Big Box logistics real estate has the potential to benefit from increasingly attractive levels of rental growth which should be sustainable over the longer term.

Investors are attracted to long-term fundamentals for logistics real estate

2020 Logistics real estate investment volumes in the UK of £6.3 billion[1] was the second highest level on record, with 75% of transactions completing in the second half of the year.

The imbalance of occupational demand exceeding supply underpins the attractiveness of logistics real estate to investors, contributing to yields compressing by up to 50bp in H2 2020 and yields falling to below 4% for prime assets. With interest rates cut in response to Covid-19, and the possibility of future negative rates, the yield gap between prime logistics property and 10-year gilts looks attractive at around 300 - 350 basis points, indicating the potential for further yield compression.

[1] Distribution warehouse transactions greater than £5 million (source: PropertyData)

Logistics remains one of the most sought-after sectors for real estate investment, with investors continuing to be attracted by structural consumer trends and the secure long-term income offered by modern logistics buildings.

Strategy

The Group's strategy is aligned with these powerful and positive long-term structural drivers and has three mutually reinforcing components, enabling it to deliver sustainable income and capital growth, while ensuring it meets its wider responsibilities:

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

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

3) Insight driven development and innovation – creating both income and capital value.

The Group's commitment to sustainability forms an intrinsic part of each element of this strategy. Underpinning the strategy is a disciplined approach to capital allocation, where we aim to maximise returns to shareholders while minimising risk.

1) High-quality assets attracting world-leading customers

Since IPO in 2013, we have assembled an unrivalled portfolio of investment assets, let to some of the world's leading companies. Portfolio composition is driven by the Group's strategic objective to own high-quality logistics assets capable of generating attractive, stable and long-term returns for its shareholders. The characteristics that generate these returns include: the quality of the Group's customers, long lease lengths, desirable locations, attractive building size and format, ESG characteristics, asset modernity and income growth embedded in the leases. These have made the business highly resilient, as evidenced by its outperformance through the Covid-19 pandemic.

The quality of the portfolio and the customer base, coupled with our strong customer relationships and regular communication with them, enabled strong levels of rent collection performance in the year. With no rent-free periods or rent reductions agreed across the portfolio, we have collected 99% of all rent falling due for 2020. The outstanding rental payments are subject to a small number of deferral arrangements, which we expect to be recovered fully during 2021.

Portfolio composition

At the year end, the total portfolio value was £4.41 billion, an increase of 11.9% from 31 December 2019. This comprised the Investment Portfolio, which provides the Group's long-term, stable and growing income, and the Development Portfolio, which offers significant growth potential. Within the Investment Portfolio, Foundation assets form the majority, providing long-term and high-quality income. We complement Foundation assets with Value Add assets (incorporating assets formally referred to as Growth Covenants) that provide higher levels of growth through asset management initiatives or where we believe the occupier has the potential to grow and strengthen in covenant quality. Overall, this composition is intended to deliver an attractive return on a blended basis.

Investment Portfolio 91.4% of GAV				**Development 8.6% of GAV**	
Foundation	73.5%	Value Add	17.9%	Development & land	8.6%

At 31 December 2020, the Investment Portfolio comprised 59 assets (31 December 2019: 58 assets), following:

- the completion of two developments during the year at Aston Clinton, totalling 112,000 sq ft and 56,000 sq ft respectively which have been let to Apple;
- two pre-lets: at Littlebrook to Amazon and DPD at Bicester;
- the acquisition of the 325,000 sq ft asset at Southampton; and
- the sale of four investment assets, at Chesterfield, Nottingham, Ripon and Raunds.

A secure and resilient customer base

The Group has a diversified base of 41 different customers. As a proportion of the total contracted rent roll, 64% of the Group’s customers are in defensive and resilient sectors, such as e-commerce and food retail, and 71% are companies with parent revenues of over 10 billion in their respective local currencies (primarily GBP, USD and EUR). We believe this tenant line-up is one of the strongest of any quoted logistics real estate business in Europe. When adding new customers to the portfolio, we have sought to increase exposure to companies with a strong e-commerce or online offer and to control exposure to high street retail. The Group’s top ten customers are shown below:

Customer	% of contracted annual rent	Customer	% of contracted annual rent
Amazon	17.8%	Ocado	3.8%
Morrisons	6.3%	Argos	3.8%
Tesco	5.3%	Marks & Spencer	3.8%
Howdens	4.8%	B&Q	2.9%
The Co-Op	4.6%	Dunelm	2.7%

A long-term and reliable income stream

The long-term security of the Group's income is evident in the weighted average unexpired lease term (WAULT) of the Investment Portfolio, which was 13.8 years at the period end (31 December 2019: 14.1 years). Foundation assets, which form the Group's core income, had a WAULT of 15.8 years (31 December 2019: 16.1 years).

Reflecting the long WAULT, 53.8% is supported by leases with 15 or more years to run and just 16.3% of total rents were from leases expiring within five years of the year end.

Embedded income growth

All of the Group's leases provide for upward-only rent reviews and we have assembled the Investment Portfolio so that the timing of these reviews is balanced, supporting the Group's ability to deliver annual income growth. Some 37% of the portfolio rent roll is subject to review in 2021, with a further 27% due for review in 2022. The Investment Portfolio contains a variety of types of upward-only rent review, with 50.8% being RPI/CPI linked, 33.0% open market, 10.0% fixed and 6.2% hybrid and of which 12.1% are reviewed annually and 87.9% on a five-yearly basis. In recent years, tenants have preferred new occupational leases with index-linked rent reviews, usually including cap and collar arrangements.

Our portfolio provides a balance between the certainty offered by fixed and inflation linked leases with the ability to capture market growth from open market reviews. Approximately 49.2% of the portfolio's rent roll has either a fixed or minimum level of increase at rent review; across the leases, this minimum rental uplift will produce an average increase of 1.7% per annum when a review arises. In addition, open market rent reviews, lease expiry events or new leases give us the opportunity to capture the reversionary potential in the portfolio. Against a total contracted annual rent of £180.6 million, the independently assessed estimated rental value (ERV) for the Investment Portfolio was £191.6 million at 31 December 2020, representing a 6.1% reversion (the level by which market rents are deemed to exceed the passing rent of the Group's properties). The portfolio ERV on a like-for-like basis grew by 1.3% during the last 12-month period.

Following successful letting activity in 2020, as highlighted below within *insight driven development and innovation,* the Group has achieved lettings on all vacant buildings. The portfolio therefore has a 0% vacancy rate at the year end, compared with 1.2% twelve months ago.

Priorities for 2021

In the coming year, we will:

- Evaluate further acquisitions of standing assets, where we can either add value through asset management, take advantage of market mispricing, and acquire attractive forward funded development opportunities.
- Seek to further diversify our portfolio through general portfolio management e.g. customer, building, geography as well as increasing our exposure in the portfolio mix to value add investment opportunities and development.
- Target disposals of investments where we have the opportunity to recycle this capital into higher returning opportunities being developed within our portfolio or the broader market.

2) Direct and active management

Understanding and supporting customers

We perform the majority of our asset and property management activities in-house, which means that we are responsible for every customer interaction. Being close to our customers enables us to understand their businesses, maximising the potential to pursue opportunities to support them in their logistics needs. We have an energetic and enthusiastic asset management team with a range of complementary skill sets, incorporating the development skills of our Symmetry team, and in-house expertise focused exclusively on improving the sustainability of our assets.

Our proactivity with customers has enabled us to gain a deeper understanding of Covid-19's impact on their operations and to offer support where possible and appropriate. Ongoing and regular interactions with key occupier contacts such as Property, Operations and Finance Directors have reinforced the quality of our relationships with them. As a result, we were able to understand where the greatest needs arose, provide support and approvals to ensure health and safety levels could be maintained, and agree payment plans, where necessary, with a small number of customers.

We conduct ongoing covenant analysis of our customers and strengthened our team to support this work during the period. The analysis combines publicly available financial and trading information with our own observations and customer conversations as well as the opinions of third-party professionals. This prudent, intelligence-led approach, enables us to identify customer-related risks and opportunities, driving strategies that help us to capture growth and/or mitigate risks by adjusting exposure to in favour of stronger tenants and sectors through active portfolio management.

The Group owns a property located at Newcastle under Lyme, leased to New Look, which represents approximately 1.35% of Portfolio contracted rent roll. In September 2020, New Look undertook a Company Voluntary Arrangement (CVA) which was voted on and approved by its creditors. Due to the building fulfilling an important role in New Look's national supply chain operations, there were no changes to the rent or unexpired lease term of our asset, as a result of the CVA. We remain in regular contact with our customer's senior management and are monitoring its trading performance and space requirements.

Our due diligence before acquiring or developing assets, and on an ongoing basis through our ownership, includes regular surveys by specialist building surveyors. These surveys review materials and construction methods to legislative requirements and evolving industry concerns and considerations. We maintain a specific "fire risk" schedule, which is updated by our building surveyors, detailing the fabric materials, including cladding, fire suppression systems and provides a "grading" of risk, based on the building surveyors specialist knowledge, advice and experience. This approach is adopted in conjunction with our insurance provider and broker. No cladding remediation works have been identified as necessary as part of the ongoing regular inspections and reviews.

Our procurement of insurance is undertaken in conjunction with specialist real estate insurance brokers. The 2020 renewal process was affected by a "hardening" insurance market, with a number of insurers reducing their exposure to insuring real estate, thereby limiting the number of insurers willing to quote. We adopt an approach of full and regular disclosure with our insurer. Our diligent approach to management and reporting, combined with a low claims history, enabled us to negotiate competitive premium terms with the benefit of a policy providing extensive coverage.

To give us greater understanding of our customers and their operations, we have commissioned third-party supply chain research on certain customers. This provides a detailed picture of the customer's entire logistics network and our assets' positioning within it, as well as factors such as logistics routes, labour supply, power requirements, building configurations and sustainability considerations. The depth of this research enables us to engage customers on how our development pipeline could support their

future logistics networks, in addition to supporting our asset management proposals and decisions over whether to hold, sell or buy investments.

Acquiring assets with value creation potential

Despite increased demand for logistics assets, acting with discipline we continue to identify opportunities to purchase investments where we can either add value through active asset management initiatives or achieve advantageous pricing through our market contacts and reputation.

Aligned with this, in November 2020, the Group acquired a 325,000 sq ft building in Southampton, with extensive cold-store facilities on a 20-acre site. The asset is in a core logistics location with a robust underlying occupational market. The purchase price of £44.2 million reflected a net initial yield of 5.28%. The asset is let to Tesco on a lease which expired in January 2021 following which Tesco remains in occupation "holding over" in order to progress negotiations on the terms for a new lease. It presents numerous potential opportunities to drive income and increase the capital value, including:

- increasing value through agreeing a lease regear with Tesco or a new lease to an alternative occupier following marketing;
- growing income through capturing the current market rental reversion;
- capturing future rental growth, in a structurally undersupplied location;
- enhancing the configuration of the built area and yard; and
- increasing the asset's sustainability through green initiatives, such as power generation from the installation of on-site solar panels.

The acquisition was financed through £24.2 million of existing resources and the issue to the seller of 12,166,930 new Ordinary Shares in the Company at a price of 164.38 pence per share, a 6.2% premium to the 30 June 2020 EPRA NAV.

Realising value and recycling capital through disposals

We have a rigorous process through which we constantly monitor and evaluate the Group's portfolio, to identify those assets where:

1) we have completed our asset management plans and maximised value;
2) where the asset no longer fits the portfolio profile; or
3) the future performance of the asset may not meet our stated objectives due to risks associated with the underlying asset or customer.

Our approach considers the likely future returns from the asset, our insight into the occupier's plans and numerous other factors such as the size, age, location and sustainability performance of the asset.

In each case, we assess the role that the investment fulfils as part of a balanced portfolio and whether we believe that the investment has maximised returns under our ownership. Internal rate of return forecasts are run for each asset and these are graded within the portfolio to identify assets which might be appropriate for sale.

Crystallising gains in value enables us to take advantage of the current strong investment demand for logistics real estate and redeploy the capital into more attractive opportunities. Through this constant evaluation process, we expect to sell a number of assets each year, with target proceeds of c.£125-175 million per annum, subject to being able to redeploy these proceeds into more accretive investments.

In 2020, we completed the disposal of four assets, for an aggregate gross consideration of £134 million, in line with our indicative range:

- Amazon, Chesterfield;
- Wolseley, Ripon;
- DHL, Nottingham; and

- Whirlpool, Raunds.

Through these sales, we achieved a weighted levered internal rate of return of 12.9% per annum (net of corporate costs) and a blended sale net initial yield (NIY) of 5.0%, compared to the aggregated purchase NIY of 6.6%. All four assets were sold at or above their current book value. The Chesterfield asset achieved a particularly strong IRR of 18% and was sold at a premium to book value.

Growing and lengthening income

In February 2020, we agreed with Marks & Spencer to remove the May 2021 break option in its lease relating to the asset at Stoke, extending the unexpired certain term by five years to May 2026. In tandem, we agreed the forward settlement of the next rent review, increasing the rent from £5.25 per sq ft to £5.50 per sq ft from May 2021.

We completed two five-year lease extensions, effective from December 2020, with the retailer Dunelm in respect of two assets in Stoke, where the leases had expired in August 2020. We negotiated an increase in the annual rent of 4.9% and this was reflected at the 31 December 2020 valuation with a capital value increase of approximately £3.8 million for the two assets.

We continue to grow rental income from the investment portfolio, with the following open market rent reviews completing during the year:

- DHL, Skelmersdale: the five-yearly open-market rent review resulted in an 11.8% uplift, backdated to August 2019, equating to 2.3% on an annual basis over the five-yearly review period.

- Tesco, Didcot: the five-yearly open-market rent review resulted in a 16.8% uplift, backdated to August 2019, equating to 3.2% on an annual basis over the five-yearly review period.

A large part of the portfolio provides for upward-only, inflation linked rent reviews. These were concluded at Amazon, Peterborough; Morrisons, Tamworth; Morrisons, Sittingbourne; Royal Mail, Daventry and ITS, Harlow. These reviews were settled at an average aggregate uplift in rent of 2.6% over the previous passing rental levels, which equates to 1.4% on an annualised basis.

The reviews concluded that were subject to a fixed percentage increase were at Argos, Burton; L'Oréal, Trafford and Rolls-Royce, Bognor Regis. These reviews were settled at an average aggregate uplift in rent of 6.1% over the previous passing rental levels, equating to 3.0% on an annualised basis. We also settled two Hybrid rent reviews at Co-Op, Thurrock and Cerealto, Worksop where an increase of 7.8% was recorded against the previous passing rental levels.

The rent reviews completed in the year, together with the increase in rent from the Dunelm, Stoke lease extension(s) added £2.0 million per annum to the contracted rent roll, equating to an annual like-for-like annual growth rate of 2.0% per annum. Post the period end we have agreed the settlement of the Tesco, Goole open market rent review. An increase of 14.4% was documented, equating to an annualised increase of 2.7% over the five year review period. We remain in negotiation over one open-market review where the review date occurred in the previous year; it is not uncommon for open market rent reviews to take longer to conclude but once agreed the rent is back-dated together with accrued interest. Open market rent reviews in particular can also be a trigger for broader discussions with customers about other asset management opportunities, such as alterations or extensions to the building.

In addition to rent review negotiations, we currently have 10 proposals with occupiers under consideration covering a combination of lease regear, building extension and sustainability initiatives and expect a number of these to be progressed in 2021. Some of these proposals are linked to our customers' decisions to bring forward their timetables for further investment into e-commerce platforms and some have been generated as tender responses for third-party e-fulfilment. We specifically look to include initiatives that will improve the sustainability performance of the asset (see below).

Enhancing sustainability through asset management

Logistics is a leading real estate sector for incorporating sustainability-related technology into buildings. For example, a logistics facility's relatively simple construction makes it easier to retrofit LED lighting, rainwater harvesting and other innovations than in other asset types. The scale of the assets also provides a significant roof area for installing on-site solar PV panels.

To enhance the environmental performance of the Group's assets and help customers improve their own performance and reduce costs, we continue to explore opportunities to install on-site solar PV energy generation. We are actively progressing projects to add 10.5 MW of renewable energy generation with six customers. All of the proposals we have submitted for lease extensions (see Growing and lengthening income above) include sustainability initiatives such as solar PV panels, works to improve the energy efficiency of the mechanical and electrical equipment, or staff welfare enhancements such as outdoor recreation space to encourage more connection to nature to improve wellbeing.

Energy Performance Certificates (EPCs) are obtained for each property, having been independently assessed, with A being the best rating and E the lowest. The proportion of A grades within our portfolio has increased, which also includes the completion of new developments such as Amazon, Durham. We also continue to improve properties with lower-grade EPCs; one example is our Newark asset let to DSG, where the installation of on-site solar PV increased the EPC rating from D to C. We have shared sustainability action plans with six further customers, covering topics such as biodiversity improvements and renewable energy measures. We have also created biodiversity site plans for a further 11 of the Group's assets, these have been included into the asset Sustainability Action Plans and will be progressed in 2021.

Where possible, we continue to progress our plans to implement green leases by incorporating best practice green lease clauses in each new lease or lease variation, encouraging mutual cooperation between the Group and its customers.

At one of the Group's assets at Dordon, we have granted permission to the occupier, Ocado to make alterations to the building, enabling it to receive power generated by an anaerobic digestor which is fed by Ocado's own food waste. This has the potential to provide around half of Ocado's energy requirements at Dordon and reduce its carbon footprint.

Priorities for 2021

In the coming year, we will:

- initiate rent reviews on the 37% of the portfolio up for review in the year, to drive income and capital values;
- aim to secure further lease term extensions, to lengthen the portfolio's income profile;
- pursue opportunities for physical building extensions and property improvements, and;
- continue to propose and where agreed, implement green initiatives.

3) Insight driven development and innovation

Successful development-led letting activity

With the occupational market continuing to strengthen during the year, the Group agreed lettings in respect of six assets and 2.9 million sq ft of logistics space during the year. These new lettings included the remaining four logistics properties speculatively developed by the Group's development arm, Tritax Symmetry and two pre-let agreements including at the Group's Littlebrook, Dartford site. The lettings were:

- June 2020: a pre-let to Amazon for a 20-year term with annual CPI reviews at Littlebrook, Dartford, covering 2.3 million sq ft.
- July 2020: a 15-year lease to Butternut Box, an online pet food retailer, of the speculatively developed building at Doncaster, covering approximately 151,000 sq ft.
- July 2020: a pre-let to DPD for a 25-year term at Bicester, covering approximately 59,000 sq ft.
- July 2020: two 10-year leases (with a tenant only break option at year five) to Apple of the speculatively developed Aston Clinton Units II and III, covering approximately 56,000 sq ft and 112,000 sq ft respectively.
- December 2020: a 20-year lease to Ocado for the speculatively developed building at Bicester, covering approximately 164,000 sq ft, subject to obtaining planning consent to extend the yard.

These transactions have added a combined annual contracted rental income of £16.9 million to the portfolio.

The well located land bank, at various stages of the planning process, provides an ongoing source of new investment opportunities through an appropriate combination of pre-let and speculative development. Having the ability to develop assets at a 6-8% target yield on cost should assist the Group in its aim of delivering long-term sustainable value to shareholders.

The development portfolio

Following our acquisition of Tritax Symmetry in February 2019, the Group has access to the UK's largest land bank for logistics property development, held either directly or using capital-efficient long-term option agreements. These options benefit from strike prices that are aligned to key planning milestones and the pre-letting of developments. This significantly decreases development risk and capital requirements, ensuring we deploy larger amounts of capital only when we have line of sight and greater certainty over the timing of the development process and commencement of income. This means that we will typically only buy land following achieving a planning consent and we will only develop larger-scale logistics buildings once a suitable pre-lease with a customer has been secured.

The development portfolio made up 8.6% of the Group's Gross Asset Value at the year end. We categorise the development portfolio based on the timing of opportunities related to the planning process:

1) Current – assets that are under construction and/or are pre-let, having received planning consent.
2) Near-term – sites with planning consent either received or submitted.
3) Future – longer-term land opportunities, which are principally held under option.

1) Current development pipeline

At the year end, the current development pipeline comprised three pre-let developments totalling 3.0 million sq ft. These were Co-Op, Biggleswade, which was in construction at the start of the year and achieved practical completion after the year end, and two additions in 2020: the 59,000 sq ft parcel distribution hub pre-let to DPD at Bicester, and Amazon, Littlebrook (see Our strategy in action below).

The DPD facility at Bicester is being constructed to net zero carbon in construction, in line with the UK Green Building Council's (UKGBC) Framework. Carbon lifecycle assessments have been completed and carbon-reduction initiatives identified in relation to the highest-impact materials, which are concrete, aggregates and steel. We have committed to all future developments being net zero carbon to the point of 'practical completion' of the building construction.

Despite the Covid-19 pandemic, good progress has been made on all three developments. The Group's contractors all worked hard to introduce necessary safety measures such as social distancing on-site and to programme work to ensure there were limited delays to expected completion dates.

Two other pre-let developments, Howdens III at Raunds and Amazon at Durham, reached practical completion during the year. The Group has now undertaken 18 pre-let developments totalling 14.1 million sq ft over the last seven years, which we believe makes the Group the UK's leading forward funder of developments over that period.

The estimated cost to completion as at the year end, across the three assets under construction was £88.9 million, as shown in the table below. The Group had a further £4.6 million of commitments at its site recently let to Ocado at Bicester, although this building has reached completion.

	Estimated Costs					
	Total	**Period**			**Total sq ft million**	**Contractual rent**
Pre-let	£m	H1 2021 £m	H2 2021 £m	H1 2022 £m		£m
Co-Op, Biggleswade	13.8	13.8	-	-	0.7	4.7

Amazon, Littlebrook	70.5	63.1	7.4	-	2.3	12.3
DPD, Bicester	4.6	4.6	-	-	0.1	0.8
Total	**88.9**	**81.5**	**7.4**	**-**	**3.0**	**17.8**

The Group's Investment Policy limits land exposure to 15% of GAV and within this total speculative development is limited to 5% of GAV. Following the successful letting of all the Group's speculatively developed buildings (as described earlier), and to further capture unprecedent levels of occupier demand, further speculative development is currently under consideration. The Group had no exposure to speculative assets as at 31 December 2020. Future speculative development will be focused on those locations where market dynamics are strongest and at sites where consent has recently been secured and the early construction of space would assist with and promote the development of that project. Our intention is to limit speculative development to smaller units, which are appealing to fast-growing companies looking for standing stock. This form of development allows us to target the acceleration of rental income and development profit for our stakeholders. We have identified sites where we plan to commence further speculative development during the next six months with phased delivery over the next 15 months of approximately 1 million sq ft, in line with the approach set out above.

2) Near-term development pipeline

As at 31 December 2020, the Group's near-term development pipeline comprises land on which we have either received planning consent or submitted planning applications, excluding assets in the current development pipeline which are under construction. Sites in the near-term development pipeline are likely to start development within one to three years.

The obtaining of planning consent is a key part of the valuation creation associated with development. We have made significant progress in converting unconsented land within the portfolio into valuable land with planning consent for logistics use. At the time of the Symmetry acquisition in February 2019, Symmetry had 2.1m sq ft of consented land. Due to the quality of the sites and expertise of the team, the team have successfully increased this by 271% to deliver a cumulative total of 7.8m sq ft of consented sites within the Symmetry portfolio by 31 December 2020.

At the year end, the near-term pipeline consisted of 10.2 million sq ft, across 12 sites. Of this, 7.6 million sq ft relates to land with planning consent and 2.7 million sq ft relates to sites where a planning application has been submitted.

The Group continued to make good progress with planning consents during the year, adding a total of 5.4 million sq ft to the near-term development pipeline. Key consents achieved included:

- planning consent for 0.6 million sq ft at Darlington Phase 2;
- outline consent for 1.9 million sq ft at Rugby, with a detailed planning application subsequently submitted for two logistics buildings totalling 317,000 sq ft; and
- detailed consent for a further 0.6 million sq ft at Biggleswade (Phase II).

In addition to these consents, the Group also:

- received committee resolution to grant planning consent at Wigan, for a 1.4 million sq ft scheme, which was called in by the Secretary of State;
- received resolution to grant planning consent for 156,000 sq ft at Middlewich, subject to Section 106 Agreement which will form part of a Development Management Agreement.

In 2019, the Group secured outline consent for 2.3 million sq ft at Kettering. We are progressing on-and off-site infrastructure works and are in negotiations with a number of potential occupiers, reflecting strong occupational interest in the site.

Of the land with planning consent, the Group:

- owns 0.6 million sq ft directly;
- owns a share of 0.8 million sq ft through a joint venture; and
- controls 6.2 million sq ft through option agreements.

This consented land comprises nine development sites, all at various stages of site preparation, from land that is owned and ready for construction (with utility services installed), to land held under option where infrastructure works have yet to commence.

In line with the growing numbers of consents, and the strengthening market, we have seen a significant uptick in occupier interest for our sites. This interest supports our expectation to deliver 2-3 million sq ft per annum, with demand expected to be satisfied through a combination of new speculative supply and pre-let activity in the later part of H2 2021 and into early H1 2022.

The table below provides further analysis of the near-term development pipeline at the year end:

	Total sq ft	Current cost incurred	Estimated cost to completion	ERV	Estimated gross yield on cost
	m	£m	£m	£m	%
Land with consent	**7.6**	141.8	476.7	44.5	6-8%
Land with planning submitted	**2.7**	14.2	203.5	17.1	6-8%
Total	**10.2**	**156.0**	**680.2**	**61.6**	**6-8%**

3) Future development pipeline

The remainder of the Group's strategic land bank is predominantly controlled under option agreements. The total future development pipeline has the potential to deliver approximately 28.8 million sq ft at a target yield on cost of 6-8%, with developments expected to be largely pre-let triggered.

During the year, the Group signed options over three new schemes at Gloucester, Merseyside and Biggleswade totalling 183 net acres, with the potential to construct approximately 4.0 million sq ft of logistics real estate.

The future development pipeline consists of long-dated option agreements. Most option agreements also contain an extension option clause allowing for the option expiry date to be extended, where necessary.

Development Management Agreements (DMAs)

We have several Development Management Agreements (DMA) with third-party funders that were included as part of our acquisition of Tritax Symmetry. Under a DMA, Tritax Symmetry will manage the delivery of an asset in return for a fee and/or profit share. The Group will not own the asset at any point and DMAs are therefore not included within the Group’s asset portfolio.

During the year, activity under DMAs and other economic interests relating to 1.8 million sq ft of real estate generated other operating income of £8.6 million.

Enhancing sustainability through development

The Group’s developments are where we can have the biggest impact on the sustainability of the wider portfolio. Constructing new assets to net zero carbon, as described under the current development pipeline above, enables us to materially reduce the lifetime carbon footprint of the building.

To support the Group's development and asset management programmes, we launched a Green Finance Framework and our first Green Bond in November 2020 (see Financial Review). All of the developments in the pipeline are expected to be BREEAM certified as either "Very Good" or "Excellent", making them eligible projects under this framework.

In addition to enhancing environmental performance through our approach to development, we look to create value in other ways. We have created a social value charter for Tritax Symmetry, which sets out our aims to create additional social benefit via our investment in logistics through employment, skills and education, local procurement and our commitment to create Community Benefit Funds in our communities, which will become operational in 2021. At Littlebrook, we have set social value targets for employing apprentices and long-term unemployed people, as well as for work placements. We have also committed more than £200,000 of investment over five years into a local football club and an associated employability programme to support the local community.

Our strategy in action – Littlebrook, Dartford

Littlebrook, Dartford, was the first development site the Group acquired. At acquisition in 2017, our intention was to develop 1.7 million sq ft of logistics space on this key site within the M25. On 15 June 2020, we announced that we had received planning consent and exchanged contracts with Amazon, to pre-let a "Mega Box" 2.3 million sq ft logistics building for 20 years on the Phase 2 plot and part of Phase 3. The profit generated from Phase 2 is expected to achieve our original expectations for the whole site, offering the potential for meaningful upside as we develop the remaining phases. The yield on cost for the project is 6%, which is in line with our target for this site. This is particularly attractive considering CBRE's prime investment yield of 4.0% for prime distribution on a 10-year lease term.

In line with our strategy, we worked closely with Amazon to understand its requirements and develop an optimal logistics solution. Construction work is progressing to plan, with the building becoming wind and watertight in November 2020. Practical completion is expected in Summer 2021. Following completion, Amazon will occupy over 6.7 million sq ft of high-quality Big Box logistics space owned by the Group, representing 17.8% of total contracted annual rent roll.

Phase 1 of the site already benefited from detailed planning consent for up to 450,000 sq ft of ground floor area and an eaves height of 21 metres. With strong occupier demand in the market, the developer has chosen to fund the speculative construction of this asset itself. Under this innovative financing model, the developer assumes the associated risk until a letting is secured, whilst the economics for the Group are unchanged. We are also progressing our plans for Phase 3 and are currently preparing a planning application for further logistics space on 21.9 acres over three plots.

Priorities for 2021

In the coming year, we will:

- Aim to successfully complete the developments currently in build in accordance with development budget and programme;
- Commence development of a number of smaller units, to open up sites and replace recently let speculatively built stock;
- Further progress new and existing planning applications across the development portfolio;
- Progress site infrastructure works on consented sites to facilitate letting delivery;
- Look to secure further pre-let developments; and
- Continue to target 2-3 million sq ft of development activity per annum.

Tritax Management investing in capabilities to support the Group

As the Group has grown and its strategy has evolved, Tritax Management (the Manager) has consciously invested in its capabilities so that it can continue to provide the highest standards of service to the Group. Having recruited specialists in areas such as sustainability in previous years, this year the Manager made a number of senior appointments, with backgrounds in areas that are key to driving forward our proposition, such as research and data analytics, logistics, supply chains, investment management and investor relations. In particular, shortly after the year end, the Manager appointed Phil Redding as Director of Investment Strategy to support mandates, including that for Tritax Big Box. Phil brings a wealth of experience from a career in logistics real estate, most

recently including 25 years at Segro where he rose to become Chief Investment Officer responsible for property-related activities of the FTSE 100 REIT. The appointments by the Manager will give us an even greater understanding of the Group's customers and their operations and ensure we are even better placed to deliver effective solutions to their property requirements. We see this as an important advantage in our market.

In December 2020, Aberdeen Standard Investments (ASI) and Tritax Management (the Manager) announced ASI's intention to acquire an initial 60% stake in the Manager. It gives the Manager access to ASI's expertise and global reach, providing additional resources we can apply to ensuring the Group's continued success. The Manager's team responsible for managing the Group day-to-day will be unchanged, as will the Investment Management Agreement, and we will retain the culture and entrepreneurial edge that have served the Group well since its IPO. The Manager retains its autonomy and control over investment decision making. Overall, we believe ASI's investment gives the Manager the ability to enhance the level of service it provides to the Group by supporting retention of key staff members and providing additional resource in areas such as reporting, research and sustainability.

Financial review

The Group demonstrated the stability and resilience of its business model during the year, delivering an extremely strong Total Accounting Return performance alongside growth in earnings despite the wider economic impact of the Covid-19 pandemic.

The Group achieved a very strong rent collection performance in 2020, collecting 99.4% of all rent due for the year. We expect that any arrears outstanding will be collected in 2021.

Considering the unprecedented uncertainty caused by Covid-19, on 8 April 2020 we withdrew our dividend guidance for 2020. Following this, the Company declared interim dividends of 1.5625 pence per share in respect of each of the first three quarters and announced an interim dividend of 1.7125 pence per share in respect of the fourth quarter, to give a total dividend for the year of 6.40 pence per share (2019: 6.85 pence per share). This represented a pay-out ratio of 90% of Adjusted earnings or 93% when adjusting for other operating income. At the start of 2021, the UK was placed into a further lockdown period. We believe that given the current position of the UK economy and the fact that the long-term effects of Covid-19 remain uncertain, it is appropriate to move forwards with a prudent stance surrounding the dividend. This, coupled with targeting a pay-out ratio of at least 90%, will allow for a greater level of flexibility in meeting a sustainable and growing dividend over the long term. Quarterly dividend payments for 2021 are expected to commence in line with the previous year's annual dividend level of 6.40 pence, with the potential to increase the fourth quarterly dividend, to reflect the anticipated growth in earnings.

EPRA has introduced new reporting metrics for net asset value this year and we have adopted EPRA net tangible assets (NTA) as our primary measure and key performance indicator to replace EPRA Net Asset Value (NAV). EPRA NTA per share is presented on a diluted basis and prior year comparatives have been restated for the new measure accordingly.

In November 2020, the Group launched a Green Finance Framework, to finance new or existing eligible green buildings, as well as asset management projects related to renewable energy or energy efficiency. The Group subsequently priced the issue of £250 million of unsecured Green Bonds (see debt capital below), reducing its cost of debt, increasing the average maturity and introducing more liquidity onto the Group's balance sheet.

As at 31 December 2020, the Group had undrawn committed borrowing facilities of £550.0 million, against capital commitments of £93.9 million in relation to pre-let developments, asset management initiatives and development land. There are no significant refinancing events until 2024 and we continue to enjoy strong and supportive relationships with our debt providers.

Capital allocation framework

Underpinning our strategy is our capital allocation framework that carefully evaluates the sources and uses of financing to ensure we generate appropriate levels of return. The Group has a range of options at its disposal to fund its strategy, and opportunities to deploy capital are carefully evaluated on both an absolute and relative basis.

Sources

The Group has the following sources of capital available at its disposal, which either can be used in isolation or at an appropriate blend with the overall objective of maximising sustainable returns to shareholders:

- Use of balance sheet and appropriate level of leverage within our stated target range
- Sale of existing investment assets
- Sale of development land
- Appropriate partnerships, e.g. joint venture
- Raising additional equity when in shareholders' interests

Uses

The Group has several options to deploy capital in line with its strategy. The options are evaluated on a case-by-case basis with the aim to deliver an attractive long-term return for shareholders. As market dynamics change, we expect the emphasis on where we deploy capital to change as well. Our opportunities include:

- Invest in and asset manage existing assets
- Acquire assets in the market that meet our investment criteria
- Develop assets on land under the Group's ownership
- Enhance our existing land bank

Presentation of financial information

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

The Board continues to see Adjusted EPS as the most relevant measure when assessing dividend distributions. Adjusted EPS is based on EPRA's Best Practices Recommendations and excludes items considered to be exceptional, not in the ordinary course of business or not supported by cash flows. This includes the developer's licence fees that the Group receives on Forward Funded Developments.

Financial results

Net rental income

Net rental income for the year was £161.5 million (2019: £144.3 million), up £17.2 million or 11.9%. The net increase reflected:

- rent generated from pre-let development completions, including those let to Amazon at Durham and Howdens at Raunds, as well as the pro-rata full year impact from 2019 development completions;

- rent from successful letting activity on speculatively developed assets acquired with Tritax Symmetry; and

- additional rent generated from rent reviews and two lease regears that were settled in 2020; less

- rent foregone from the four assets disposed of during the year.

The contracted annual rent roll at 31 December 2020 was £180.6 million across 59 assets (31 December 2019: £166.6 million across 58 assets). Included in the contracted annual rent is £17.7 million of income in relation to pre-let assets in construction at the year end.

Administrative and other expenses

Administrative and other expenses, which includes all the operational costs of running the Group, totalled £22.6 million in the year (2019: £21.7 million). Due to the growth in average NAV across the year, the Investment Manager fee increased by £0.4 million.

The Group has a low and transparent operating cost base and the EPRA Cost Ratio (including vacancy cost) continued to reduce in the year to 14.2% (2019: 15.1%). This reflects the positive impact of revenue growth, most of which comes from development completions, alongside an investment management fee structure which reduces relative to growth. The development portfolio has the potential to grow rental income materially over time, giving the Group the opportunity to reduce its cost ratio further.

Development Management Agreement

Following the positive progress made since the purchase of Tritax Symmetry (TSL), the Group has made changes to the development management agreement between the Group and TSL to better reflect the increase in operations within the TSL portfolio and general inflationary increases since February 2019. These amendments support the incentivisation of the broader TSL team via, inter alia, the introduction of a deal bonus scheme for TSL employees based on and aligned with the successful delivery of the development pipeline between now and at least 2027.

The Group pays Symmetry ManCo an annual fee to meet its costs of staffing and general overheads including the deal bonus scheme described below. This fee has been £4.8 million per annum since February 2019. In January 2021, in light of growing operations and reflective on inflationary increases since its introduction, the fee was increased to become the higher of:

- £5.15 million per annum, which is to increase annually with inflation; and
- 1.25% of development GAV within the TSL portfolio.

The TSL deal bonus scheme will average approximately 3% of profits contributed to the Group by the TSL development portfolio, of which 20% net of employment taxes will be reinvested into shares in the Group to assist with the ongoing alignment of the team. The TSL management team continue to be aligned through the holding of 13% of the TSL development assets via C shares. Whilst the C shares remain an effective, long-term incentive scheme, in order to retain the high-quality staff of TSL, we conducted a benchmarking exercise which resulted in the subsequent introduction of this deal-related bonus scheme.

The cost of this increase in fees is covered multiple times over by the increase in profit potential that can be delivered to shareholders via the capture of new land option schemes in addition to the original portfolio purchase. These new schemes secured in the year at Gloucester, Merseyside and Biggleswade provide further potential upside to shareholders across a larger portfolio.

Operating profit

Operating profit before changes in fair value and other adjustments was £147.5 million (2019: £122.5 million).

The increase reflected higher rental income (as noted above) but also higher other operating income generated from third-party development management and other contracts. In the year, TSL acted as development manager to deliver 1.8 million sq ft of logistics assets for third parties. When including other contracts in place, the total other operating income recognised was £8.6 million in the year. This other operating income is included within Adjusted earnings as it is supported by cash flows, although it is likely to be more variable than property rental income. There remain a number of third-party contracts in place, as well as the Group benefiting from a continued economic interest across other contracts, we expect to generate income and profit from these over the medium term.

Profit on disposal

The Group disposed of four assets during the year, for an aggregate gross consideration of £134 million. All the disposals were at prices in line with or above book value, resulting in a profit on disposal of £0.1 million in the year recognised in the Group statement of comprehensive income, which is net of all costs of disposal (2019: £nil).

Share-based payment charge and contingent consideration

As part of the Tritax Symmetry transaction, senior members of the Symmetry team will maintain a 13 per cent. economic interest in development asset of Tritax Symmetry following via the issuance of B Shares and C Shares, This structure ensures long-term alignment between senior members of Symmetry team and the Company. Under IFRS, the structure of the Tritax Symmetry transaction has led to the B and C shareholders' value being split between:

i) contingent consideration, which is determined by certain provisions under the shareholder agreement between Tritax Symmetry HoldCo and the Tritax Symmetry Management Shareholders; and

ii) a share-based payment charge, which is the compensation the B and C shareholders will receive as a result of their economic right held to their share of future performance of the Tritax Symmetry development assets.

During the year, £5.9 million (2019: £3.3 million) was charged to the Group Statement of Comprehensive Income in respect of share-based payment charges.

Financing costs

Net financing costs for the year were £37.6 million (2019: £34.0 million), excluding the reduction in the fair value of interest rate derivatives of £2.3 million (2019: £5.2 million). The average cost of debt fell during 2020 to 2.17% (2019: 2.52%) and the increase in finance costs resulted from higher levels of debt drawn to finance the Group's pre-let developments which were under construction during the year. The Group's average debt drawn throughout the year was £1.3 billion, compared to £1.1 billion in 2019.

Tax

The Group has continued to comply with its obligations as a UK REIT and is exempt from corporation tax on its property rental business. A tax charge of £0.1 million (2019: £nil) was recognised in the year. This tax was payable on the non-property profits generated in the year.

Profit and earnings

Profit before tax for the year was £449.5 million (2019: £141.2 million), an increase of 218.3%, mainly driven by property revaluations as discussed below. This resulted in basic earnings per share (EPS) of 26.30 pence (2019: 8.40 pence) and basic EPRA EPS of 6.17 pence (2019: 5.29 pence).

Adjusted EPS for 2020 was 7.17 pence (2019: 6.64 pence). The calculation of Adjusted EPS can be found in note 13. Excluding the impact of development management income in excess of our anticipated run-rate, Adjusted EPS was 6.91p, an increase of 4.1%.

Dividends

Since 1 January 2020, the Board has declared the following interim dividends:

Declared	Amount per share	In respect of three months to	Paid/to be paid
8 April 2020	1.5625p	31 March 2020	21 May 2020
6 August 2020	1.5625p	30 June 2020	28 August 2020
12 October 2020	1.5625p	30 September 2020	13 November 2020
10 March 2021	1.7125p	31 December 2020	1 April 2021

The total dividend for the year was therefore 6.40 pence per share (2019: 6.85 pence), which was 112% covered by Adjusted EPS. Adjusted EPS for 2020 was 7.17 pence (2019: 6.64 pence), which equals a dividend pay-out ratio of 90%.

As noted within operating profit above, the other operating income recognised of £8.6 million is above our expectations for this source of income over the medium term. When adjusting this income to become in line with the level recognised in the prior year (£4.1 million), which we consider more in line with our medium-term expectations, Adjusted earnings per share becomes 6.91 pence and our pay-out ratio increases to 93%.

Portfolio valuation

CBRE independently values the Group's Investment assets that are leased, pre-leased or have reached practical completion but remain vacant. These assets are recognised in the Group Statement of Financial Position at fair value. Colliers independently values all optioned land, owned land and assets under construction which are unlet. Land options and any other property assets are recognised at cost, less amortisation or impairment charges under IFRS. The share of joint ventures relates to 50% interests in two sites at Middlewich and Northampton, relating to land and land options. These two sites are equity accounted for and appear as a single line item in the Statement of Comprehensive Income and Statement of Financial Position.

The total portfolio value at 31 December 2020, including all remaining contractual development commitments on forward funded developments and the Group's share of joint ventures, was £4.41 billion:

	31 December 2020 £m	31 December 2019 £m
Investment properties	4,053.5	3,541.2
Other property assets	9.4	13.9
Land options (at cost)	228.1	226.0
Share of joint ventures	28.5	30.1
Remaining forward funded development commitments	87.7	129.9
Portfolio value	**4,407.2**	**3,941.1**

The gain recognised on revaluation of the Group's Investment properties was £351.1 million (2019: £54.5 million). This equates to a portfolio valuation surplus of 9.5% across the Group's investment and development assets, net of capital expenditure. The main drivers to this increase include the strength of the market and market yield shift (29 bps of compression across the 12-month period taking the Group's portfolio NIY to 4.2%), contribution from the development portfolio in terms of letting and pre-letting activity, and rental growth within the investment portfolio.

The Group acquired one asset in the open market during the year for £44.2 million net of costs, reflecting a net initial yield of 5.28%. The consideration was satisfied by a combination of cash (£24.2 million) and the issuance of 12,166,930 new Ordinary Shares at a price of 164.38 pence per share.

Embedded value within land options

Under IFRS, land options are recognised at cost and subject to impairment review. As at 31 December 2020, the Group's investment in land options totalled £228.1 million (31 December 2019: £226.0 million). As the land options approach the point of receiving planning consent, any associated risk should reduce and the fair value should increase. However, following the introduction of the new EPRA net asset values measures, the Group makes a fair value mark-to-market adjustment for land options within its EPRA NTA. The Group has made significant progress with its land portfolio during the year, with fair value increases generated particularly at new sites secured in the year or where sites have received planning consent. As at the year end the fair value of land options was £80.1 million greater (2019: £14.7 million greater) than costs expended.

Net assets

EPRA's updated Best Practice Recommendations Guidelines were issued in October 2019, which became effective for financial years beginning on 1 January 2020, include three replacement Net Asset Valuation metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). We report all three metrics and have adopted EPRA NTA as our primary metric, as it is the closest to our previous primary metric, EPRA NAV. A reconciliation of all three metrics has been provided in the notes to the EPRA NAV calculations.

At 31 December 2020, the EPRA NTA per share was 175.61 pence (31 December 2019: 151.79 pence), an increase of 15.7%. The primary driver of this increase during the period was growth from the property portfolio, as described above.

The Total Accounting Return for the year, equating to the growth in EPRA NTA plus dividends paid, was 19.9% (2019: 3.8%). The total return for 2019 was restated using the EPRA NTA.

Debt capital

At 31 December 2020, the Group had the following borrowings:

Lender	Maturity	Loan commitment £m	Amount drawn at 31 December 2020 £m
Loan notes			
2.625% Bonds 2026	Dec 2026	250.0	249.3
2.86% Loan notes 2028	Feb 2028	250.0	250.0
2.98% Loan notes 2030	Feb 2030	150.0	150.0
3.125% Bonds 2031	Dec 2031	250.0	247.3
1.5% Green Bonds 2033	Nov 2033	250.0	246.2
Bank borrowings			
RCF (syndicate of seven banks)	Dec 2023/24	350.0	0.0
RCF (syndicate of six banks)	Jun 2024/25	200.0	0.0
Helaba	Jul 2025	50.9	50.9
PGIM Real Estate Finance	Mar 2027	90.0	90.0
Canada Life	Apr 2029	72.0	72.0
Total		**1,912.9**	**1,355.7**

In June 2020, the maturity date in respect of £190 million of the Group's £200 million unsecured revolving credit facility (the Facility), was extended from June 2024 to June 2025. The maturity date of the residual £10 million remains June 2024. The Facility, which is with a syndicate of lenders, retains its uncommitted £100 million accordion option and the margin payable under the Facility remains unchanged. The Facility was entered into in June 2019 for an initial period of five years and this extension is the first of two, one-year extension options that are available to the Group under the original terms.

Green finance

In November 2020, the Group launched its Green Finance Framework, which is produced in alignment with the Green Bond Principles, as administered by ICMA (2018 edition), and the Green Loan Principles, as administered by LMA (2020 edition). The Group intends to follow best market practice and will communicate transparently on:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting

An amount equivalent to the net proceeds of each Green Finance Transaction under the Framework will be used to acquire, finance or refinance, in whole or in part, new or existing Eligible Green Projects. These projects may cover the following categories: Green Buildings, Renewable Energy and Energy Efficiency. We anticipate that the majority of our expenditure will be allocated to the Green Buildings category.

On 27 November 2020, the Group issued £250 million of unsecured Green Bonds, maturing on 27 November 2033. The notes have an interest rate of 1.5%, which reduced the consolidated pro-forma capped cost of debt of the Group to 2.5% and increased the pro-forma average duration of debt from 6.7 years to 7.5 years at the date of issue.

Interest rates and hedging

Of the Group's debt commitments, 68.6% is at fixed interest rates. The Group's hedging strategy for its variable rate debt is to use interest rate caps which run coterminous with the respective loan. These allow the Group to benefit from current historically low interest rates, while minimising the effect of a significant increase in interest rates in the future. Combined with the fixed rate debt, the Group's derivative instruments hedge 100.0% of its drawn debt.

As a consequence of the fixed rate debt and hedging policy, the Group has a capped cost of debt of 2.49% (31 December 2019: 2.68%) at the year end. The all-in running cost of borrowing at the year end was 2.17% (31 December 2019: 2.52%).

Debt maturity

At 31 December 2020, the Group's debt had an average maturity of 7.4 years (31 December 2019: 7.5 years).

Loan to value (LTV)

The Group has a conservative leverage policy, with a medium-term LTV target of 35% and a maximum of 40%. At the year end, the LTV was 30.0% (31 December 2019: 29.9%), providing the Group with further balance sheet financing capacity to deploy into its attractive development pipeline alongside opportunities that it may see in the open market.

Net debt and operating cash flow

Net debt at the period end was £1,297.9 million (31 December 2019: £1,137.8 million).

Net operating cash flow plus licence fees received was £140.2 million for the year (2019: £109.1 million). Capital expenditure across the Group's Investment and Development portfolios was £287.3 million (2019: 297.6 million). Net cash receipts from asset disposals were £132.3 million (2019: £nil).

Going concern

The Group has a healthy liquidity position including strong levels of rent collection during the year, a favourable debt maturity profile and substantial headroom against financial covenant levels.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about its future trading performance including the potential longer-term impact of Covid-19. Various forms of sensitivity analysis have been performed, in particular and with regard to the financial performance of the Group's customers, taking into account any discussions held with customers surrounding their operational performance, including their current status on rent collection. As at 31 December 2020 property values would have to fall by approximately 50% and there would need to be a loss of income of approximately 60% before loan covenants are breached.

As at 31 December 2020, the Group had an aggregate of £550.0 million of undrawn commitments under its senior debt facilities, of which £93.9 million (see note 24) was committed under various pre-let development contracts.

The Group's loan to value ratio stood at 30.0%, with the debt portfolio having an average maturity term of approximately 7.4 years. As at the date of approval of this report, the Group has substantial headroom within its financial loan covenants. Since the start of the pandemic, the Group has agreed an extension to the maturity of £190.0 million of its £200.0 million revolving credit facility (see note 24) and issued Green Bonds totalling £250.0 million, indicating that additional liquidity is available, at attractive rates, in the current environment. The Group's financial covenants have been complied with for all loans throughout the year and up to the date of approval of these financial statements.

As a result, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, which is considered to be a period of at least 12 months from the date of approval of the financial statements.

Credit rating

The Group has a Baa1 long-term credit rating and stable outlook from Moody's, which was reaffirmed in June 2020.

Alternative Investment Fund Manager (AIFM)

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

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

Priorities for 2021

- Continue to place an emphasis on high rent collection levels
- Ensure the Group maintains sufficient liquidity levels to meet its strategic needs
- Maintain the Group loan to value within guidance of up to 35% LTV
- Deliver growth in both earnings and net asset value

KEY PERFORMANCE INDICATORS

Our objective is to deliver attractive, low-risk returns to shareholders, by executing the Group's Investment Policy and operational strategy. Set out below are the key performance indicators we use to track our progress. For a more detailed explanation of performance, please refer to the Manager's Report.

KPI	Relevance to strategy	Performance
1. Total Accounting Return (TAR)	TAR calculates the change in the EPRA Net Tangible Assets (EPRA NTA) over the period plus dividends paid. It measures the ultimate outcome of our strategy, which is to deliver value to our shareholders through our portfolio and to deliver a secure and growing income stream.	19.9% for the year to 31 December 2020 (2019: 3.8%[1]and 2018: 12.1%[1]).
2. Dividend	The dividend reflects our ability to deliver a low-risk but growing income stream from our portfolio and is a key element of our TAR.	6.40p per share (2019: 6.85p per share and 2018: 6.70p per share)
3. EPRA NTA per share[2]	The EPRA NTA reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	175.61p at 31 December 2020 (31 December 2019: 151.79p[1] and 31 December 2018: 152.83p[1]).
4. Loan to value ratio (LTV)	The LTV measures the prudence of our financing strategy, balancing the potential amplification of returns and portfolio diversification that come with using debt against the need to successfully manage risk.	30.0% at 31 December 2020 (31 December 2019: 29.9% and 31 December 2018: 25.7%).
5. Adjusted earnings per share	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	7.17p (2019: 6.64p and 2018: 6.88p). See note 13.
6. Total expense ratio (TER)	This is a key measure of our operational performance. Keeping costs low supports our ability to pay dividends.	0.86% (2019: 0.87% and 2018: 0.87%).
7. Weighted average unexpired lease term (WAULT)	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	13.8 years at 31 December 2020 (31 December 2019: 14.1 years). (31 December 2018: 14.4 years).
8. GRESB[3] score	The GRESB score reflects the sustainability of our assets and how well we are managing ESG risks and opportunities. Sustainable assets protect us against climate change and help our customers operate efficiently.	72/100, 3 Green Star rating (31 December 2019: 55/100, 1 Green Star rating). 91/100 for Development Score and Sector Leader. (31 December 2018: No rating).

[1] Comparatives for 31 December 2019 and 31 December 2018 have been prepared using the new EPRA Net Asset Value metrics issued in October 2019.

[2] EPRA NTA is calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We use these alternative metrics as they provide a transparent and consistent basis to enable comparison between European property companies.

[3] Global Real Estate Sustainability Benchmark (GRESB)

EPRA PERFORMANCE INDICATORS

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

For a full reconciliation of all EPRA performance indicators, please see Notes to the EPRA and other key performance indicators.

Measure and Definition	Comments	Performance
1. EPRA Earnings (Diluted) See note 13	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	£105.5m/6.17p per share (2019: £89.4 million/5.29p per share and 2018: £91.8 million/6.37p per share).
2. EPRA Net Tangible Assets (NTA) See note [29]	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	£3.0bn/175.61p per share as at 31 December 2020 (31 December 2019: £2.6bn/151.79p per share and 31 December 2018: £2.3bn/152.83p per share).
3. EPRA Net Reinstatement Value (NRV)	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	£3.3bn/193.41p per share as at 31 December 2020 (31 December 2019: £2.8bn/167.52p per share and 31 December 2018: £2.5bn/168.56p per share).
4. EPRA Net Disposal Value (NDV)	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	£2.9bn/166.36p per share as at 31 December 2020 (31 December 2019: £2.5bn/147.80p per share and 31 December 2018: £2.2bn/150.64p per share).
5 EPRA Net Initial Yield (NIY)	This measure should make it easier for investors to judge for themselves how the valuations of the two portfolios compare.	4.18% as at 31 December 2020 (31 December 2019: 4.34% and 31 December 2018: 4.37%).
6 EPRA 'Topped-Up' NIY	This measure should make it easier for investors to judge for themselves how the valuations of the two portfolios compare.	4.38% as at 31 December 2020 (31 December 2019: 4.60% and 31 December 2018: 4.68%).
7. EPRA Vacancy	A "pure" (%) measure of investment property space that is vacant, based on ERV.	0% as at 31 December 2020 (31 December 2019: 1.2% and 31 December 2018: 0.0%).
8. EPRA Cost Ratio	A key measure to enable meaningful measurement of the changes in a company's operating costs.	14.2% inclusive of vacancy cost 14.1% exclusive of vacancy cost (2019: 15.1% and 2018: 13.7%) The 2019 and 2018 ratios are the same, inclusive or exclusive of vacancy costs.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for risk management and internal controls, with the Audit & Risk Committee reviewing the effectiveness of the risk management process on its behalf.

We aim to operate in a low-risk environment, focusing on a single subsector of the UK real estate market to deliver an attractive, growing and secure income for shareholders, together with the opportunity for capital appreciation. The Board recognises that effective risk management is important to the Group's success. Risk management ensures a defined approach to decision making that decreases uncertainty surrounding anticipated outcomes, balanced against the objective of creating value for shareholders.

Approach to managing risk

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

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

Risk appetite

We have a specific Investment Policy, which we adhere to and for which the Board has overall responsibility. We have a limit within our Investment Policy, which allows our exposure to land and unlet development to be up to 15% of gross asset value, of which up to 5% can be invested in speculative development.

Principal risks and uncertainties

Further details of our principal risks and uncertainties are set out below. They have the potential to materially affect our business. Some risks are currently unknown, while others that we currently regard as immaterial, and have therefore not included here, may turn out to be material in the future. The principal risks are the same as detailed in the 2019 Annual Report, with the key changes being the introduction of a new risk relating to the impact of severe economic downturn on the business, which may be caused by a global pandemic, terrorism or civil unrest. This risk was noted as an emerging risk following the outbreak of Covid-19 within our 2019 Annual Report.

Covid-19

As a result of the prolonged worldwide impact on public health and notable impact on the UK economy particularly, which follows the UK Government’s response to place the UK into periods of lockdown over the last 12 months, this risk has been increased to a principal risk in the year. Due to the nature of this risk it is also inextricably linked to other principal risks which have been re-evaluated in light of Covid-19. This is a particular risk that we have assessed as part of our bi-annual risk assessment, but also in isolation on an ad hoc basis during 2020, evaluating the impact along with any mitigating factors or actions required to mitigate this risk.

A risk assessment was conducted at various points throughout the year and considered the impact assessment across the following areas of the business: operations, corporate governance, asset management, investment management, development programme and financial management.

Emerging risks

As well as the Principal risks, the Directors have identified a number of emerging risks which are considered as part of the formal risk review. Emerging risks encompass those that are rapidly evolving, for which the probability or severity are not yet fully understood. As a result, any appropriate mitigations are also still evolving, however, these emerging risk are not considered to pose a material threat to the Company in the short term. This could, however, change depending on how these risks evolve over time. Senior members of the Manager are responsible for day-to-day matters and have

a breadth of experience across all corporate areas, they consider emerging risks and any appropriate mitigation measures required. These emerging risks are then raised as part of the bi-annual risk assessment where it is considered whether these emerging risks have the potential to have a materially adverse affect on the Company. The emerging risks that could impact the Company's performance cover a range of subjects which include but are not restricted to climate change, sustainability and technological advancement. The Audit & Risk Committee has also considered emerging risks following Covid-19 such as changes in the regulatory environment or tax regimes as a result of the pandemic.

The Board considers these net risks have increased since last year

1. Tenant default

3. Competition for investment in properties in the Big Box sector

4. Performance will depend on the performance of the UK retail sector, specifically the continued growth of online retail

13. Severe economic downturn

The Board considers these net risks to be broadly unchanged from last year

2. Portfolio strategy

6. The exposure to land and land options

9. Debt covenant compliance

10. We rely on the continuance of the Manager

11. UK REIT status

12. Disruptive Brexit

The Board considers these net risks have decreased since last year

5. Execution of Development business plan

7. Variable rate debt

8. Debt financing

Property Risks

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

Net probability

Moderate

Net Impact

Medium – The default of one or more of our tenants would immediately reduce revenue from the relevant asset(s). If the tenant cannot remedy the default and we have to evict the tenant, there may be a continuing reduction in revenues until we are able to find a suitable replacement tenant, which may affect our ability to pay dividends to shareholders. The circumstances around Covid-19 have led to certain sectors including certain parts of the retail sector being negatively impacted; this will impact the financial strength of some of our customers.

Mitigation

Our Investment Policy limits our exposure to any one tenant to 20% of gross assets or, where tenants are members of the FTSE, up to 30% each for two such tenants. This prevents significant exposure to a single retailer. To mitigate geographical shifts in tenants' focus, we invest in assets in a range of locations, with easy access to large ports and key motorway junctions. Before investing, we undertake thorough due diligence, particularly over the strength of the underlying covenant and the group of the covenants. We select assets with strong property fundamentals (good location, modern design, sound fabric), which should be attractive to other tenants if the current tenant fails. We continually monitor and keep the strength of our tenant covenants under review. In addition, we focus on assets let to tenants with strong financial covenant strength, and assets that are strategically important to the tenant's business. Our maximum exposure to any one tenant (calculated by contracted rental income), being Amazon, is less than 18% as at 31 December 2020.

2. Portfolio strategy – the ability of the Group to execute on its strategy and deliver performance

Net probability
Slight

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

Mitigation
The Group is focused on a single sector of the commercial property market. The property portfolio is 100% let, with long unexpired weighted average lease terms and an institutional-grade tenant base. All the leases contain upward-only rent reviews, which are either fixed, RPI/CPI linked or at open market value. These factors help support our asset values and overall portfolio performance. We undertake ongoing reviews of asset performance along with a review over the balance of our portfolio, split between Foundation, Value Add, Growth and Land as well as considerations over covenant, location and building type. Our asset performance is continually appraised and where we feel the assets are mature in terms of performance, they are ear-marked for potential disposal. Our development portfolio is executed in a low-risk manner, with significant capital only deployed once we have secured a pre-let agreement.

3. Competition for investment in the Big Box sector– with increasing competition in the investment market this may restrict our ability to grow the portfolio

Net probability
Slight

Net Impact
Low – Competitors in the sector may be better placed to secure property acquisitions, as they may have greater financial resources, thereby partly restricting the ability to grow our NAV, further diversify the portfolio and add additional liquidity to our shares. Post the effects of Covid-19, logistics assets are arguably even more sought after than before and therefore competition is likely to increase for the most prime assets.

Mitigation
In 2020, the investment market was particularly strong and this saw prime investment yields fall by approximately 50bps. Despite this, we have extensive contacts in the sector and often benefit from off-market transactions. We also maintain close relationships with a number of investors and developers in the sector, giving us the best possible opportunity to secure future acquisitions. We are not exclusively reliant on acquisitions to grow the portfolio. Our leases contain upward-only rent review clauses and we have a large development pipeline and a number of current asset management

initiatives within the portfolio, which means we can generate additional income and value from the existing portfolio. We own and control one of the largest development land banks in the UK, which significantly reduces the risk that competition will impact our ability to grow.

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

Net probability
Moderate

Net Impact
Medium – Our focus on the Big Box sector means we directly rely on the distribution requirements of UK retailers and manufacturers. Insolvencies and CVA's among the retailers and manufacturers could affect our revenues and property valuations. The probability of retailers defaulting has increased post Covid-19; however a greater proportion of sales are being made online, these orders are fulfilled via the assets that we invest in.

Mitigation
The diversity of our institutional-grade tenant base means the impact of default of any one of our tenants is low to moderate. In addition to our due diligence on tenants before an acquisition or letting, we regularly review the performance of the retail sector, the position of our tenants against their competitors and, in particular, the financial performance of our tenants. We have also increasingly been diversifying our tenant exposure to various sub-sectors of the retail sector i.e. online, food, homeware, fashion, other. Our clothing retail exposure is less than 3%. The risk around traditional retail is mitigated by the increase in online retail sales and this has driven occupational demand in 2020. Our portfolio is modern and of a high-quality nature and therefore is attractive to those with an online presence.

5. Execution of Development business plan – there may be a higher degree of risk within our Development portfolio

Net probability
Slight

Net Impact
Medium – Our development activities are likely to involve a higher degree of risk than is associated with standing assets. This could include general construction risks, delays in the development or the development not being completed, cost overruns or developer/contractor default. If any of the risks associated with our developments materialise, this could affect the value of these assets or result in a delay to lease commencement. The development pipeline was impacted in the short term post Covid-19, with delays to planning committee hearings and occupiers delaying their decision making processes. However, this picked up during the second half of 2020 and we have seen an increased level of occupier enquiries.

Mitigation
The Group has a significant development pipeline and this represents 8.5% of our gross assets as at 31 December 2020. Our development strategy is low risk and we aim to invest significant capital into a development project only once a pre-let agreement has been secured. Our appetite for speculative development is low and we have a limit of 5% of GAV exposed to speculative developments within our Investment Policy. The risk of cost overruns is mitigated by our experienced development team which includes a thorough procurement and tender process on all contracts. We undertake thorough covenant analysis and ongoing review of our contractors and secure guarantees in relation to build contracts where possible. In respect of pre-let forward funded developments, any risk is low, and mitigated by the fact the developer takes on a significant amount of construction risk and the risk of cost overruns.

Land Risks

6. Land purchases - the purchase of land or options over land may involve a higher degree of risk than that associated with existing and built investments or development activities. Land purchases may or may not have existing planning consent; they may also require further financial investment to prepare and ready the development. There is also a risk that the site may not attract a tenant to sign a lease

Net probability
Moderate

Net Impact

Low - The inability to obtain planning consent means that the land would have to be held or sold prior to any development. The value of the land may be reduced due to the refusal of planning consent and the costs incurred to that date could be significant and may be irrecoverable; this would reduce the Company NAV. This also applies to options over land: any costs in respect of the option or associated planning costs may have to be written off. If the Company fails to attract a suitable pre-let it may not proceed with the development of a Big Box. This would impact on the future development profit and revenues the Company could make from the land and failure to secure a pre-let may have a negative effect on the land valuation.

The Company may choose to develop a smaller scale building on a speculative basis if it makes sense to do so.

The land may be subject to an environmental risk which requires significant investment to remediate prior to commencing the development works.

The costs associated with developing land may fluctuate over the course of the development due to market conditions; however fixed priced contracts are entered, where possible.

Mitigation
The purchase of land is subject to a maximum level of 15% of GAV, at the time of purchase. The Company can also only undertake limited speculative development of buildings, subject to a maximum level of 5% of GAV (included within the 15% land holding restriction above), although it can undertake land preparation works but we will continue to seek a pre-let prior to commencing the vertical construction of a larger scale big box.

The Company has access to one of the UK's largest strategic land portfolios which is held in an efficient manner, largely via land options. Prior to the exercise of a land drawdown under an option agreement, the Company will carry out extensive due diligence to limit exposure to environmental risks and other hazards. The Company also undertakes due diligence over the surrounding power and highways infrastructure, the surrounding environment and the state of the market to assess the viability of the scheme ahead of acquiring the options over land. The Company takes expert advice from local planning specialists over the likelihood of timing over achieving planning consent.

Financial Risks

7. Variable rate debt – our use of floating rate debt will expose the business to underlying interest rate movements

Net probability
Slight

Net Impact
Rare - Interest on some of our debt facilities is payable based on a margin over Libor. Any adverse movements in Libor could impact our profitability and ability to pay dividends to shareholders. However noting the recent economic shock triggered by Covid-19, the Bank of England exercised an emergency interest rate cut. Interest rates are therefore at the lowest levels on record.

Mitigation
The Company has entered into interest rate derivatives to hedge our direct exposure to movements in Libor. These derivatives cap our exposure to Libor rises and have terms coterminous with the loans. We aim, where reasonable, to minimise the level of unhedged debt with Libor exposure, by taking out hedging instruments with a view to keeping variable rate debt approximately 90%+ hedged. As at 31 December 2020, 69% of the Group's borrowings were fixed rate loans and therefore contain a natural interest rate hedge.

8. Debt financing and liquidity – a lack of debt funding at appropriate rates may restrict our ability to grow and deliver attractive returns

Net probability
Negligible

Net Impact
Low - Without sufficient debt funding, we may be unable to pursue suitable investment opportunities in line with our investment objectives. If we cannot source debt funding at appropriate rates, either to increase the level of debt or re-

finance existing debt, this may impair our ability to maintain our targeted dividend level and deliver attractive returns to shareholders.

Mitigation
The Group has diversified sources of long-term unsecured borrowings in the form of £500 million in Public Bonds, £400 million in Unsecured Private Loan Notes and £250 million in Green Bonds. We also have £550 million of bank finance available split across two revolving credit facilities. This helps keep lending terms competitive. This access to multiple debt markets should enable the Group to raise future liquidity in a more efficient and effective manner via an unsecured platform whilst at competitive rates. The Board keeps our liquidity and gearing levels under review. We have undrawn headroom of £550 million within our current debt commitments, at 31 December 2020.

9. Debt covenant compliance – we must be able to operate within our banking covenants

Net probability
Slight

Net Impact
Low – If we were unable to operate within our banking covenants, this could lead to default and our bank funding being recalled. This may result in us selling assets to repay loan commitments, or be forced to sell assets, possibly resulting in a fall in NAV.

Mitigation
We continually monitor our banking covenant compliance, to ensure we have sufficient headroom and to give us early warning of any issues that may arise. We have an LTV policy of up to 40%, with LTV and Gearing covenants substantially higher than this. We enter into interest rate caps to mitigate the risk of interest rate rises. We operate with a predominantly fixed rate debt platform. This will mitigate the effect on the Group from interest rate rises. We invest in assets let to institutional-grade tenants and we also seek to maintain a long WAULT, which should reduce the volatility in our income and property values.

Corporate Risk
10. We rely on the continuance of the Manager

Net probability
Slight

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

Mitigation
Unless there is a default, either party may terminate the Investment Management Agreement by giving not less than 24 months' written notice. The Management Engagement Committee regularly reviews and monitors the Manager's performance. In addition, the Board meets regularly with the Manager, to ensure we maintain a positive working relationship. In the unlikely event that the Investment Management Agreement was terminated, the Board would be confident of finding an alternative Manager.

Taxation Risk

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

Net probability
Slight

Net Impact

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

Mitigation
The Board is ultimately responsible for ensuring we adhere to the UK REIT regime. It monitors the REIT compliance reports provided by:
- the Manager on potential transactions;
- the Administrator on asset levels; and
- our Registrar and broker on shareholdings.

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

Political Risk

12. Disruptive Brexit

Net probability
Moderate

Net Impact
Low - The UK left the EU in January 2020 and following the transition period up to 31 December 2020, the EU and UK have reached an agreement on a new partnership. This agreement sets out the rules that apply between the EU and the UK as of 1 January 2021. Economic volatility is not a new risk for the Group; however, until some of the detailed terms of the relationship become clearer the exact impact on the Company and its customers remains uncertain.

Mitigation
The Group operates with a focus in the UK Big Box market which has a supply shortage against current levels of demand, which, along with the structural shift to online retailing will assist in supporting portfolio and sector performance. We have regular engagement with key occupiers to understand how Brexit is affecting their businesses and whether this is affecting their need for logistics space. The Group is currently well positioned with long and secure leases and a diverse blue chip tenant line up, with a focus on tenants with financial strength, which are well positioned to withstand any uncertainty in the UK economy. For those businesses that may need to stock more inventory onshore due to concerns surrounding import delays, this is likely to lead to greater demand for warehousing space in the UK. The Company continues to monitor the impact of the new agreement with the EU.

Other Risk

13. Severe economic downturn

Net probability
Severe

Net Impact
Low - A severe economic downturn could be caused by events such as civil unrest, terrorism or a pandemic. On 23 March 2020 the Covid-19 pandemic caused the UK Government to place the UK into lockdown and issue significant support to the UK economy. Throughout 2020 there were various forms of restrictions placed on the freedom of movement due to the virus, which caused the UK to enter a recession in the year. These restrictions were further tightened in early January 2021.

A severe downturn in the economy could impact a number of the Group's tenants, contractors, and service providers, which could lead to a loss of rental income and disruption to operations. The probability of this is deemed severe as the Covid-19 virus struck during 2020 and we continue to operate in a restricted environment.

Mitigation
The Group mitigates this risk by investing in high-quality investment assets that operate in a sector that has strong structural drivers and a supply demand imbalance in favour of landlords. The Group monitors its customer's financial health regularly and where possible enters into long leases. The Company, along with key suppliers, moved onto their business continuity plans to be able to continue to provide their services to the business, including providing all staff with equipment to be able to work within the Government restrictions.

The Manager continues to monitor the business continuity plan of its suppliers to ensure the impact to the Group and its service providers is minimised. Every member of the Manager's staff, for periods of the year, have worked remotely, and continue to do so effectively.

The Manager continues to monitor the impact that Covid-19 has had on the Group's assets and its tenants in order to protect the Group's cash flow regarding rent collection, impact on dividends and banking covenants.

Covid-19 has accelerated behavioural patterns such as online shopping which, as a result, led to the highest level of occupational take-up in 2020 of over 43 million sq ft. This is highly supportive of our business model.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £m**	Year ended 31 December 2019 £m
Gross rental income	6	**161.6**	144.4
Service charge income	6	**4.6**	4.1
Service charge expense	7	**(4.7)**	(4.2)
Net rental income		**161.5**	144.3
Gross operating income		**28.3**	6.6
Other operating costs		**(19.7)**	(2.5)
Other operating income	6	**8.6**	4.1
Administrative and other expenses	8	**(22.6)**	(21.7)
Acquisition-related costs	8	–	(4.2)
Operating profit before changes in fair value and other adjustments[1]		**147.5**	122.5
Changes in fair value of investment properties	15	**351.1**	54.5
Gain on disposal of investment properties		**0.1**	–
Share of loss from joint ventures	17	**(0.1)**	–
Impairment of intangible and other property assets		**(0.4)**	(0.6)
Gain on bargain purchase	22	–	7.8
Share-based payment charge	23	**(5.9)**	(3.3)
Changes in fair value of contingent consideration payable	23	**(2.9)**	(0.5)
Operating profit		**489.4**	180.4
Finance income	10	–	0.4
Finance expense	11	**(37.6)**	(34.4)
Changes in fair value of interest rate derivatives	25	**(2.3)**	(5.2)
Profit before taxation		**449.5**	141.2
Taxation	12	**(0.1)**	–
Profit and total comprehensive income		**449.4**	141.2
Earnings per share – basic	13	**26.30p**	8.40p
Earnings per share – diluted	13	**26.30p**	8.38p

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

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	**At 31 December 2020 £m**	At 31 December 2019 £m
Non-current assets			
Intangible assets		**2.0**	2.3
Investment property	15	**4,053.5**	3,541.2
Investment in land options	16	**228.1**	226.0
Investment in joint ventures	17	**28.5**	30.1
Other property assets	22	**9.4**	13.9
Trade and other receivables	19	**2.0**	–
Interest rate derivatives	25	**0.1**	1.3
Total non-current assets		**4,323.6**	3,814.8
Current assets			
Trade and other receivables	19	**25.1**	25.7
Cash at bank	20	**57.8**	21.4
Total current assets		**82.9**	47.1
Total assets		**4,406.5**	3,861.9
Current liabilities			
Deferred rental income		**(36.1)**	(35.3)
Trade and other payables	21	**(69.3)**	(76.1)
Tax liabilities	12	**(1.9)**	(18.7)
Total current liabilities		**(107.3)**	(130.1)
Non-current liabilities			
Trade and other payables	21	**(2.0)**	–
Interest rate derivatives	25	**(1.1)**	–
Bank borrowings	24	**(206.7)**	(256.2)
Loan notes	24	**(1,136.4)**	(891.5)
Amounts due to B and C shareholders	23	**(31.7)**	(22.9)
Total non-current liabilities		**(1,377.9)**	(1,170.6)
Total liabilities		**(1,485.2)**	(1,300.7)
Total net assets		**2,921.3**	2,561.2
Equity			
Share capital	28	**17.2**	17.1
Share premium reserve	28	**466.5**	446.7
Capital reduction reserve	28	**1,078.9**	1,188.1
Retained earnings	28	**1,358.7**	909.3
Total equity		**2,921.3**	2,561.2

Net asset value per share – basic	29	**169.92p**	150.04p
Net asset value per share – diluted	29	**169.92p**	150.04p
EPRA net tangible asset per share – basic and diluted[1]	29	**175.61p**	151.79p

[1] Note the prior periods have been restated in line with the EPRA guidance over Net Asset Value.

These financial statements were approved by the Board of Directors on 9 March 2021 and signed on its behalf by:

Sir Richard Jewson KCVO, JP, Chairman

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2020		**17.1**	**446.7**	**1,188.1**	**909.3**	**2,561.2**
Profit for the year and total comprehensive income		**–**	**–**	**–**	**449.4**	**449.4**
		17.1	**446.7**	**1,188.1**	**1,358.7**	**3,010.6**
Contributions and distributions:						
Shares issued in relation to equity consideration	28	**0.1**	**19.9**	**–**	**–**	**20.0**
Share issue costs		**–**	**(0.1)**	**–**	**–**	**(0.1)**
Share-based payments		**–**	**–**	**–**	**2.4**	**2.4**
Transfer of share-based payments to liabilities to reflect settlement		**–**	**–**	**–**	**(2.4)**	**(2.4)**
Dividends paid	14	**–**	**–**	**(109.2)**	**–**	**(109.2)**
31 December 2020		**17.2**	**466.5**	**1,078.9**	**1,358.7**	**2,921.3**
1 January 2019		14.8	153.6	1,304.4	768.1	2,240.9
Profit for the year and total comprehensive income		–	–	–	141.2	141.2
		14.8	153.6	1,304.4	909.3	2,382.1
Contributions and distributions:						
Shares issued in relation to equity issue	28	1.9	248.1	–	–	250.0
Shares issued in relation to equity consideration	28	0.4	51.9	–	–	52.3
Share issue costs		–	(6.9)	–	–	(6.9)
Share-based payments		–	–	–	2.3	2.3
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(2.3)	(2.3)
Dividends paid	14	–	–	(116.3)	–	(116.3)
31 December 2019		17.1	446.7	1,188.1	909.3	2,561.2

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £m**	Year ended 31 December 2019 £m
Cash flows from operating activities			
Profits for the period (attributable to the shareholders)		**449.4**	141.2
Add: tax charge		**0.1**	–
Add: changes in fair value of contingent consideration payable		**2.9**	0.5
Add: finance expense		**37.6**	34.4
Add: changes in fair value of interest rate derivatives		**2.3**	5.2
Add: share-based payment charges		**5.9**	3.3
Add: impairment of intangible and other property assets		**0.4**	0.6
Add: amortisation of other property assets		**4.5**	–
Add: share of loss from joint ventures		**0.1**	–
Less: changes in fair value of investment properties		**(351.1)**	(54.5)
Less: gain on disposal of investment properties		**(0.1)**	–
Less: gain on bargain purchase		–	(7.8)
Less: finance income		–	(0.4)
Accretion of tenant lease incentive	15	**(9.3)**	(6.1)
(Increase)/decrease in trade and other receivables		**(4.0)**	2.3
Increase in deferred income		**0.7**	5.1
Increase/(decrease) in trade and other payables		**15.0**	(7.9)
Cash generated from operations		**154.4**	115.9
Taxation paid	12	**(16.8)**	(22.6)
Net cash flow generated from operating activities		**137.6**	93.3
Investing activities			
Additions to investment properties		**(279.0)**	(286.6)
Additions to land options		**(7.6)**	(10.9)
Additions to joint ventures		**(0.7)**	(0.1)
Net proceeds from disposal of investment properties		**132.3**	–
Licence fees received		**2.5**	15.8
Interest received		**0.1**	0.5
Dividends received from joint ventures		**2.2**	–
Amount transferred out of restricted cash deposits		–	0.7
Acquisition of subsidiary, net of cash acquired		–	(194.0)
Net cash flow used in investing activities		**(150.2)**	(474.6)
Financing activities			
Proceeds from issue of Ordinary Share capital		–	249.9
Cost of share issues		–	(6.9)
Bank borrowings drawn	24	**289.5**	135.0
Bank and other borrowings repaid	24	**(339.5)**	(273.7)
Amounts received on issue of loan notes	24	**246.2**	400.0

Loan arrangement fees paid		**(2.1)**	(4.1)
Bank interest paid		**(35.5)**	(28.2)
Interest rate cap premium paid	25	–	(1.3)
Dividends paid to equity holders		**(109.6)**	(115.5)
Net cash flow generated from financing activities		**49.0**	355.2
Net increase/(decrease) in cash and cash equivalents for the year		**36.4**	(26.1)
Cash and cash equivalents at start of year	20	**21.2**	47.3
Cash and cash equivalents at end of year	20	**57.6**	21.2

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 December 2020 comprise the results of Tritax Big Box REIT plc ("the Company") and its subsidiaries (together, "The Group") and were approved by the Board for issue on 9 March 2021. The Company is a public limited company incorporated and domiciled in England and Wales. The Company's Ordinary Shares are admitted to the official list of the UK Listing Authority, a division of the Financial Conduct Authority, and traded on the London Stock Exchange. The registered address of the Company is disclosed in the Company Information.

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

Accounting policies

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The comparative information disclosed relates to the year ended 31 December 2019.

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

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

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

2.1. Going concern

Given the impact of Covid-19, the Board has paid particular attention to the appropriateness of the going concern basis in preparing these financial statements. Any going concern assessment considers the Group's financial position, cash flows, liquidity and capital commitments including its continued access to its debt facilities and headroom under financial loan covenants.

The Directors have considered the cash flow forecasts for the Group for a period of at least 12 months from the date of approval of these financial statements. These forecasts include the Directors' assessment of the impact of Covid-19 on the Group and include various levels of stress testing of financial forecasts with consideration over downside scenarios. The Directors have reviewed the current and projected financial position of the Group, making varying assumptions about its future trading performance including the impact of Covid-19. Various forms of sensitivity analysis have been performed having a particular regard to the current financial performance of the Group's customers, taking into account any discussions held with the customer surrounding their rental obligations. The analysis also included sensitivities over the following's portfolio valuation movements through the market volatility, rent collection, customer default and interest rate movements.

To date, the impact on the Group from Covid-19 has been limited. Whilst the Group has a greater level of arrears than it would ordinarily expect with regards to rental income, the arrears are not significant in the context of the portfolio as a whole. The Group has received 99% of all rent falling due in 2020. Whilst a number of the Group's tenants have opted to move from quarterly in advance rental payments to monthly in advance rental payments for a short period, there have been no agreements to grant rent-free periods or rent holidays. The Group has agreed rent deferrals over only a small number of leases and expects to recover these rent arrears during 2021. Such requests are considered on a case by case basis and based on the merits of such request and the circumstances of the tenant. The Directors have also considered the arrears position in light of IFRS 9, expected credit loss model, see note 19 for further details.

As at 31 December 2020, the Group had an aggregate £550 million of undrawn commitments under its senior debt facilities, of which £93.9 million was committed under various pre-let development contracts. The Group's loan to value ratio stood at 30.0%, with the debt portfolio having an average maturity term of approximately 7.4 years. As at the date of approval of this report, the Group has substantial headroom within its financial loan covenants, which include loan to value covenants at 60% on its tightest loans. The Group's financial covenants have also been complied with for all loans throughout the period and up to the date of approval of these financial statements. As at 31 December 2020, property values would have to fall by approximately 50% and there would need to be a loss of income of approximately 60% before loan covenants on its unsecured facilities are breached.

The Directors have assessed the Group's ability to continue as a going concern and are not aware of any material uncertainties that may cast significant doubt upon Group's ability to continue as a going concern. Therefore the Directors are satisfied that the Group has the resources to continue in business for at least 12 months from the date of approval of these financial statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Group has reassessed its related circumstances in the light of Covid-19, and there is no material impact in respect of judgements, estimates and assumptions made in the year.

3.1. Judgements

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

Land options

Classification

A number of land options were acquired as part of the Tritax Symmetry acquisition in the prior year. These were bought for the potential to exercise the option, subject to receiving planning permission, and develop the land into a pipeline of logistics assets. The Directors have considered whether the land options meet the definition of Investment property and concluded that as the options do not represent a current direct interest in land they cannot be classified as Investment property and carried at fair value. The Directors have concluded that the land options should be classified as a non-financial asset and measured at cost less provision for impairment in accordance with IAS 36.

Measurement

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

B and C Shares

As part of the acquisition of Tritax Symmetry, shares were issued in Tritax Symmetry Limited to the management shareholders of Tritax Symmetry ("Symmetry Management Shareholders") in the form of B and C shares (the "B and C Shares"). The terms of these shares are complex and as a result the Directors have had to make a number of judgements in order to conclude on the appropriate accounting treatment. The significant judgements applied in relation to the B and C Shares were as follows:

1. Subject to remaining in continued employment these shares entitle the holders to 13% of the Adjusted NAV of Tritax Symmetry Limited. Were an individual to leave employment and be deemed a bad leaver, the amount payable is the lower of the value of the shares on the completion date and 60% of Adjusted NAV. The Directors have therefore concluded that the unconditional amount payable to the B and C shareholders, being 60% of the value of the B and C Shares on acquisition, should be treated as contingent consideration in accordance with IFRS 3. The fair value of the contingent consideration is remeasured at each reporting date. Any additional amounts paid to the B and C shareholders as a result of their continued service is accounted for as payment for the provision of post-combination services.
2. The B and C Shares have put options in place at various points in time over an eight-year period from completion, along with a put and call option at the end of eight years from the completion date. The B and C Shares are not considered to represent a present ownership interest in the Group as an element of the amount due to the B and C shareholders is dependent on them continuing to remain in employment and provide services to the Group. Therefore, the Directors have concluded that the B and C Shares do not represent a non-controlling interest and the amounts owed to the B and C shareholders should instead be presented as a financial liability.
3. When settled the B and C Shares are settled 25% in cash with the remaining 75% settled in either cash or shares at the discretion of the Company. Both elements are considered to represent share-based payments as the amounts due are based on the Adjusted NAV of the underlying business of Tritax Symmetry Limited. The Directors will endeavour to settle all of the B and C Shares in cash, subject to sufficient funds being available to the Group at the time of settlement without adversely impacting the operations of the Group. In accordance with IFRS 2 this is accounted for as a cash settled share-based payment. In conformity with the requirements of IFRS 2 for cash settled share-based payments, the share-based payment charge is the fair value of the settlement value of the B and C Shares in Tritax Symmetry Limited, established by a Monte Carlo simulation model and reassessed at each reporting date.

Business combinations

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

On 19 February 2019, the Group completed the acquisition of db Symmetry Group Ltd and db Symmetry BVI Limited together with their subsidiary undertakings and joint venture interests ("db Symmetry"), subsequently rebranded to Tritax Symmetry. The Directors have reviewed the terms of the acquisition and determined that a business, as defined by IFRS 3, was acquired. In the context of the Tritax Symmetry acquisition the principal consideration was whether substantive processes were acquired. As part of the acquisition a Development Management Agreement ("DMA") was entered into with Symmetry ManCo allowing for the management team to continue to manage the development activities of Tritax Symmetry. These activities are determined to be substantive processes.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. As it is a balancing figure of the assets and liabilities acquired, it is a judgement, as a result of the fair value of some of the other assets and liabilities acquired also being estimated. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Group profit or loss on the acquisition date as a gain on bargain purchase or negative goodwill. The fair value of assets and liabilities are established using industry-leading third-party

professionals, instructed by the Company. Ultimately, the negative goodwill recognised is a judgement applied to various balances recognised within fair value of net assets acquired (see note 22 Business Combination for further details).

Estimates

Fair valuation of Investment property

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

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

4. Summary of significant accounting policies

4.1. Basis of consolidation

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

4.2. Subsidiaries

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

4.3. Segmental information

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

4.4. Investment property and Investment property under construction

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

The corresponding entry upon recognising lease incentives or fixed/minimum rental uplifts is made to Investment property. For further details see Accounting Policy note 4.15.1.

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

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

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

properties under construction is estimated as the fair value of the completed asset less any costs still payable in order to complete, which include an appropriate developer's margin.

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

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

4.5. Financial instruments

Fair value hierarchy

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

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

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

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

4.5.1. Financial assets

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

Fair value through profit or loss

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

Amortised cost

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

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

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

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

4.5.2. Financial liabilities

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

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

Fair value through profit or loss

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

Other financial liabilities

Other financial liabilities include the following items:

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

4.6. Forward funded pre-let investments

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

4.6.1. Licence fees receivable

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

4.7. Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

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

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

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

The Group does not have any joint operations.

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

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

these transactions is eliminated against the carrying value of the joint venture.

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

4.8. Goodwill

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

In relation to the purchase of Tritax Symmetry, a gain on bargain purchase had arisen. See note 22, Business combination for further details.

4.9. Intangible assets

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

4.10. Land options

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

4.11. Impairment of assets

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

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

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

4.12. Business combination

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

Where an acquisition is considered to be a business combination the consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Group Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Any excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired is treated as goodwill. Where the fair value of identifiable

assets, liabilities and contingent liabilities acquired exceeds the fair value of the purchase consideration, the difference is treated as gain on bargain purchase and credited to the Group profit or loss. The results of acquired operations are included in the Group profit or loss from the date on which control is obtained until the date on which control ceases.

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

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

4.13. Share-based payments

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

4.14. Dividends payable to shareholders

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

4.15. Property income

4.15.1. Rental income

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

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

Tenant lease incentives are recognised as a reduction of 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.

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

4.15.2. Other operating income

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

4.16. Finance income

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

4.17. Finance costs

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

4.18. Taxation

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

5. New standards issued

5.1. New standard issued and effective from 1 January 2020

The following new accounting amendment has been applied in preparing the consolidated financial statements:

Amendments to IFRS 3 “Business Combinations”, definition of a business

The amendment provides a revised framework for evaluating a business and introduces an optional “concentration test” and impacts the assessment and judgements used in determining whether future property transactions represent an asset acquisition or business combination. As a result of the amendment it is expected that future transactions are more likely to be treated as an asset acquisition.

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

5.2. New standards issued but not yet effective

Amendments to IAS 1 on Classification of liabilities as Current or Non-Current are effective for the financial years commencing on or after 1 January 2023 and are to be applied retrospectively. It is not expected that the amendments may have an impact on the presentation and classification of liabilities in the Group Statement of Financial Position based on rights that are in existence at the end of the reporting period.

IFRS Phase 2 amendments for interest rate benchmark (IBOR) reform provide a practical expedient to account for changes in the basis for determining contractual cash flows of financial assets and financial liabilities as a result of IBOR reform. Under the practical expedient, entities will account for these changes by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9 without the recognition of an immediate gain or loss. This practical expedient applies only to such a change and only to the extent that it is necessary as a direct consequence of interest rate benchmark reform, and the new basis is economically equivalent to the previous basis.

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

6. Total property income

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Rental income – freehold property	**122.8**	108.9
Rental income – long leasehold property	**29.4**	29.2
Spreading of tenant incentives and guaranteed rental uplifts	**9.3**	6.1
Other income	**0.1**	0.2
Gross rental income	**161.6**	144.4

Property insurance recoverable	**3.6**	3.2
Service charges recoverable	**1.0**	0.9
Total property insurance and service charge income	**4.6**	4.1
Total property income	**166.2**	148.5

There was one individual tenant representing more than 10% of gross rental income present during either year.

Included in the £8.6 million of other income, was a charge of £4.5 million (2019: £0.4 million) being amortisation of other property assets. The other operating income is generated through the Group providing development management services to third parties.

7. Service charge expenses

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Property insurance expense	**3.7**	3.4
Service charge expense	**1.0**	0.8
Total property expenses	**4.7**	4.2

8. Administrative and other expenses

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Investment management fees	**17.9**	17.5
Directors' remuneration (note 9)	**0.4**	0.4
Auditor's fees		
Fees payable for the audit of the Company's annual accounts	**0.3**	0.2
Fees payable for the review of the Company's interim accounts	**0.1**	0.1
Fees payable for the audit of the Company's subsidiaries	**0.1**	0.1
Total Auditor's fee	**0.5**	0.4
Development management fees	**0.7**	0.7
Corporate administration fees	**0.5**	0.5
Regulatory fees	**0.1**	0.1
Legal and professional fees	**1.3**	1.1
Marketing and promotional fees	**0.5**	0.4
Other costs	**0.7**	0.6
Total administrative and other expenses	**22.6**	21.7
Acquisition-related costs[1]	**–**	4.2

1 Acquisition-related costs have been incurred in the prior year, due to the one-off nature of these costs which have been expensed in accordance with IFRS 3: Business combinations.

The Auditor has also received £nil (2019: £0.1 million) in respect of providing reporting accountant services in connection with the equity issuance occurring during the year.

The Auditor provided audit services in respect of joint ventures of £7,500 (2019: £12,500).

9. Directors' remuneration

	Year ended 31 December	Year ended 31 December

	2020 £m	2019 £m
Directors' fees	**0.3**	0.3
Employer's National Insurance	**0.1**	0.1
	0.4	0.4

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

10. Finance income

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Interest received on bank deposits	**–**	0.4

11. Finance expense

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Interest payable on bank borrowings	**7.6**	6.1
Interest payable on loan notes	**26.3**	24.1
Commitment fees payable on bank borrowings	**1.6**	1.8
Swap interest payable	**0.2**	–
Amortisation of loan arrangement fees	**1.9**	2.4
	37.6	34.4

None of the interest payable on financial liabilities and amortisation of loan arrangement fees were capitalised in the current and preceding year.

12. Taxation

a) Tax charge in the Group Statement of Comprehensive Income

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
UK corporation tax	**0.1**	–

The UK corporation tax rate for the financial year is 19%. Accordingly, this rate has been applied in the measurement of the Group's tax liability at 31 December 2020.

b) Factors affecting the tax charge for the year

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

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Profit on ordinary activities before taxation	**449.5**	141.2
Theoretical tax at UK corporation tax rate of 19.00% (31 December 2019: 19.00%)	**85.4**	26.8

REIT exempt income	**(19.0)**	(18.7)
Non-taxable items	**(66.7)**	(11.0)
Transfer pricing adjustment	**–**	1.8
Permanent differences/tax losses not recognised	**(1.8)**	–
Residual losses	**2.2**	1.1
Total tax charge	**0.1**	–

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

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

The current year tax liability of £1.9 million (2019: £18.7 million) relates to appropriation tax charges in relation to the business combination as well as tax payable on non-property profits arising in the year (see note 22). During the year nil (2019: £22.6 million) was payable relating to the appropriation tax charges.

13. Earnings per share

Earnings per share (EPS) are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period. As there are dilutive instruments outstanding, basic and diluted earnings per share are shown below.

In relation to the dilutive shares to be issued in respect of the B and C Shares, the Directors have indicated a current intention to settle these 100% in cash. The calculation of basic and diluted earnings per share is based on the following:

For the year ended 31 December 2020	**Net profit attributable to Ordinary Shareholders £m**	**Weighted average number of Ordinary Shares[1] '000**	**Earnings per share pence**
Basic EPS and diluted EPS[2]	**449.4**	**1,708,504**	**26.30**
Adjustments to remove:			
Changes in fair value of Investment property	**(351.1)**		
Changes in fair value of interest rate derivatives	**2.3**		
Gain on disposal of investment properties	**(0.1)**		
Amortisation of other property assets	**4.5**		
Share of loss from joint ventures	**0.1**		
Impairment of intangible contract	**0.4**		
EPRA EPS and EPRA diluted EPS[2]	**105.5**	**1,708,504**	**6.17**
Adjustments to include:			
Licence fee receivable on Forward Funded Developments	**12.9**		
Fixed rental uplift adjustments	**(6.4)**		
Share-based payments charges	**5.9**		
Changes in fair value of contingent consideration payable	**2.9**		
Amortisation of loan arrangement fees and intangibles (see note 11)	**1.8**		
Adjusted EPS and Adjusted diluted EPS	**122.6**	**1,708,504**	**7.17**

1. Based on the weighted average number of Ordinary Shares in issue throughout the year.
2. Based on the weighted average number of Ordinary Shares in issue throughout the year, plus potentially issuable dilutive shares (see below).
3. Relates to dilutive shares in respect of contingent consideration. This being the 75% of the amounts due to the B and C shareholders that could potentially be settled as equity. The share-based payments charges are non-dilutive at year end.

For the year ended 31 December 2019	**Net profit attributable to Ordinary**	**Weighted average number of Ordinary**	**Earnings per share pence**

	Shareholders £m	Shares[1] '000	
Basic EPS	**141.2**	**1,681,525**	**8.40**
Adjustment for dilutive shares:			
Changes in fair value of contingent consideration payable	0.5		
Dilutive shares in respect of B and C shareholders[3]		8,521	
Diluted EPS[2]	**141.7**	**1,690,046**	**8.38**
Adjustments to remove:			
Changes in fair value of contingent consideration payable	(0.5)		
Changes in fair value of Investment property	(54.5)		
Changes in fair value of interest rate derivatives	5.2		
Costs associated with a business combination	4.2		
Gain on bargain purchase and impairment of intangible contract	(7.2)		
EPRA EPS	**88.9**	**1,681,525**	**5.29**
Add back: Changes in fair value of contingent consideration payable	0.5		
EPRA diluted EPS[2]	**89.4**	**1,690,046**	**5.29**
Adjustments to include:			
Licence fee receivable on Forward Funded Developments	21.4		
Fixed rental uplift adjustments	(4.9)		
Share-based payments charges	3.3		
Amortisation of loan arrangement fees and intangibles (see note 11)	2.4		
Adjusted EPS	**111.6**	**1,681,525**	**6.64**
Adjusted diluted EPS	**111.6**	**1,690,046**	**6.60**

1. Based on the weighted average number of Ordinary Shares in issue throughout the year.
2. Based on the weighted average number of Ordinary Shares in issue throughout the year, plus potentially issuable dilutive shares (see below).
3. Relates to dilutive shares in respect of contingent consideration. This being the 75% of the amounts due to the B and C shareholders that could potentially be settled as equity. The share-based payments charges are dilutive at year end.

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

The adjustment for licence fees receivable is calculated by reference to the proportion of the total period of completed construction during the year, multiplied by the total licence fee receivable on a given forward funded asset. Licence fees will convert into rental income once practical completion has occurred and therefore rental income will flow into EPRA and Adjusted earnings from this point.

Fixed rental uplift adjustments relate to adjustments to net rental income on leases with fixed or minimum uplifts embedded within their review profiles. The total minimum income recognised over the lease term is recognised on a straight-line basis and therefore not supported by cash flows during the early term of the lease, but this reverses towards the end of the lease.

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

14. Dividends paid

	Year ended 31 December 2020	Year ended 31 December 2019

	£m	£m
Fourth interim dividend in respect of period ended 31 December 2019 at 1.7125 pence per Ordinary Share (fourth interim for 31 December 2018 at 1.675 pence per Ordinary Share)	**29.2**	28.6
First interim dividend in respect of year ended 31 December 2020 at 1.5625 pence per Ordinary Share (31 December 2019: 1.7125 pence)	**26.6**	29.2
Second interim dividend in respect of year ended 31 December 2020 at 1.5625 pence per Ordinary Share (31 December 2019: 1.7125 pence)	**26.7**	29.2
Third interim dividend in respect of year ended 31 December 2020 at 1.5625 pence per Ordinary Share (31 December 2019: 1.7125 pence)	**26.7**	29.3
Total dividends paid	**109.2**	116.3
Total dividends paid for the year	**4.69p**	5.138p
Total dividends unpaid but declared for the year	**1.713p**	1.713p
Total dividends declared for the year	**6.40p**	6.85p

On 10 March 2021, the Company will announce the declaration of the fourth interim dividend in respect of the year ended 31 December 2020 of 1.7125 pence per share payable on 1 April 2021. In relation to the total dividends declared for the year of 6.40 pence, 4.69 pence is a property income distribution (PID) and 1.71 pence is an ordinary dividend.

15. Investment property

In accordance with IAS 40: Investment property are stated at fair value as at 31 December 2020. The Investment property has been independently valued by CBRE Limited ("CBRE") and Colliers International Valuation UK LLP ("Colliers"), both accredited independent valuers with recognised and relevant professional qualifications and with recent experience in the locations and categories of the investment properties being valued. CBRE value all Investment property with leases attached or assets that have reached practical completion. Colliers value all land holdings and assets under construction with no pre-agreed letting. The valuations have been prepared in accordance with the RICS Valuation – Global Standards July 2017 ("the Red Book") and incorporate the recommendations of the International Valuation Standards and the RICS valuation – Professional Standards UK January 2014 (Revised April 2015) which are consistent with the principles set out in IFRS 13.

The Valuer in forming its opinion make a series of assumptions, which are typically market-related, such as net initial yields and expected rental values and are based on the Valuer's professional judgement. The Valuer has sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently. There has been no changes to the assumptions made in the year as a result of Covid-19 or other factors.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumptions used in establishing the independent valuation are reviewed by the Board.

	Investment property freehold £m	Investment property long leasehold £m	Investment property under construction £m	Total £m
As at 1 January 2020	**2,578.0**	**640.8**	**322.4**	**3,541.2**
Property additions[1]	**73.1**	**0.1**	**210.6**	**283.8**
Property disposed in the year	**(131.9)**	**–**	**–**	**(131.9)**
Fixed rental uplift and tenant lease incentives[2]	**7.5**	**1.8**	**–**	**9.3**
Transfer of completed property to Investment property	**203.0**	**–**	**(203.0)**	**–**
Change in fair value during the year	**155.6**	**53.4**	**142.1**	**351.1**
As at 31 December 2020	**2,885.3**	**696.1**	**472.1**	**4,053.5**

	Investment	Investment	Investment	Total

	property freehold £m	property long leasehold £m	property under construction £m	£m
As at 1 January 2019	2,053.7	635.6	349.0	3,038.3
Property additions[1]	16.1	0.7	297.1	313.9
Property acquired through business combination (see note 22)	–	–	128.4	128.4
Fixed rental uplift and tenant lease incentives[2]	4.3	1.8	–	6.1
Transfer of completed property to Investment property	503.3	–	(503.3)	–
Change in fair value during the year	0.6	2.7	51.2	54.5
As at 31 December 2019	2,578.0	640.8	322.4	3,541.2

1. Licence fees deducted from the cost of Investment property under construction totalled £14.2 million in the year (2019: £0.6 million).
2. Included within the carrying value of Investment property is £52.3 million (2019: £43.0 million) in respect of accrued contracted rental uplift income. This balance arises as a result of the IFRS treatment of leases with fixed or minimum rental uplifts and rent-free periods, which requires the recognition of rental income on a straight-line basis over the lease term. The difference between this and cash receipts change the carrying value of the property against which revaluations are measured. Also see note 6.

	31 December 2020 £m	31 December 2019 £m
Investment property at fair value per Group Statement of Financial Position	**4,053.5**	3,541.2
Licence fee receivable	–	2.5
Capital commitments	**87.7**	128.1
Total Investment property valuation*	**4,141.2**	3,671.8

* Including costs to complete on forward funded development assets.

Capital commitments represent costs to bring the asset to completion under the developer's funding agreements which include the developer's margin. These commitments could also represent commitments made in respect of asset management initiatives and development land. These costs are not provided for in the Group Statement of Financial Position (refer to note 33).

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

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

Fees payable under the DMA totalling £3.3 million (2019: £3.7 million) have been capitalised in the year being directly attributable to the ongoing development projects.

The valuation summary is set out in the Strategic Report.

Fair value hierarchy

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

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

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

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

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

Valuation techniques

The yield methodology approach is used when valuing the Group's properties which uses market rental values capitalised with a market capitalisation rate. This is sense-checked against the market comparable method (or market comparable approach) where a property's fair value is estimated based on comparable transactions in the market.

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

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

Unobservable input: estimated rental value (ERV)

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

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

Unobservable input: net initial yield

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

	Unobservable Inputs	
	ERV range £ pa sq m	**net initial yield range %**
2020	**3.91 - 12.85**	**3.15 – 6.28**
2019	3.80 – 10.75	3.67 – 6.22

Sensitivities of measurement of significant unobservable inputs

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

As a result the following sensitivity analysis has been prepared:

	-5% in passing rent £m	+5% in passing rent £m	+0.25% in initial yield £m	-0.25% net initial yield £m
(Decrease)/increase in the fair value of investment properties as at 31 December 2020	**(201.3)**	**201.3**	**(226.7)**	**255.5**
(Decrease)/increase in the fair value of investment properties as at 31 December 2019	(175.6)	175.6	(187.1)	209.4

16. Investment in land options

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Opening balance	**226.0**	–

Land options acquired in business combination	**–**	217.4
Costs capitalised in the year	**9.1**	16.8
Transferred to Investment property	**(5.4)**	(2.7)
Disposals	**(1.6)**	(5.5)
Closing balance	**228.1**	226.0

The average maturity date across land options held is approximately eight years (2019: nine years) term remaining.

17. Investment in joint ventures

As at 31 December 2020 the Group has two joint ventures which have been equity accounted for. There were no equity accounted joint ventures prior to the acquisition of Tritax Symmetry in February 2019.

The Group has the following joint ventures as at 31 December 2020:

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

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

Net investment	Total 100% £m	Group's share £m
At beginning of year	60.2	**30.1**
Total comprehensive income	(0.2)	**(0.1)**
Capital introduced	0.4	**0.2**
Cash contributed	1.0	**0.5**
Cash received	(4.4)	**(2.2)**
As at 31 December 2020	**57.0**	**28.5**
50% share	**28.5**	

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

Comprehensive Income Statement

Year ended 31 December 2020	Total 100% £m	Group's share £m
Administrative expenses	(0.2)	(0.1)
Loss before taxation	(0.2)	(0.1)
Taxation	–	–
Total comprehensive loss	(0.2)	(0.1)

Statement of Financial Position

As at 31 December 2020	Total 100% £m	Group's share £m
Investment property	4.0	2.0
Options to acquire land	51.6	25.8

Non-current assets	**55.6**	**27.8**
Other receivables	1.4	0.7
Cash	0.2	0.1
Current assets	**1.6**	**0.8**
Trade and other payables	(0.2)	(0.1)
Current liabilities	**(0.2)**	**(0.1)**
Net assets	**57.0**	**28.5**

The Group's share of contingent liabilities in the joint ventures is £nil (December 2019: £nil).

18. Investments

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

19. Trade and other receivables

Non-current trade and other receivables	**Year ended 31 December 2020 £m**	Year ended 31 December 2019 £m
Cash in public institutions	**2.0**	–

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

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Trade receivables	**21.8**	7.8
Licence fee receivable	–	2.5
Prepayments, accrued income and other receivables	**1.7**	3.3
VAT	**1.6**	12.1
	25.1	25.7

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

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

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The expected credit loss provision as at 31 December 2020 was £0.2 million (31 December 2019: £nil). No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.

20. Cash held at bank

	Year ended 31 December 2020	Year ended 31 December 2019

	£m	£m
Cash and cash equivalents to agree with cash flow	**57.6**	21.2
Restricted cash	**0.2**	0.2
	57.8	21.4

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

Cash and cash equivalents reported in the Consolidated Statement of Cash Flows totalled £57.6 million (2019: £21.2 million) as at the year end, which excludes long-term restricted and ring-fenced cash deposits totalling £0.2 million (2019: £0.2 million). Total cash held at bank as reported in the Group Statement of Financial Position is £57.8 million (2019: £21.4 million).

21. Trade and other payables

Non-current trade and other payables	**Year ended 31 December 2020 £m**	Year ended 31 December 2019 £m
Other payables	**2.0**	–

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Trade and other payables	**52.7**	62.6
Bank loan interest payable	**6.0**	5.7
Accruals	**10.6**	7.8
	69.3	76.1

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

22. Business combination

On 19 February 2019, the Group acquired an 87% economic interest in Tritax Symmetry, a development group with ownership of a combination of land and land options. The portfolio was acquired for a total consideration of £273.1 million. The gain on bargain purchase was a result of the fair value determined for the assets purchased exceeding the fair value of consideration transferred. The gain on bargain purchase of £7.8 million had been recognised in the Group profit or loss in 2019. This gain on bargain purchase arose partly in relation to the accounting treatment of the Band C Shares, which is detailed in note 23.

The B and C Shares issued to Symmetry Management Shareholders are treated as a combination of both contingent consideration for the acquisition of a 13% economic interest in the Symmetry Portfolio and a 13% economic right held to their share of future performance of the Tritax Symmetry Development assets. This is as a result of certain vesting conditions attached to the B and C Shares over the first five years of the contract (see note 23 below).

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

During the year, other property assets were amortised by a charge of £4.5 million (2019: £0.4 million) resulting in a net position on the Group Statement of Financial Position of £9.4 million (2019: £13.9 million).

23. Amounts due to B and C shareholders

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

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

31 December 2020	Contingent consideration £m	Share-based payment £m	Fair value £m
Opening balance	**19.6**	**3.3**	**22.9**
Fair value movement recognised	**2.9**	**–**	**2.9**
Share-based payment charge	**–**	**5.9**	**5.9**
Closing balance	**22.5**	**9.2**	**31.7**

31 December 2019	Contingent consideration £m	Share-based payment £m	Fair value £m
Contingent consideration recognised on acquisition	19.1	–	19.1
Fair value movement recognised	0.5	–	0.5
Share-based payment charge	–	3.3	3.3
Closing balance	19.6	3.3	22.9

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

1. Contingent consideration

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

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

2. Share-based payment

In accordance with IFRS 3 “Business Combinations” the requirement to remain in continued employment in order to realise the full value of the B and C Shares has resulted in the excess value (over and above the amount recognised as contingent consideration) being accounted for as payments for post combination services which reflect the 13% economic right held to their share of future performance of the Tritax Symmetry Development assets over and above the completion NAV. The amount due to Symmetry Management Shareholders is based on the adjusted NAV of Tritax Symmetry and is settled in cash to the value of 25% with the balance settled in either cash and/or shares in the Company, at the sole discretion of the Company.

The fair value of the B and C Shares has been calculated using a Monte Carlo simulation model, for the cash settled element of the liability. This approach has the benefits of being flexible, not reliant on a single case scenario and removes the inherent difficulties with determining discount rate to assign to a particular class of share as the risk would change every time the NAV moved. The change in volatility assumptions does not lead to a significant change in the resulting fair values of the B and C Shares because there are limited hurdles attached to them and it is assumed that all will be exercised at some point over the eight year horizon. The key unobservable inputs for the Monte Carlo simulation purposes are the net initial yield of completed developments, future costs of debt and the timing of the completion of the developments.

The Company has the legal option of settling the share-based payment either via cash or equity, with a minimum of 25%

being settled in cash. The Directors have a current intention to maximise the cash element of the settlement as they believe this would minimise dilution to existing shareholders. The Directors will endeavour to settle all of the B and C Shares in cash, subject to sufficient funds being available to the Group at the time of settlement without adversely impacting the operations of the Group.

Amounts due to B and C shareholders are shown as a liability at fair value in the Group Statement of Financial Position. The liability is fair valued at each reporting date with a corresponding charge recognised in the Group profit or loss over the vesting period. For the year ended 31 December 2020, £5.9 million (2019: £3.3 million) was charged in the Group profit or loss for the share-based payment.

24. Borrowings

The Group has a £200 million unsecured revolving credit facility ("RCF") with a syndicate of relationship lenders comprising Banco Santander S.A. London Branch, Barclays Bank plc, BNP Paribas London Branch, HSBC UK Bank plc, The Royal Bank of Scotland International Limited London Branch and Wells Fargo Bank N.A. London Branch. In June 2020, the termination date in respect of £190 million of the £200 million RCF was extended from 14 June 2024 to 14 June 2025.

The Group also has a second RCF of £350 million which provides the Group with a significant level of operational flexibility. The syndicate for the £350 million unsecured RCF comprises Barclays Bank plc, BNP Paribas London Branch, HSBC Bank plc, Sumitomo Mitsui Banking Corporation, The Royal Bank of Scotland plc, Santander UK plc and Wells Fargo Bank N.A. London Branch. The termination date of £300 million of the £350 million RCF is 10 December 2024, and the remaining £50 million is 10 December 2023.

On 23 November 2020, the Group priced £250 million of unsecured green bonds, maturing on 27 November 2033. The notes have an interest rate of 1.5%. An amount equivalent to the net proceeds of each Green Finance Transaction ("GFT") will be used to acquire, finance or refinance, in whole or in part, new or existing Eligible Green Projects ("EGPs") that meet the Eligibility Criteria. The Group will publish an Annual Green Finance Report that will detail the allocation of net proceeds of Green Finance Transactions and associated impact metrics until the full allocation of net proceeds.

As at 31 December 2020, 69% (2019: 64%) of the Group's debt facility commitments are fixed term, with 31% floating term (2019: 36%). When including interest rate hedging the Group has fixed term or hedged facilities totalling 100% of drawn debt (see note 25).

As at 31 December 2020, the weighted average running cost of debt was 2.17% (2019: 2.52%) and the Group's average capped cost of debt was 2.49% (2019: 2.68%). As at the same date the Group had undrawn debt commitments of £550.0 million.

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

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

Bank borrowings

	Bank borrowings drawn £m	Bank borrowings undrawn £m	Total £m
As at 1 January 2020	**262.9**	**500.0**	**762.9**
Bank borrowings drawn in the year under existing facilities	**289.5**	**(289.5)**	**–**
Bank borrowings repaid in the year under existing facilities	**(339.5)**	**339.5**	**–**
As at 31 December 2020	**212.9**	**550.0**	**762.9**

	Bank borrowings drawn £m	Bank borrowings undrawn £m	Total £m
As at 1 January 2019	333.9	879.0	1,212.9
New bank borrowings agreed in the year	–	200.0	200.0
Bank borrowings drawn in the year under existing facilities	135.0	(135.0)	–

Bank borrowings repaid in the year under existing facilities	(206.0)	206.0	–
Cancellation of bank borrowing facility	–	(250.0)	(250.0)
Loan notes drawn in the year	–	(400.0)	(400.0)
As at 31 December 2019	262.9	500.0	762.9

Any associated fees in arranging the bank borrowings and loan notes that are unamortised as at the year end are offset against amounts drawn on the facilities as shown in the table below:

Bank borrowings drawn

	31 December 2020 £m	31 December 2019 £m
Bank borrowings drawn: due in more than one year	**212.9**	262.9
Less: unamortised costs on bank borrowings	**(6.2)**	(6.7)
	206.7	256.2

Loan notes

Bonds	**31 December 2020 £m**	31 December 2019 £m
2.625% Bonds 2026	**249.3**	249.2
3.125% Bonds 2031	**247.3**	247.1
2.860% USPP 2028	**250.0**	250.0
2.980% USPP 2030	**150.0**	150.0
1.500% Green Bonds 2033	**246.2**	–
Less: unamortised costs on loan notes	**(6.4)**	(4.8)
	1,136.4	891.5

The weighted average term to maturity of the Group's debt as at the year end is 7.4 years (31 December 2019: 7.5 years).

Maturity of borrowings

	31 December 2020 £m	31 December 2019 £m
Repayable between one and two years	**–**	–
Repayable between two and five years	**50.9**	50.0
Repayable in over five years	**1,304.8**	1,109.2
	1,355.7	1,159.2

25. Interest rate derivatives

To mitigate the interest rate risk that arises as a result of entering into variable rate loans, the Group has entered into a number of interest rate derivatives. A number of interest rate caps and one interest rate swap have been taken out in respect of the Group's variable rate debt to fix or cap the rate to which three-month Libor can rise. Each runs coterminous to the initial term of the respective loans.

The weighted average capped rate, excluding any margin payable, for the Group as at the year end was 1.10% (2019: 1.26%), which effectively caps the level to which Libor can rise to, therefore limiting any effect on the Group of an interest rate rise. The interest rate derivatives mean that the Group's borrowing facilities at the year end have an all-inclusive capped interest rate payable of 2.17% (2019: 2.52%). The total premium payable in the year towards securing the

interest rate caps was £nil (2019: £1.3 million).

	31 December 2020 £m	31 December 2019 £m
Non-current assets: interest rate derivatives	**0.1**	1.3
Non-current liabilities: interest rate derivatives	**(1.1)**	–

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

	31 December 2020 £m	31 December 2019 £m
Interest rate derivative valuation brought forward	**1.3**	5.2
Interest rate cap premium paid	**–**	1.3
Changes in fair value of interest rate derivatives	**(2.3)**	(5.2)
	(1.0)	1.3

It is the Group's target to hedge at least 90% of the total debt portfolio either using interest rate derivatives or entering fixed rate loan arrangements. As at the year-end date the total proportion of drawn debt either hedged via interest rate derivatives or subject to fixed rate loan agreements equated to 100.00%, as shown below:

	31 December 2020 Drawn £m	31 December 2019 Drawn £m
Total borrowings drawn (note 24)	**1,355.7**	1,159.2
Notional value of effective interest rate derivatives and fixed rate loans	**1,355.7**	1,157.6
Proportion of hedged debt	**100.00%**	99.87%

Fair value hierarchy

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

26. Financial risk management

Financial instruments

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

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

	Book value 31 December 2020 £m	**Fair value 31 December 2020 £m**	Book value 31 December 2019 £m	Fair value 31 December 2019 £m
Financial assets				
Interest rate derivatives	**0.1**	**0.1**	1.3	1.3

Trade and other receivables[1]	**21.8**	**21.8**	10.3	10.3
Cash held at bank	**57.8**	**57.8**	21.4	21.4
Financial liabilities				
Interest rate derivatives	**(1.1)**	**(1.1)**	–	–
Trade and other payables[2]	**71.3**	**71.3**	76.1	76.1
Amounts due to B and C shareholders	**31.7**	**31.7**	22.9	22.9
Borrowings	**1,355.7**	**1,496.9**	1,159.2	1,212.2

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

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

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

	Date of valuation	Total £m	Quoted prices in active markets (Level 1) £m	Significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Borrowings	**31 December 2020**	**1,446.1**	**1,271.7**	**174.4**	**–**
Borrowings	31 December 2019	1,110.9	943.1	167.8	–

The Group has two fixed rate loans totalling £162 million, provided by PGIM (£90 million) and Canada Life (£72 million). The fair value is determined by comparing the discounted future cash flows using the contracted yields with the reference gilts plus the margin implied. The reference gilts used were the Treasury 1.5% 2026 Gilt and Treasury 4.75% 2030 Gilt respectively, with an implied margin that is unchanged since the date of fixing. The loans are considered to be a Level 2 fair value measurement. For all other bank loans there is considered no other difference between fair value and carrying value.

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

The fair value of the financial liabilities at Level 1 fair value measure were £1,271.7 million (2019: £943.1 million) and the financial liabilities at Level 2 fair value measure were £174.4 million (2019: £167.8 million).

Risk management

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

Market risk

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

The Group monitors its interest rate exposure on a regular basis. A sensitivity analysis performed to ascertain the impact on the Group profit or loss and net assets of a 50 basis point shift in interest rates would result in an increase of £0.3 million (2019: £0.4 million) or a decrease of £0.3 million (2019: £0.5 million). The difference between the increase and decrease absolute figure is due to the interest rate caps in place.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions. Credit risk is mitigated by tenants being required to pay rentals

in advance under their lease obligations. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement.

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

Trade receivables

Trade receivables, primarily tenant rentals, are presented in the Group Statement of Financial Position net of allowances for doubtful receivables and are monitored on a case by case basis. Credit risk is primarily managed by requiring tenants to pay rentals in advance and performing tests around strength of covenant prior to acquisition and on an ongoing annual basis. A small number of tenants have entered into payment plans during the year as a result of the impact of Covid-19. All payments have currently been received in line with the payment plans. Therefore we do not currently foresee any issues with the recoverability of the remaining payment plan balances.

Credit risk related to financial instruments and cash deposits

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

Liquidity risk

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

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

	<3 months £m	3-12 months £m	Between 1-2 years £m	Between 2-5 years £m	More than 5 years £m	Total £m
31 December 2020						
Borrowings	**8.7**	**26.1**	**34.8**	**154.9**	**1,437.5**	**1,662.0**
Amounts due to B and C shareholders	**–**	**–**	**–**	**–**	**31.7**	**31.7**
Trade and other payables	**69.3**	**–**	**–**	**–**	**2.0**	**71.3**
	78.0	**26.1**	**34.8**	**154.9**	**1,471.2**	**1,765.0**
31 December 2019						
Borrowings	8.1	24.3	32.4	147.0	1,239.6	1,451.4
Amounts due to B and C shareholders	–	–	–	–	22.9	22.9
Trade and other payables	76.1	–	–	–	–	76.1
	84.2	24.3	32.4	147.0	1,262.5	1,550.4

Included within the contracted payments is £299.2 million (2019: £286.1 million) of loan interest payable up to the point of maturity across the facilities.

27. Capital management

The Board, with the assistance of the Investment Manager, monitors and reviews the Group's capital so as to promote

the long-term success of the business, facilitate expansion and to maintain sustainable returns for shareholders. The Group considers proceeds from share issuances, bank borrowings and retained earnings as capital. The Group's policy on borrowings is as set out below:

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

The Directors intend that the Group will maintain a conservative level of aggregate borrowings with a medium-term limit of 40% of the Group's gross assets.

The Group has complied with all covenants on its borrowings up to the date of this report. All of the targets mentioned above sit comfortably within the Group's covenant levels, which include loan to value ("LTV"), interest cover ratio and loan to projected project cost ratio. The Group LTV at the year end was 30.0% (2019: 29.9%) and there is substantial headroom within existing covenant.

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

28. Equity reserves

Share capital

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

Issued and fully paid at 1 pence each	**31 December 2020 Number**	**31 December 2020 £m**	31 December 2019 Number	31 December 2019 £m
Balance at beginning of year – £0.01 Ordinary Shares	**1,706,974,948**	**17.1**	1,474,233,401	14.8
Shares issued in relation to further Equity issuance	**–**	**–**	192,291,313	1.9
Shares issued in relation to the consideration for a corporate acquisition	**12,166,930**	**0.1**	40,450,234	0.4
Balance at end of year	**1,719,141,878**	**17.2**	1,706,974,948	17.1

Share premium

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

Capital reduction reserve

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

Retained earnings

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

29. Net asset value (NAV) per share

Basic NAV per share is calculated by dividing net assets in the Group Statement of Financial Position attributable to ordinary equity holders of the Parent by the number of Ordinary Shares outstanding at the end of the year. As there are no dilutive instruments outstanding, both basic and diluted NAV per share are shown below.

	31 December 2020 £m	31 December 2019 £m
Net assets per Group Statement of Financial Position	**2,921.3**	2,561.2
EPRA NTA (see Additional Information)	**3,019.1**	2,578.6

Ordinary Shares:		
Issued share capital (number)	**1,719,141,878**	1,706,974,948
Basic net asset value per share	**169.92p**	150.04p
Dilutive shares in issue (number)	**–**	–
Diluted net asset value per share	**169.92p**	150.04p

In October 2019, EPRA introduced three new measures of net asset value: EPRA Net Tangible Assets (NTA), EPRA Net Reinvestment Value (NRV) and EPRA Net Disposal Value (NDV). These are applicable for accounting periods starting on or after 1 January 2020. The Group considers EPRA NTA to be the most relevant NAV measure for the Group and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NAV per share metrics. The prior year comparative figures have also been restated in line with the new EPRA methodology. Also refer to EPRA disclosures section for the bridge between the new and the previous set of EPRA NAV metrics.

	31 December 2020			31 December 2019		
	EPRA NTA £m	**EPRA NRV £m**	**EPRA NDV £m**	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m
NAV attributable to shareholders	**2,921.3**	**2,921.3**	**2,921.3**	2,561.2	2,561.2	2,561.2
Revaluation of land options	**80.1**	**80.1**	**80.1**	14.7	14.7	14.7
Mark-to-market adjustments of derivatives	**19.7**	**19.7**	**–**	17.4	17.4	–
Intangibles	**(2.0)**	**–**	**–**	(2.3)	–	–
Fair value of debt	**–**	**–**	**(141.3)**	–	–	(53.0)
Real estate transfer tax[1]	**–**	**304.0**	**–**	–	266.2	–
NAV	**3,019.1**	**3,325.1**	**2,860.1**	**2,591.0**	**2,859.5**	**2,522.9**
NAV per share	**175.61p**	**193.41p**	**166.36p**	**151.79p**	**167.52p**	**147.80p**
Dilutive NAV per share	**175.61p**	**193.41p**	**166.36p**	**151.79p**	**167.52p**	**147.80p**

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

At 31 December 2019, the EPRA NAV and the EPRA triple NAV as previously reported were £2,578.6 million and £2,508.2 million respectively (Dilutive EPRA NAV per share and dilutive EPRA NNNAV per share were 151.06 pence and 146.94 pence respectively). See Notes to EPRA NAV calculations for further details.

30. Operating leases

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

	<1 year £m	2-5 years £m	>5 years £m	Total £m
31 December 2020	**157.8**	**615.4**	**1,499.1**	**2,272.3**
31 December 2019	148.7	588.1	1,484.3	2,221.1

The Group's investment properties are leased to single tenants, with the exception of one asset which is leased to two separate tenants, some of which have guarantees attached, under the terms of a commercial property lease. Each has upward-only rent reviews that are linked to either RPI/CPI, open market or with fixed uplifts. The weighted average unexpired lease term is 13.8 years (2019: 14.1 years).

31. Transactions with related parties

For the year ended 31 December 2020, all Directors and some of the Members of the Manager are considered key management personnel. The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report. Details of the amount paid for services provided by Tritax Management LLP ("the Manager") are provided in note 8.

The total amount outstanding at the year end relating to the Investment Management Agreement was £4.5 million (2019: £4.5 million).

The total expense recognised in the Group profit or loss relating to share-based payments under the Investment Management Agreement was £2.4 million (2019: £2.3 million), of which £1.2 million (2019: £1.2 million) was outstanding at the year end.

Details of amounts paid to Directors for their services can be found within the Directors' Remuneration Report. £0.3 million were paid to SG Commercial in the year ended 31 December 2020 (31 December 2019: £nil) in respect of agency services for the year; this represents a total of 11% (2019: 0%) of agency fees paid by the Group during the year and £0.2 million was outstanding as at the year ended 31 December 2020 (31 December 2019: £nil).

On 1 October 2020, there were three new Members of the Manager, namely Nick Preston, Frankie Whitehead and James Watson. On 1 February 2021, Alasdair Evans and Phil Redding were also appointed as new Members of the Manager. They are also Members of SG Commercial. Only Frankie Whitehead is considered as key management personnel. The other six Members of the Manager were Mark Shaw, Colin Godfrey, James Dunlop, Henry Franklin, Petrina Austin and Bjorn Hobart, who are also Members of SG Commercial.

During the year the Directors who served during the year received the following dividends: Richard Jewson: £5,584 (2019: £5,944), Aubrey Adams: £11,944 (2019: £8,334), Susanne Given: £nil (2019: £nil), Alastair Hughes: £2,240 (2019: £2,384), Richard Laing: £2,933 (2019: £3,122) and Karen Whitworth £750 (2019: £nil). See note 9 and Directors' Remuneration Report for further details.

During the year the Members of the Manager received the following dividends: Mark Shaw: £121,639 (2019: £90,225), Colin Godfrey: £119,353 (2019: £90,650), James Dunlop: £115,362 (2019: £86,402), Henry Franklin: £86,776 (2019: £64,415), Petrina Austin: £13,338 (2019: £9,123), Bjorn Hobart: £14,624 (2019: £10,946) and Frankie Whitehead £6,097 (2019: £3,425).

32. Reconciliation of liabilities to cash flows from financing activities

	Borrowings £m	Derivative financial instruments £m	Loan notes £m	Total £m
Balance on 1 January 2020	**256.2**	**(1.3)**	**891.5**	**1,146.4**
Cash flows from financing activities:				
Bank borrowings advanced	**289.5**	–	–	**289.5**
Bank borrowings repaid	**(339.5)**	–	–	**(339.5)**
Amounts received on the issue of loan notes	–	–	**246.2**	**246.2**
Loan arrangement fees paid	**(0.4)**	–	**(1.7)**	**(2.1)**
Loan arrangement written off	**0.1**	–	–	**0.1**

Non-cash movements:				
Change in creditors for loan arrangement fees payable	–	–	**(0.5)**	**(0.5)**
Amortisation of loan arrangement fees	**0.9**	–	**1.0**	**1.9**
Fair value movement	–	**2.3**	–	**2.3**
Balance on 31 December 2020	**206.8**	**1.0**	**1,136.5**	**1,344.3**

	Borrowings £m	Derivative financial instruments £m	Loan notes £m	Total £m
Balance on 1 January 2019	327.9	(5.3)	492.7	815.3
Cash flows from financing activities:				
Bank borrowings advanced	202.7	–	–	202.7
Bank borrowings repaid	(273.7)	–	–	(273.7)
Amounts received on the issue of loan notes	–	–	400.0	400.0
Interest rate cap premium paid	–	(1.2)	–	(1.2)
Loan arrangement fees paid	(2.1)	–	(2.0)	(4.1)
Non-cash movements:				
Change in debtors for loan receipts	(0.1)	–	–	(0.1)
Change in creditors for loan arrangement fees payable	–	–	(0.1)	(0.1)
Amortisation of loan arrangement fees	1.5	–	0.9	2.4
Fair value movement	–	5.2	–	5.2
Balance on 31 December 2019	256.2	(1.3)	891.5	1,146.4

33. Capital commitments

The Group had capital commitments of £93.9 million in relation to its pre-let development assets, asset management initiatives and commitments under development land, outstanding as at 31 December 2020 (31 December 2019: £129.9 million). All commitments fall due within one year from the date of this report.

34. Subsequent events

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

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

Company Registration Number: 08215888

	Note	**At 31 December 2020 £m**	At 31 December 2019 £m
Fixed assets			
Investment in subsidiaries	5	**2,188.3**	1,973.9
Total fixed assets		**2,188.3**	1,973.9
Current assets			
Trade and other receivables	6	**1,069.0**	976.5
Cash held at bank	7	**10.2**	3.4
Total current assets		**1,079.2**	979.9
Total assets		**3,267.5**	2,953.8
Current liabilities			
Trade and other payables	8	**(14.3)**	(13.7)
Loans from Group companies		**(71.0)**	(58.7)
Total current liabilities		**(85.3)**	(72.4)
Non-current liabilities			
Loan notes	9	**(1,136.4)**	(891.5)
Total non-current liabilities		**(1,136.4)**	(891.5)
Total liabilities		**(1,221.7)**	(963.9)
Total net assets		**2,045.8**	1,989.9
Equity			
Share capital	10	**17.2**	17.1
Share premium reserve		**466.5**	446.7
Capital reduction reserve		**1,078.9**	1,188.1
Retained earnings		**483.2**	338.0
Total equity		**2,045.8**	1,989.9

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit attributable to the Parent Company for the year ended 31 December 2020 amounted to £145.2 million (31 December 2019: £97.3 million).

These financial statements were approved by the Board of Directors on 9 March 2021 and signed on its behalf by:

Sir Richard Jewson KCVO, JP

Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Undistributable reserves		Distributable reserves		
	Note	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2020		**17.1**	**446.7**	**1,188.1**	**338.0**	**1,989.9**
Profit for the year and total comprehensive income		**–**	**–**	**–**	**145.2**	**145.2**
		17.1	**446.7**	**1,188.1**	**483.2**	**2,135.1**
Contributions and distributions						
Shares issued in relation to equity consideration	10	**0.1**	**19.9**	**–**	**–**	**20.0**
Share issue costs		**–**	**(0.1)**	**–**	**–**	**(0.1)**
Share-based payments		**–**	**–**	**–**	**2.4**	**2.4**
Transfer of share-based payments to liabilities to reflect settlement		**–**	**–**	**–**	**(2.4)**	**(2.4)**
Dividends paid	4	**–**	**–**	**(109.2)**	**–**	**(109.2)**
31 December 2020		**17.2**	**466.5**	**1,078.9**	**483.2**	**2,045.8**
1 January 2019		14.8	153.6	1,304.4	240.7	1,713.5
Profit for the year and total comprehensive income		–	–	–	97.3	97.3
		14.8	153.6	1,304.4	338.0	1,810.8
Contributions and distributions						
Shares issued in relation to further equity issue	10	1.9	248.1	–	–	250.0
Shares issued in relation to equity consideration	10	0.4	51.9	–	–	52.3
Share issue costs		–	(6.9)	–	–	(6.9)
Share-based payments		–	–	–	2.3	2.3
Transfer of share-based payments to liabilities to reflect settlement		–	–	–	(2.3)	(2.3)
Dividends paid	4	–	–	(116.3)	–	(116.3)
31 December 2019		17.1	446.7	1,188.1	338.0	1,989.9

NOTES TO THE COMPANY ACCOUNTS

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The balance sheet heading relating to the Company’s investments in subsidiaries has been amended to “Fixed assets” from “Non-current assets” to be consistent with the Company’s presentation of its balance sheet in accordance with the balance sheet formats of the Companies Act 2006. Assets are classified in accordance with the definitions of fixed and current assets in the Companies Act instead of the presentation requirements of IAS 1 Presentation of Financial Statements.

Disclosure exemptions adopted

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

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

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

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

Principal accounting policies

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

Basis of accounting

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

Currency

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

Other income

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

Dividends payable for shareholders

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

1.1. Financial assets

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

Fair value through profit or loss

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

Amortised cost

These assets arise principally from the provision of goods and services to customers (such as trade receivables), but

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

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

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

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

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

Investments in subsidiaries

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

Share-based payments

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

Significant accounting judgements, estimates and assumptions

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

2. Standards issued and effective from 1 January 2020

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

3. Taxation

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
UK corporation tax	**–**	–

The UK corporation tax rate for the financial year is 19%. Accordingly, this rate has been applied in the measurement of the Group's tax liability at 31 December 2020.

4. Dividends paid

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

5. Investment in subsidiaries

	Shares £m	Loan £m	Total £m
As at 1 January 2020	**1,973.9**	**–**	**1,973.9**
Increase in investments via share purchase	**214.4**	**–**	**214.4**
As at 31 December 2020	**2,188.3**	**–**	**2,188.3**
As at 1 January 2019	1,319.3	–	1,319.3
Increase in investments via share purchase	654.6	–	654.6
As at 31 December 2019	1,973.9	–	1,973.9

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

The Company has the following subsidiary undertakings as at 31 December 2020:

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

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

Tritax Symmetry Holdings (Blyth) Co Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Blyth) Co. Ltd	Property investment	British Virgin Islands	100%
Tritax Symmetry Holdings (Middlewich) Co. Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Properties (Middlewich) Co. Ltd	Investment holding company	British Virgin Islands	100%
Tritax Symmetry Development (Blyth) UK Ltd	Property development	UK²	100%
Tritax Symmetry Development (Biggleswade) UK Ltd	Property development	UK²	100%
Tritax Symmetry Ardley Limited	Property investment	Jersey	100%
Tritax Symmetry Bicester 2 Limited	Property investment	Jersey	100%
Tritax Symmetry Northampton West Ltd (formerly known as Tritax Symmetry Flore Ltd)	Property investment	Jersey	100%
Tritax Symmetry Rugby South Ltd	Property investment	Jersey	100%
Tritax Symmetry St Helens Ltd	Property investment	Jersey	100%
Tritax Symmetry Wigan Ltd	Property investment	Jersey	100%
Tritax Symmetry Oxford North Ltd	Property investment	Jersey	100%
Tritax Symmetry Northampton Ltd	Property investment	Jersey	100%
Tritax Symmetry Merseyside 1 Ltd (formerly known as Tritax Symmetry Huyton Ltd)	Property investment	Jersey	100%
Tritax Symmetry South Elmsall Ltd	Property investment	Jersey	100%
Tritax Symmetry (Goole) Ltd	Property investment	UK²	100%
Tritax Symmetry (Midlands) Ltd	Investment holding company	UK²	100%
Tritax Symmetry (Aston Clinton) Ltd	Property investment	UK²	100%
Tritax Symmetry Leicester South Ltd	Property investment	Jersey	100%
Tritax Symmetry Gloucester Ltd	Property investment	Jersey	100%
Tritax Symmetry (Speke) Ltd	Property investment	UK²	100%
Tritax Symmetry (Barwell) Ltd	Property investment	UK²	100%
Tritax Symmetry (Rugby) Ltd	Property investment	UK²	100%
Tritax Symmetry (Hinckley) Ltd	Property investment	UK²	100%
Tritax Symmetry (Darlington) Ltd	Property investment	UK²	100%
Tritax Symmetry (Blyth) Ltd	Property investment	UK²	100%
Tritax Symmetry (Bicester Reid) Ltd	Property investment	UK²	100%
Tritax Symmetry (Wigan) Ltd	Property investment	UK²	100%
Tritax Symmetry (Land) LLP	Investment holding company	UK²	100%
Tritax Symmetry (Kettering) LLP	Property investment	UK²	100%
Tritax Symmetry (Lutterworth) LLP	Property investment	UK²	100%
Tritax Symmetry (Northampton) LLP	Investment holding company	UK²	100%
Symmetry Park Darlington Management Company Ltd	Management company	UK²	100%
Symmetry Park Aston Clinton Management Company Limited	Management company	UK²	100%
Tritax Symmetry Glasgow East Limited#	Property Investment	Jersey	100%

Symmetry Park Biggleswade Management Company Limited#	Management company	UK²	100%
Tritax Symmetry Biggleswade 2 Limited#	Property Investment	Jersey	100%
Tritax Symmetry Biggleswade 3 Limited#	Property Investment	Jersey	100%
Tritax Symmetry Middlewich 1 Limited#	Property Investment	Jersey	100%

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

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

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

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

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

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

UK¹ entities: 3rd Floor, 6 Duke Street St James's, London SW1Y 6BN

UK² entities: Unit B, Grange Park Court, Roman Way, Northampton, England NN4 5EA

The Company also has interests in the following joint arrangements as at 31 December 2020:

	Principal activity	**Country of incorporation**	**Ownership %**
Symmetry Park Doncaster Management Company Limited	Management company	UK²	50%
Symmetry Park Bicester Management Company Limited	Management company	UK²	33%

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

6. Trade and other receivables

	31 December 2020 £m	31 December 2019 £m
Amounts receivable from Group companies	**1,066.2**	973.6
Prepayments	**0.1**	0.1
Other receivables	**2.7**	2.8
	1,069.0	976.5

All amounts that fall due for repayment within one year and are presented within current assets as required by the Companies Act. The loans to Group companies are repayable on demand with no fixed repayment date although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the group companies. Interest is charged between 0%–10% (2019: 0%–10%).

7. Cash held at bank

	31 December 2020 £m	31 December 2019 £m
Cash held at bank	**10.2**	3.4

8. Trade and other payables

	31 December 2020 £m	31 December 2019 £m

Trade and other payables	**8.5**	4.0
Accruals	**5.8**	9.7
	14.3	13.7

9. Loan notes

Bonds	**31 December 2020 £m**	31 December 2019 £m
2.625% Bonds 2026	**249.3**	249.2
3.125% Bonds 2031	**247.3**	247.1
2.860% USPP 2028	**250.0**	250.0
2.980% USPP 2030	**150.0**	150.0
1.500% Green Bonds 2033	**246.2**	–
Less: unamortised costs on loan notes	**(6.4)**	(4.8)
Non-current liabilities: net borrowings	**1,136.4**	891.5

On 23 November 2020, the Group priced £250 million of unsecured green bonds, maturing on 27 November 2033. The notes have an interest rate of 1.5%.

Maturity of loan notes	**31 December 2020 £m**	31 December 2019 £m
Repayable between one and two years	**–**	–
Repayable between two and five years	**–**	–
Repayable in over five years	**1,142.8**	896.3
	1,142.8	896.3

10. Equity reserves

Refer to note 28 of the Group's financial statements.

11. Related party transactions

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

For all other related party transactions make reference to note 31 of the Group's financial statements.

12. Directors' remuneration

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

13. Subsequent events

Refer to note 34 of the Group's financial statements.

NOTES TO THE EPRA AND OTHER KEY PERFORMANCE INDICATORS

1. EPRA earnings per share

	Year ended 31 December 2020	Year ended 31 December 2019

	£m	£m
Total comprehensive income (attributable to shareholders)	**449.4**	141.2
Adjustments to remove:		
Changes in fair value of investment properties	**(351.1)**	(54.5)
Changes in fair value of interest rate derivatives	**2.3**	5.2
Share of loss from joint ventures	**0.1**	–
Gain on disposal of investment properties	**(0.1)**	–
Amortisation of other property assets	**4.5**	–
Impairment of intangible and other property assets	**0.4**	0.6
Gain on bargain purchase	**–**	(7.8)
Costs associated with a business combination	**–**	4.2
Profits to calculate EPRA earnings per share	**105.5**	88.9
Add back: Changes in fair value of contingent consideration payable	**–**	0.5
Profits to calculate EPRA diluted earnings per share	**105.5**	89.4

Weighted average number of Ordinary Shares	**1,708,504,125**	1,681,525,273
EPRA earnings per share – basic	**6.17p**	5.29p
Dilutive shares to be issued	**–**	8,520,625
EPRA earnings per share – diluted	**6.17p**	5.29p

2. EPRA NAV per share

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The Group has adopted these new guidelines with effect from 1 January 2020 and applies them in the 2020 Annual Report. The Group considered EPRA Net Tangible Assets (NTA) to be the most relevant NAV measure for the Group and we are now reporting this as our primary NAV measure, replacing our previously reported EPRA NAV and EPRA NAV per share metrics. EPRA NTA excludes the intangible assets and the cumulative fair value adjustments for debt-related derivatives which are unlikely to be realised.

31 December 2020		Current measures			Previously reported measures	
	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NAV £m	EPRA NNNAV £m
NAV attributable to shareholders		**2,921.3**	**2,921.3**	**2,921.3**	**2,921.3**	**2,921.3**
Revaluation of land options		**80.1**	**80.1**	**80.1**	**–**	**–**
Mark-to-market adjustments of derivatives		**19.7**	**19.7**	**–**	**19.7**	**–**
Intangibles		**(2.0)**	**–**	**–**	**–**	**–**
Fair value of debt		**–**	**–**	**(141.3)**	**–**	**(141.3)**
Real estate transfer tax[1]		**–**	**304.0**	**–**	**–**	**–**
At 31 December 2020	29	**3,019.1**	**3,325.1**	**2,860.1**	**2,941.0**	**2,780.0**
NAV per share		**175.61p**	**193.41p**	**166.36p**	**171.07p**	**161.71p**
Dilutive NAV per share		**175.61p**	**193.41p**	**166.36p**	**171.07p**	**161.71p**

31 December 2019		Current measures			Previously reported measures	
	Note	EPRA NTA £m	EPRA NRV £m	EPRA NDV £m	EPRA NAV £m	EPRA NNNAV £m
NAV attributable to shareholders		2,561.2	2,561.2	2,561.2	2,561.2	2,561.2

Revaluation of land options		14.7	14.7	14.7	–	–
Mark-to-market adjustments of derivatives		17.4	17.4	–	17.4	–
Intangibles		(2.3)	–	–	–	–
Fair value of debt		–	–	(53.0)	–	(53.0)
Real estate transfer tax[1]		–	266.2	–	–	–
At 31 December 2019	**29**	**2,591.0**	**2,859.5**	**2,522.9**	**2,578.6**	**2,508.2**
NAV per share		**151.79p**	**167.52p**	**147.80p**	**151.06**	**146.94p**
Dilutive NAV per share		**151.79p**	**167.52p**	**147.80p**	**151.06**	**146.94p**

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

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

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Investment property – wholly owned	**4,026.9**	3,511.9
Investment property – share of joint ventures	**2.0**	–
Less: development properties	**(480.7)**	(297.2)
Completed property portfolio	**3,548.2**	3,214.7
Allowance for estimated purchasers' costs	**240.6**	218.0
Gross up completed property portfolio valuation (B)	**3,788.8**	3,432.7
Annualised passing rental income	**180.2**	166.6
Less: contracted rental income in respect of development properties	**(19.1)**	(13.9)
Property outgoings	**(0.4)**	(0.1)
Less: contracted rent under rent-free period	**(2.5)**	(3.6)
Annualised net rents (A)	**158.2**	149.0
Contractual increases for fixed uplifts	**7.6**	8.8
Topped up annualised net rents (C)	**165.8**	157.8
EPRA net initial yield (A/B)	**4.18%**	4.34%
EPRA topped up net initial yield (C/B)	**4.38%**	4.60%

4. EPRA vacancy rate

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Annualised estimated rental value of vacant premises	–	2.0
Portfolio estimated rental value[1]	**172.5**	165.2
EPRA vacancy rate	**0%**	1.22%

1 Excludes land held for development.

5. EPRA cost ratio

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Property operating costs	**0.2**	0.1
Administration expenses	**22.6**	21.7

Service charge costs recovered through rents but not separately invoiced	**0.2**	–
Total costs including and excluding vacant property costs (A)/(B)	**23.0**	21.8
Vacant property cost	**(0.2)**	–
Total costs excluding vacant property costs (B)	**22.8**	21.8
Gross rental income – per IFRS	**161.6**	144.4
Less: Service charge cost components of gross rental income	–	–
Gross rental income (C)	**161.6**	144.4
Total EPRA cost ratio (including vacant property costs)	**14.2%**	15.1%
Total EPRA cost ratio (excluding vacant property costs)	**14.1%**	15.1%

6. Total Accounting Return (TAR)

	Year ended 31 December 2020	Year ended 31 December 2019[1]
Opening EPRA NTA	**151.79p**	152.83p
Closing EPRA NTA	**175.61p**	151.79p
Change in EPRA NTA	**23.82p**	(1.04p)
Dividends paid	**6.40p**	6.81p
Total growth in EPRA NTA plus dividends paid	**30.22p**	5.77p
Total return	**19.91%**	3.77%
One-off transactional costs	–	3.83p
Total return excluding one-off transactional costs	**19.91%**	6.28%

[1] Restated for change in NAV measures from EPRA Net Assets to EPRA NTA. Total return as at 31 December 2019 based on EPRA NAV per share as previously reported was 3.77% and Total return excluding one-off transactional costs as at 31 December 2019 was 5.80%.

7. Total expense ratio

	Year ended 31 December 2020 £m	Year ended 31 December 2019 £m
Total operating costs	**22.6**	21.8
Average net assets over the period	**2,619.4**	2,519.7
Total expense ratio	**0.86%**	0.87%

The financial information contained in this results announcement has been prepared on the basis of the accounting policies set out in the statutory financial statements for the year ended 31 December 2020 which are consistent with policies those adopted in the year ended 31 December 2019. Whilst the financial information included in this announcement has been computed in accordance with the recognition and measurement requirements of IFRS, as adopted by the European Union, this announcement does not itself contain sufficient disclosures to comply with IFRS. The financial information does not constitute the Group's statutory financial statements for the years ended 31

December 2020 or 31 December 2019, but is derived from those financial statements. Financial statements for the year ended 31 December 2019 have been delivered to the Registrar of Companies and those for the year ended 31 December 2020 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2020 and 31 December 2019 financial statements were unqualified; did not draw attention to any matters by way of emphasis; and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.