FULL YEAR RESULTS

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Tritax Big Box REIT plc
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7 March 2018

Tritax Big Box REIT plc

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

FULL YEAR RESULTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Tritax Big Box REIT plc (ticker: BBOX), the only real estate investment trust giving pure exposure to Big Box logistics assets in the UK, is today reporting its full year results for the Group for the period from 1 January 2017 to 31 December 2017.

2017 HIGHLIGHTS

Financial

	31 December 2017	31 December 2016	Increase
Dividend per share	6.40p	6.20p	+3.2%
EPRA NAV	142.24p	129.00p	+10.3%
Total Return	15.2%	9.6%	+58.3%
Adjusted earnings per share	6.37p	6.51p	-2.2%
Portfolio value	£2.61bn	£1.89bn	+38.1%
Contracted annual rent roll	£125.95m	£99.66m	+26.2%
Profit before tax	£247.80m	£91.90m	+169.6%
Weighted average unexpired lease term	13.9yrs	15.3yrs	1.4yrs

Financial highlights

- Dividends declared in relation to 2017 totalled 6.40 pence per share, in line with our target.
- EPRA net asset value per share increased by 10.3% to 142.24 pence at 31 December 2017 (31 December 2016: 129.00 pence).
- Total return (being the increase in EPRA NAV plus dividends paid) for the year was 15.2%, compared to our target of in excess of 9% per annum over the medium term.
- Adjusted earnings per share totalled 6.37 pence per share.
- Market capitalisation of £2.03 billion as at 31 December 2017.
- Portfolio independently valued at £2.61 billion as at 31 December 2017, across 46 assets plus 114 acres of strategic land.
  - The portfolio's contracted annual rent roll has increased to £125.95 million (31 December 2016: £99.66 million), which includes all forward funded commitments.
- Further diversified our sources of borrowing, with our debut unsecured loan notes totalling £500 million. Weighted average unexpired debt term extended to 8.9 yrs (2016: 4.8 yrs). The Loan to Value (LTV) as at 31 December 2017 was 26.8%.
- A reducing EPRA cost ratio of 13.1% (2016: 15.8%), reflecting the benefits of increased scale.
- Raised £350 million of equity during 2017, through a substantially oversubscribed share issue.

Operational highlights

- Acquired 11 Big Boxes during the year with an aggregate purchase price of £434.99 million, further diversifying the portfolio by geography and tenant.

- As at the year-end our portfolio comprised 46 assets, covering more than 22.7 million sq ft of logistics space.
- 114 acres of strategic land acquired at Littlebrook, Dartford for £62.5 million.
- Average net initial yield of the portfolio at acquisition is 5.7%[1], against our year-end valuation of 4.6%.
- Our portfolio was fully let, or pre-let and income producing during the year.
- At the year end, the weighted average unexpired lease term ("WAULT") was 13.9 years[1], against our target of at least 12 years.

Post Balance Sheet Activity

- Progressive dividend target of 6.70 pence per share announced for 2018.
- A further three Big Box assets acquired totalling £139.81 million.
- One pre-let forward funded asset conditionally exchanged totalling £81.8 million.

1 Includes all 46 assets held at 31 December 2017; excludes Littlebrook, Dartford strategic land.

Richard Jewson, Chairman of Tritax Big Box REIT plc, commented:
"We have a sector-leading portfolio of UK Big Box assets that are benefiting from structural change driven by increasing e-commerce penetration, and the operational and financial benefits which they can provide to our Customers. The fundamentals of our market remain positive and are largely unaffected by current geopolitical and economic uncertainties. Despite the uncertainties it brings, Brexit may provide a silver lining, since with increased border controls our Customers will require more warehousing domestically, further supporting our business case.

Through the Manager's excellent relationships, we see opportunities to acquire high-quality assets and forward-funded developments to further diversify our portfolio. The continued imbalance between occupational supply and demand means that we expect rental growth and values to remain robust in 2018. The assets we acquired towards the end of 2017 will add to our rental income in 2018. Coupled with our largely fixed cost base, this will contribute to earnings growth and support our progressive dividend target of 6.70 pence for 2018."

For further information, please contact:

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The Company's LEI is: 213800L6X88MIYPVR714

NOTES:

Tritax Big Box REIT plc is the only listed vehicle dedicated to investing in very large logistics warehouse assets ("Big Boxes") in the UK and is committed to delivering attractive and sustainable returns for shareholders. Investing in and actively managing existing built investments, land suitable for Big Box development and pre-let forward funded developments, the Company focuses on well-located, modern "Big Box" logistics assets, typically greater than 500,000 sq. ft. (measured by floor area, c. 65% of the Company's existing logistics facilities including forward funded developments are in excess of 500,000 sq ft.), let to institutional-grade tenants on long-term leases (typically at least 12 years in length) with upward-only rent reviews and geographic and tenant diversification throughout the UK. The Company seeks to exploit the significant opportunity in this sub-sector of the UK logistics market owing to strong tenant demand and limited supply of Big Boxes.

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

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

Meeting for investors and analysts and audio recording of results available
A meeting for investors and analysts will be held at 9.30am today at:
Newgate Communications
Sky Light City Tower
50 Basinghall Street
London, EC2V 5DE

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

The Annual Report and Accounts will today be available on the Company's website at www.tritaxbigbox.co.uk. In accordance with Listing Rule 9.6.1, copies of these documents will also be submitted today to the UK Listing Authority via the National Storage Mechanism and will be available for viewing shortly at www.morningstar.co.uk/uk/NSM.

Hard copies of the Annual Report and Accounts will be sent to shareholders, along with the notice for Annual General Meeting 2018, on or around 16 May 2018.

CHAIRMAN'S STATEMENT

The Group once again performed strongly in 2017, our shares delivering a Total Shareholder Return (TSR) of 12.3%. We continued to add high-quality assets to the portfolio and put in place the equity and debt financing to support our continued growth, in a market which remains compelling.

We acquired 11 investment assets during the year plus a strategic land site, at a combined price of £497.45 million (excluding purchase costs). These further diversified the portfolio by geography and building size, added new Customers and increased the number of income producing assets to 46 (plus 114 acres of strategic land at Dartford) as at the year end. These were independently valued at £2.61 billion, the like-for-like valuation uplift was 8.72%.

The Manager used its outstanding network and market intelligence to source 93% of these investments by value off market. The Manager also continued to exercise robust capital discipline to ensure that we bought assets at attractive prices. In addition to acquiring further Foundation assets (comprising 59% of purchases by value), we also took the opportunity to purchase higher yielding Value Add and Growth Covenant assets, with a view to using the Manager's asset management skills to enhance value.

During 2017, we completed four further forward funded pre-let developments, taking the total to nine and making us one of the most active development funders in the subsector. In 2016, Shareholders approved an amendment to the Investment Policy to allow us to buy strategic land. We were therefore pleased to complete contracts in September 2017 to purchase 114 acres of prime land at Dartford, in order to provide further high-quality investments over the next few years, at an attractive yield on cost. We will continue to control risk by only developing buildings on a pre-let basis.

Our asset management programme delivered a number of successes, including a 96,476 sq ft extension of the Rolls-Royce Motor Cars facilities at Bognor Regis, a lease extension for New Look in Newcastle-under-Lyme and a pleasing rent review uplift for our property leased to Marks & Spencer at Castle Donington.

Share issuance
Shareholders continued to support our growth plans through an oversubscribed £350 million equity raise in May 2017. The level of demand reflected the increased attractions, in uncertain times, of a prime portfolio which delivers low-risk and growing income from our excellent Customers.

As envisaged, we successfully invested the equity proceeds within six months. The requirement to exercise patience and only pursue the right deals meant many of the transactions completed towards the end of the six-month period, resulting in an element of cash drag on our earnings (see below). The share issue also broadened our share register, through selective targeting of new long-term investors in the UK and internationally. Our rising market capitalisation, which stood at approximately £2.0 billion as at 31 December 2017, has helped increase our liquidity, which averaged approximately £4.0 million per day during the year.

Debt financing
The evolution of our debt platform was an important feature of the year. In December 2017 we issued £500 million of senior unsecured loan notes, representing our first bond issue. At the same time, we agreed a £350 million unsecured revolving credit facility (RCF) and repaid the majority of our secured debt; in doing so we avoided any early repayment charges. The bond issue has opened up substantial pools of liquidity and was delivered with an investment grade credit rating of Baa1 (stable outlook). With the potential for rising interest rates we decided to refinance before the year end, which now seems well-timed.

Our ability to secure attractive debt reflects the Group's quality, increasing maturity and scale and supports our growth ambitions. The majority of our interest costs are now fixed, underpinning the security of our increasing revenues.

Operating from a largely unsecured debt platform gives us greater operational flexibility and speed of execution. We have also substantially increased our average debt maturity, which now stands at just under nine years, as well as broadening our range of lenders.

At the year end our LTV was 27%. We maintain our medium term target of 35% when fully invested and geared, against a ceiling of 40%.

Financial results
The Group's financial performance was strong in 2017. Operating profit before changes in the fair value of investment properties increased by 49.1% to £93.78 million. Our Adjusted earnings per share (EPS) were 6.37 pence (2016: 6.51 pence), which substantially covered our dividends declared in respect of the period of 6.40 pence. The EPRA net asset value per share was 142.24 pence, up 13.24 pence or 10.3% versus 31 December 2016. Total Shareholder Return was 12.3%.

Continued cost discipline and economies of scale have helped us reduce our EPRA cost ratio to 13.1%, (2016: 15.8%). This low and transparent cost base continues to compare favourably with our peers, offering good value to our Shareholders.

Dividends
The Company switched to quarterly dividend payments from the start of 2017, recognising the value to Shareholders of regular cash income.

During the year, we declared and paid three quarterly dividends of 1.60 pence per share each, in respect of 2017. On 7 March 2018, we declared a fourth quarterly dividend of 1.60 pence per share, for the three months to 31 December 2017. This will be paid on 29 March 2018, to Shareholders on the register at 16 March 2018. Total dividends declared in respect of the year therefore totalled 6.40 pence, in line with our target.

For 2018, we are targeting a progressive total dividend of 6.70 pence per share, an increase of 4.7% over 2017, supported by anticipated growth in our income (the Estimated Rental Value (ERV) of our portfolio is 7.4% higher than our passing rental income).

Board and governance
Stephen Smith resigned as a Non-Executive Director in June 2017 and the Board thanks him for his contribution. Following Stephen's departure, Susanne Given became Chair of the Management Engagement Committee and was also appointed to the Nomination Committee. In September 2017, we were pleased to announce the appointment of Aubrey Adams as a Non-Executive Director and member of the Audit Committee. Aubrey has almost 40 years' experience and knowledge at board level in the real estate industry.

The Manager
The Board believes that the Manager continues to deliver strong performance, whilst investing in talent and resource which will benefit the Group. Of particular note, the Manager appointed Sally Bruer as Head of Research and Charlie Withers as Director of Development.

The Manager is the Company's Authorised Investment Fund Manager, under the Alternative Investment Fund Managers Directive (AIFMD). To comply with the European Securities and Markets Authority's guidance on performing delegated investment management functions the Company has delegated authority to the Manager to, among other things, conduct portfolio management and risk management services on its behalf. As a result, the Manager will make final investment or divestment decisions, with the Board continuing to play an important role by offering advice on potential transactions and monitoring compliance with our Investment Policy.

Outlook
We have a sector-leading portfolio of UK Big Box assets that are benefiting from structural change driven by increasing e-commerce penetration, and the operational and financial benefits which they can provide to our Customers. The fundamentals of our market remain positive and are largely unaffected by current geopolitical and economic uncertainties. Despite the uncertainties it brings, Brexit may provide a silver lining, since with increased border controls our Customers will require more warehousing domestically, further supporting our business case.

Through the Manager's excellent relationships, we see opportunities to acquire high-quality assets and forward-funded developments to further diversify our portfolio. The continued imbalance between occupational supply and demand means that we expect rental growth and values to remain robust in 2018. The assets we acquired towards the end of 2017 will add to our rental income in 2018. Coupled with our largely fixed cost base, this will contribute to earnings growth and support our progressive dividend target of 6.70 pence for 2018.

Richard Jewson Chairman
7 March 2018

STRATEGIC REPORT

Tritax Big Box is the UK's leading investment company focused on larger scale logistics real estate. These properties are critically important to our Customers helping them to deliver their long-term business strategies by improving operational efficiency, providing cost savings and fulfilling fast growing e-commerce sales.

Strong demand and limited supply, both occupationally and for investment stock, make Big Box logistics one of the most exciting asset classes in UK real estate. We invest in and actively manage existing income-producing assets, land suitable for Big Box development and pre-let forward funded developments.

We have assembled and created a UK portfolio unmatched in quality. Our Customers include some of the biggest names in retail, logistics, consumer products and automotive, and we look to build long-term and mutually beneficial relationships with them to enhance their businesses and ours.

Our 'core-plus' strategy is supported by high quality income which underpins our desire to deliver secure, attractive and growing dividends for our Shareholders and we seek to apply sector-leading expertise to deliver total return outperformance.

Quality
The quality of our real estate assets intrinsically provides resilience. Coupled with the longevity of income and calibre of our Customers and rental income they provide, we believe that our portfolio is well placed to withstand property market volatility.

Longevity
As at 31 December 2017 the portfolio's WAULT stood at 13.9 years. A low 9.5% of our leases are due to expire within the next five years and 41.3% of our leases do not expire for more than 15 years, providing the Group with excellent long-term income security. This represents 75% of our portfolio being invested into Foundation Assets.

Diversity
Our 46 assets are let to 36 different Customers, with seven new Customers added during 2017.

Transparency
33.1% of our income is subject to either fixed or collared inflation linked rental uplifts, providing guaranteed minimum levels of rental growth to support our progressive dividend growth aspirations.

Our customer base is high-calibre, with some of the UK and world's leading brands represented. 81% are members of the major stock market indices in the UK, Europe and USA.

81% of tenants are constituents of major quoted indices

FTSE 100	45.7%
FTSE 250	17.2%
DAX 30	4.4%
SBF 120	2.7%
S&P 500	11.3%
Private/other	18.7%

Source: Tritax

Well located

Goods inwards
Cargo ships are responsible for c.65% (by value)* of goods imported into the UK. Big Boxes serve as the breakdown point for bulk palleted deliveries and so are often port-centric in their location focus.

Geographic coverage
Occupiers create webbed frameworks of logistics warehouses, the locations of which are focused on their markets: a combination of smaller urban warehouses, store stock replenishment or e-commerce fulfilment. The objective is to maximise geographic coverage and minimise overlap.

Regional model
Central models have given way to RDCs, away from urban areas but with the ability to deliver efficiently into several major towns and cities - being closer to the markets they serve increases speed and reliability of deliveries. Such locations are invariably also cheaper operationally.

Staffing up
Bigger buildings need more staff (see below), so availability of labour is important to the choice of location.

* The value of goods passing through UK ports, MDS Transmodal, 2016

Route to Market
Big Boxes need to be located close to motorways or major A roads, ideally those which do not suffer significant traffic congestion.

A well-diversified portfolio with good geographic spread. By value, 65.89% are located in the highly sought after areas of the South-East and Midlands.

North East	21.7%
North West	11.2%
Midlands	42.6%
South East	23.2%
South West	1.3%

Source: Tritax

BIG

Supply control
Speculative development is very rare for buildings over 500,000 sq ft which require larger sites in locations not previously designated for employment uses, so land supply is constrained. This makes Big Boxes less easily reproduced in the same location unless master-planned over many years.

Transitioning
Retailers are adapting to falling high street sales and growing e-commerce volumes. This transitioning is most efficiently done under the single roof of a larger building where both store and doorstep deliveries can be managed.

Benefits within
Organically grown, poorly managed and disparate networks are being consolidated into efficient logistics centres with staff facilities, improved stock controls, and higher quality management and training.

The only way is up
Rents are paid on a ground floor basis but buildings have grown in height, delivering flexibility and via full height racking or mezzanine floors. This dramatically reduces the effective cost of the operational area and allows occupiers to adapt operations as their businesses change.

Big numbers
Big Boxes require lots of staff to operate them and fulfil orders, even if the building benefits from automation. Some multi-level facilities employ as many as 7,000 peak-time staff.

Our portfolio is truly 'Big Box', with approximately 90.9% of our buildings over 300,000 sq ft and 64.3% of our assets are over 500,000 sq ft.

>700k sq ft	31.8%
500k-700k sq ft	32.5%
300k-500k sq ft	26.6%
200k-300k sq ft	9.1%

Source: Tritax

Modern

Efficient
Recently constructed buildings are better insulated, have improved fire control systems and increasingly benefit from sustainability measures such as solar panels or wind turbines which assist with occupier CSR.

All mod-cons
State of the Art buildings often have higher floor loading capacities, can be provisioned with large power consumption capabilities (and generators for resilience) to cope with automation and high-speed internet access for e-commerce fulfilment.

Resilient
In the event of a vacancy, high quality and well located real-estate is likely to let quicker, potentially to a higher calibre occupier and at a higher rent.

Growth
Modern Big Boxes are located where occupiers want to be and they attract higher rents than their outmoded counterparts because they are more valuable and deliver cost saving benefits to the occupier that older, smaller buildings cannot. Consequently, they provide greater opportunity to capture attractive rental growth.

Our portfolio is perhaps the most modern of any listed real estate company, with 90.3% of our portfolio having been constructed since 2000.

Since 2010	36.2%
2000s	54.1%
1990s	2.9%
1980s	6.8%

Source: Tritax

Hi-tech

Evolution
The way we shop has undergone structural change. The High Street is becoming a showroom, offering more variety but stocking less. Big Boxes are increasingly the retail units of the future, concurrently handling large volumes of complex omni-channel 'real-time' orders and returns.

Commitment
Internet sales and ever-quicker delivery times require automation and this is expensive; it can eclipse the cost of the building housing it. This encourages tenants to sign long-term leases to protect their investment.

Size matters
High levels of automation are usually only found in larger logistics buildings. The combination of technology and size can deliver economies of scale and cost saving benefits to occupiers.

Tech
Conveyors, sortation systems, wall climbers and robotics are used for the stocking and retrieval of products. R-FID technology allows products to be tracked from production to consumer and prevents cross-contamination.

Information is power
Spending habits and online surfing histories provide important data for retailers from which to target sales and predict future demand trends, increasing accuracy.

Automation is more prevalent in larger buildings. By value, c.50% of our portfolio properties are automated.

>700k sq ft	31.8%
500k-700k sq ft	32.5%
300k-500k sq ft	26.6%
200k-300k sq ft	9.1%

Source: Tritax

OUR MARKET

We believe that the Big Box logistics sector remains one of the most exciting asset classes in the UK property market. In this section, we explain why Big Boxes are so important to UK logistics and why the fundamentals of the market continue to be attractive.

Our market drivers
Demand for Big Boxes comes from three main sources: conventional and online retailers, third-party logistics companies (3PLs), and other companies such as manufacturers. They need Big Boxes for two primary reasons: to improve their operational efficiency and to meet the requirements of a fast-evolving retail market, in particular to fulfil e-commerce sales, which are growing relentlessly.

The challenge of maximising operational efficiency
Over time, supply chains have evolved in response to commercial trends and pressures. The initial driver for change to UK supply chains was the transition towards the majority of production being outsourced to overseas low-cost economies, which has resulted in a significant increase in bulk imports. Prior to this, logistics frameworks were fragmented with domestically manufactured products held in numerous, small and geographically dispersed retail storerooms or manufacturing premises.

A centralised framework began to evolve in which a single largescale building could accommodate the 'breakdown' of goods imported in bulk, and then hold the finished goods for efficient distribution across the UK to other parts of the supply chain.

In more recent years, against the backdrop of uncompromising global competition, weaker economic growth and rising domestic inflation, companies have again recognised the importance of optimising supply chains to meet demand and maintain a competitive advantage.

Companies across all sectors are recognising the need for substantial investment into national and regional logistics frameworks that optimise staff and stock management, offer flexibility, economies of scale and low cost of use, with a view to increasing margins and protecting profits, whilst improving the quality of their commercial offering.

The evolution of the retail landscape

The inexorable rise of e-commerce
E-commerce sales in the UK have grown rapidly in recent years. As a relatively small and densely populated nation, the UK is the most advanced e-commerce market in the world with UK households spending more online than in any other country.

In addition to pure online retailers, growth is being driven by the expansion of omni-channel retailing. This reflects consumers' desires to interact with retailers in different ways at different points in their transactions. To survive, retailers must now offer physical, online and mobile stores, apps and telephone sales.

Omni-channel retailing has made for a more competitive and fast-moving battleground for retailers. It has disrupted their real estate portfolios and revolutionised their logistics platforms as they face the complexity and expense of ensuring stock availability and fulfilment capacity is flexibly deployed into any channel as dictated by customer demand.

Unprecedented surges in demand
Challenges faced by retailers are being further exacerbated by changing consumer shopping habits, which require their logistics and distribution networks to accommodate unprecedented surges in demand. Whether seasonally driven, such as public holidays and Christmas, promotionally led such as 'Black Friday' or unexpected celebrity endorsements, the challenges of these demand peaks are being intensified by the share of sales coming via e-commerce.

In 2017 Black Friday online retail sales totalled £1.39 billion, 9% ahead of the original forecast of growth for the day, with John Lewis, for example, reporting Black Friday 2017 as "one of its most successful days" during which it had its busiest ever single hour of online trading.

Meeting consumer expectations
Another major change is the shift in power from retailers to customers, who have become increasingly demanding. Today's consumers are savvy, fickle, informed and impatient - they expect to receive their orders wherever and however they want.

To keep pace with changing customer expectations and competitive dynamics, retailers must speed up the time to market, reduce inefficiencies and errors, while managing profitability, customer service and reputational risk. A few years ago, four or five days delivery would have been the norm, today many are increasingly offering same-day delivery, with industry disrupters e.g. Amazon already offering a two-hour service for a limited product range.

This is particularly important in grocery shopping, where Mintel reports that 53% of British online grocery shopping customers want same-day delivery, encouraging Tesco and Marks & Spencer to trial one-hour delivery for selected food items in 2017 as well as Sainsbury's trialling 30-minute Click & Collect.

The challenge of reverse logistics
As online sales have increased, so has the amount of product being returned, with estimates suggesting that nearly a quarter of online purchases are being returned. This represents a growing cost of doing business and presents significant logistical challenges to companies involved in the storage, sale and distribution of goods, through often complex domestic and international supply chains.

It's estimated that to 'pick and deliver' an order costs between £3 and £10 per item, but due to the increased processing, handling and repackaging it can cost double or treble that amount to be returned and restocked. The Financial Times reports that returned parcels could cost retailers as much as £60 billion a year, c.£20 billion of which relates to internet sales.

Retailers must therefore develop cost effective reverse logistics strategies, in order to minimise the impact on profitability, reputation and market share.

The pressure on margins
Major and fast-paced changes in the retail sector, the unknown impact of Brexit, the living wage and exchange rate fluctuations are all applying cost pressure to retailers. At the same time, the continued growth in 'pureplays' (such as Amazon, Asos and AO.com) is also applying pressure to the price retailers can offer consumers to remain competitive.

Firstly, omni-channel retailers must cut costs by re-calibrating their property portfolios. To make the most of their expensive high street store space, they are carrying less depth of stock in-store and are focusing more on the consumer experience, increasingly offering a broader product line which in turn applies more pressure to the speed and reliability of restocking. At the same time, consumers are increasingly favouring smaller convenience stores for food shopping. These stores generally have very limited storage capacity.

To remain competitive retailers need to invest in logistics space that provides a more cost effective, flexible, agile storage solution as well as supply chain capabilities that help support greater control of stock and ensure efficient and reliable ways of fulfilling customer demand whether in store or online.

Technology drives the pace of change
E-commerce in the UK is supported by ubiquitous access to Wi-Fi and smartphones, and widespread availability of 4G. The Centre for Retail Research reports that many retailers now see 70-80% of website browsing on mobile devices. Spending on mobile devices is lower, but initial research reports indicate that mobile-commerce increased significantly in 2017, totalling 50% of online retail

sales. Mobile use is higher among younger people, with research by Mintel showing, for example, that 48% of millennials in the UK have bought fashion items on their smartphones.

Technology is also creating new distribution channels. Amazon's Dash service, for instance, allows consumers to order specific products just by pressing a button. Another example is smart appliances such as washing machines will be able to reorder detergents automatically before they run out.

Capitalising on invaluable data and analytics
In its purest form, data can help improve customer satisfaction and increase retailer profitability. In this age of modern retailing, information collection and analysis, in the form of customer insight has become an increasingly important means by which retailers can gain a competitive advantage and plays a critical role in any successful e-commerce operation.

Bar code scanning at store tills provides sales data and can trigger automatic re-stocking, and the same principles apply to online sales. Cookies, collected when consumers surf the internet, provide additional intelligence which allows retailers to know what is being bought by whom, where and when, as well as providing trending data that allows them to forecast more accurately changes in fashion, so they can order product lines that are more likely to sell, reducing the amount of product that needs to be discounted.

New generation logistics at the core of modern life

The emergence of Big Boxes
In a time of economic and geopolitical uncertainty, companies which want to survive and thrive are increasingly turning to Big Boxes to enhance their efficiency and respond to the changing retail landscape. The Big Box subsector has emerged mainly in the last 10 years, with these large, often technologically sophisticated and highly efficient properties offering previously unavailable economies of scale, low cost of use and flexibility.

Big Boxes are cost effective and optimise efficiency
Big Boxes allow companies to centralise previously dispersed distribution formats, by providing the nucleus for distribution to other parts of the supply chain or directly to consumers. These networks may be organised at a national level, but traffic congestion and the need to deliver quickly and reliably to any location mean that most major occupiers now prefer to use Big Boxes as regional distribution centres.

Big Boxes' strategic locations add to their efficiency. They are close to major roads and motorways and often near to airports, sea ports or rail freight hubs. This allows efficient stocking and onward distribution. The properties also tend to be located in areas with good workforce availability, helping occupiers to manage their employment costs.

Low-bay buildings are typically used for food distribution. For non-food distribution, the flexibility of a tall building can allow for high racking and/or mezzanine floors, which can double or even triple the operational space. This makes Big Boxes more attractive to tenants, not least because rents are generally paid on the ground floor area only. Consequently, the cost per square foot on an overall basis has fallen for many occupiers of modern buildings.

Online has created visibility over 100% of the product line, meaning that any customer can choose to purchase any product that a retailer has to offer, wherever they live in the UK. Previously a retailer may have only stocked say, 50%, of their product line in a particular regional location. In just a few years the internet has therefore presented a problem where some retailers have needed to more than double their regional stock capacity.

The scale of Big Boxes means that unlike smaller buildings, they can act as the breakdown point for goods imported in bulk containers. The buildings can also hold all of a company's product lines, whatever their size or shape or how quickly they turn over. This makes Big Boxes ideal for handling both store and e-commerce distribution (sometimes via urban logistics warehouses). The size of the buildings also means that occupiers can adjust for demand or supply disruptions, or fluctuations between store and e-commerce sales, far more easily than using smaller, separate single-focus warehouses.

In addition to downstream fulfilment, Big Boxes can handle returns allowing products to be efficiently restocked. The importance of data to successful e-commerce operations means that Big Boxes dedicated to e-commerce increasingly also house the retailer's data and intelligence centres.

To drive efficiency, technological advances are resulting in Big Boxes becoming smarter. Occupiers increasingly invest in advanced systems that allow them to stock automatically and rapidly retrieve products, so they can operate on a just-in-time basis. So called 'four-dimensional automation can pick
complex online deliveries in the most efficient order possible. When customised to work with state-of-the-art robotics, such technology currently drives efficiency savings of up to 20%. The tenant will typically own the fit-out and its capital investment can be substantial, sometimes eclipsing the value of the investment.

Big Boxes are a strategic necessity
Land constraints have given rise to a scarcity of new and modern buildings available to let. Additionally, a desire for high levels of labour capture in appropriate locations and a tenant's inward investment by way of automation, mean that they are willing to sign long leases and increase the potential for renewal at lease expiry. These characteristics make the subsector more resilient to economic downturns and should mean there is scope for significant rental growth over long periods.

Structural trends continue to drive performance

Supply and demand fundamentals remain undisturbed
The factors influencing occupational demand are deep-rooted and we expect this to remain so for the next few years. The strength of demand has ensured that the limited supply of buildings being produced has been let quickly, and this has led to a continued shortage of completed Big Boxes available to let.

2016 was a record year for occupational take-up. More particularly, larger scale Big Boxes continued to increase their influence on lettings activity. This was aided by Amazon which leased the largest annual volume of space for a single occupier on record.

Relative to the exceptional volumes of the previous year, 2017 take-up (250,000+ sq ft buildings) was significantly reduced at 15.1

million sq ft, although this remained just above the 10-year average. The lower level was largely accounted for by Amazon's reduced activity, fewer available speculative developments (because much of the potential product had been pre-let the previous year) and the fact that many occupiers - particularly those acquiring larger, more complicated facilities - took longer to conclude occupational transactions and this resulted in several lettings rolling over into 2018.

Take-up records the amount of space being let and so can provide a guide as to levels of demand. A fall in take-up, however, does not necessarily mean that demand has reduced, because take-up can be constrained by a shortage of available supply, leaving an overhang of unfulfilled demand, as has been the case in recent years. We expect the continued supply-side shortage of larger scale buildings to constrain take-up levels in the next few years.

There has been a strong start to 2018. Within the first six weeks of the year almost 3 million sq ft (250,000 sq ft buildings) was let and, although notoriously difficult to quantify, occupier enquiries remain high. This indicates that we should continue to see healthy levels of demand with several property agencies predicting that take-up in 2018 will exceed that recorded last year.

Building size distinction is important when analysing market data. The availability of completed new, well located and available to let Big Boxes remains low. As at the year end across the UK there was nearly 9 million sq ft of logistics buildings available in the size category 100,000-500,000 sq ft; this was 64% down on Q1 2009. Of the 9 million sq ft, 5 million sq ft related to buildings of 100,000-200,000 sq ft and 1.8 million sq ft was in the 200,000-300,000 sq ft category.

Following the recession, as demand increased and available to let stock reduced, developers responded by nearly quadrupling the 100,000-500,000 sq ft supply band in c.18 months but the supply response for 500,000+ sq ft buildings was zero over the same period. We believe that this signals stronger attributes for larger buildings.

Two refurbished buildings came to the market in 2017 in the 400,000-500,000 sq ft category. As at 31 December 2017, there was only one used (refurbished) building and no new completed buildings of more than 500,000 sq ft available to let. Since then one further used (un-refurbished) and one new building became available - the new building was believed by the market to have been under offer at the year end and this may remain the case, but until clarified it will be treated as available.

Suitable land which can accommodate Big Boxes is scarce in key locations. The process of bringing forward land capable of delivering one or more Big Boxes can take many years. Typically, suitable locations will be on agricultural land not zoned for employment uses. If this hurdle can be overcome, the land needs to be zoned for B8 distribution, following which the developer will seek to secure outline, and finally detailed, planning consent. The scale of Big Boxes and the extent of traffic movements they generate can present planning challenges. In addition, Big Boxes require a large pool of suitable labour in the local area (some buildings can employ as many as 7,000 employees during peak periods) and have substantial power and infrastructure requirements, adding further complexity to site identification and delivery. Savills estimates that a fully automated warehouse can require as much power as 10,000 three-bed homes, severely restricting the number of suitable sites.

Big Box supply, therefore, remains very thin and this is expected to remain the case for some time. Most developers in the UK are not prepared to speculatively develop very large logistics buildings. Why? Because the years and costs incurred to achieve planning and prepare the site can be significant and the additional cost of constructing the building can run to several tens of millions of pounds. There is also a risk that potential occupiers want different-sized buildings and there are many other variables. For the developer, there is far less risk in waiting and constructing a building following a pre-let; noting that construction times are swift for Big Boxes - typically six to nine months. The level of occupier demand means developers can de-risk their development by agreeing a pre-let with a tenant. Building-to-suit on a pre-let basis creates opportunities for investors, such as us, to forward fund these developments and obtain brand new assets on long leases to high-quality tenants.

Rental growth

As take-up reduced the availability of warehouses following the recession, rents stabilised around mid-2010 and began to rise in early 2013. Nonetheless, rents only recovered to their 2008 levels at the beginning of 2015. This is important, because for five yearly open market rent reviews, occurring in-say-2017, the first half of the review period saw no growth. This has the effect of suppressing the level of uplift achieved at recent market rent reviews, but as time passes, and assuming rents continue to rise, there will be a full five year backward looking trend of growth to underpin stronger rent review results for landlords. At the year end, rents were approximately 13% higher than the levels achieved in 2008, all of which has been delivered since 2015.

Typically, the UK is analysed regionally for rents. When viewing rental tone, it is important to recognise that rents do not rise on a regular curve. It might appear that rental growth in a particular regional market has stalled but this could be because of restrictions on the availability of suitable sites - then when a site is deliverable the rent can jump. It is necessary, therefore, to look at the broader regional trends over several years and to understand the reasons for the movement, or lack thereof, in each regional market. For instance, in East and West Midlands and Yorkshire & North East rental growth in 2016 was +4.0%, +2.4% and +10.0% respectively, whereas each recorded zero headline growth in 2017. The prime headline rent is typically achieved by the letting of a single building at a new record level. The fact that a higher level of prime rent has not been achieved since does not negate the potential for lower rented properties to have delivered rental growth.

Ongoing constraints in supply, coupled with continued strong occupier demand, have combined to deliver attractive levels of rental growth in recent years. Rising labour and construction costs (partly from imported inflation following the referendum vote) are also feeding into rents. Competition for alternative land uses, particularly housing, have increased land prices within and on the fringe of urban environments.

The transition of sales from the high street to Big Boxes is delivering cost savings because rents, staff and operational costs are lower, particularly where occupiers utilise the volume of high bay warehousing to reduce the effective cost per sq ft. This explains why there has been little resistance to significant levels of rental growth in the Big Box market and why we expect rents to continue their upward trend in the near to medium term. Rental growth forecasts from CBRE suggest an average annual rental growth rate of 4.25% pa for the next four years.

UK prime logistics headline rent (per sq ft) and 2017 annual growth

Regional average rental growth rate	+3.7%
North East & Yorkshire	£5.25-£5.75 (0.0%)
East Midlands	£6.50 (0.0%)

North West	£6.50 (+9.2%)
West Midlands	£6.50 (0.0%)
London/m25	£11.00-£15.25 (9.8%)
South East	£9.00 (+2.9%)
South West	£6.75 (+3.8%)

Source: CBRE

Strengthening investment values
Occupier demand for Big Boxes influences investment demand. Investors are drawn by the attractions of modern assets, producing secure and growing rental incomes, from well respected tenants with strong balance sheets. Both UK and international investors are active in the market, with the latter typically looking for larger lot sizes and assets that offer capital preservation.

Despite the significant hardening of logistics yields in recent years, they continued to compress during 2017 as institutional property funds reweighted sector allocations in favour of industrial and logistics assets. Overseas investment into the UK remains strong, despite the prospect of Brexit and partly because the devaluation of the pound has made UK investments look comparatively cheap for overseas money. We expect further value growth in 2018 but at a slower rate, partly due to lower-end yield resistance and also as a result of rental growth continuing, but at more sustainable levels.

Although yields have hardened, investors can still source attractive assets at prices that represent good value. Property yields remain well above the cost of debt, maintaining a positive yield gap and a sizeable premium to 10-year gilts.

The Big Box logistics sector remains in its infancy
The growth of e-commerce and search for economies of scale, cost savings and efficiencies have placed the UK at the forefront of the world in terms of the development of Big Box logistics. Yet as a property sector we believe it remains in its infancy, with many still seeking to secure the buildings they desire.

UK online spending grew 12% in 2017 and is expected to continue at similar levels over the next few years. Despite this growth, e-commerce still only represents about 18% of retail sales, suggesting that the capacity for growth is substantial, particularly when some retailers envisage a time when their online sales will eclipse those of the high street. Part of the success of e-commerce has been the ability of retailers and logistics companies to react to and satisfy their ever-demanding consumers with faster more reliable deliveries - achieving this requires a framework of well located modern logistics facilities.

Such longer term demand drivers, coupled with supply and demand imbalances both occupationally and within the investment market, suggest that property values in this subsector are likely to remain robust, at least on a relative basis, for some time to come.

OUR BUSINESS MODEL

We own and manage high-quality Big Box logistics assets across the UK, using the Manager's experience and expertise to assemble and grow a well diversified portfolio, while prudently applying leverage to increase returns.

The value we add
Sourcing investments
The starting point for value creation is sourcing our investments. This relies on the Manager's extensive agency, developer and tenant contacts, built up over many years. The Manager also develops relationships with asset owners, learning of their triggers to sell. These relationships and knowledge allow us to source most investments off market, so we can buy at attractive prices. In a market where personnel changes are common, the consistency of the Manager's team helps us to maintain our relationships and work on longer-term deals.

The Manager's expertise enables us to move fast, rapidly assessing opportunities, making decisions, performing thorough due diligence and completing transactions. We have never withdrawn a contract after agreeing terms and believe that our reputation is unrivalled in our market. This speed and certainty of execution makes us the obvious choice for asset owners looking to sell Big Boxes and can help us achieve better prices.

Buying and selling for value
We have a clear Investment Policy but we are also pragmatic. We may buy smaller assets in locations where larger ones are not available, helping us to diversify by geography and building size and spreading lot-size risk. We may also buy assets with shorter leases, where we see an opportunity to add value such as by regearing the lease or reletting. Creating value requires capital discipline and patience, and we discount numerous opportunities that do not offer value for money or meet our stringent criteria.

Our intention is to hold most assets for the long term but we may sell if we have unlocked value and delivered the asset's business plan, and we have the potential to reinvest the proceeds in a more attractive opportunity.

The inputs to our business model
We use the following resources to create value for Shareholders and other stakeholders:

Financial capital
We are funded by Shareholders' equity, third-party debt and recycled funds

Physical assets
We have an outstanding portfolio of UK Big Box logistics assets, as well as strategically located land for pre-let development

Relationships
We build mutually beneficial relationships with our Customers and draw on the Manager's extensive contacts with key players across the subsector

Human capital
We have an experienced Board of Directors and a Manager with a high-calibre, consistent, knowledgeable and forward-thinking

team

The Manager provides expertise in assembling a high-quality, diversified and low-risk portfolio, as well as relationship building, buying for value and speed and certainty of execution

Funding developments
The Manager's relationships with developers enables us to invest in forward funded developments, through which we fund the construction of a Big Box which has been pre-let to a specific Customer. This results in lower transaction costs and enables us to source brand new buildings for institutional tenants on long leases.

We can also acquire land which is suitable for pre-let forward funded developments. We do not invest in any speculative developments (i.e. those which are not pre-let).

Asset management
The assets we buy are usually strategically important to our Customers. We work with them to maximise their operational effectiveness, for example by extending buildings or adding mezzanine floors. This encourages them to sign longer leases, increasing our revenue security and capital values. Whilst recognising that only a limited part of our portfolio is categorised as value-add assets within our investment pillars, where we buy properties with the potential to add value, we look to turn them into Foundation assets through asset management.

Delivering returns
By acquiring high-quality properties with excellent tenants and carefully managing our assets, we aim to deliver a robust, low-risk and growing rental stream, which supports a progressive target dividend. Our asset selection and management add value to our investments, allowing Shareholders to benefit from attractive total returns.

As our portfolio grows, we benefit from economies of scale, increased diversification by geography, tenant and building size, a larger list of contacts and a deeper pool of available capital, helping us to source further investments off market. A larger portfolio also gives us greater insight into market developments, more control over the evidence for rent reviews and lease renewals, and greater potential to create multi-asset initiatives with the same tenant.

Buying assets directly incurs total costs of approximately 6.78%, of which SDLT is approximately 5.00%. Standard sale costs are c.1.75%. This means that frictional costs - the total standard costs of selling an asset and reinvesting the proceeds - are c.8.53%. Our actual transaction costs are typically lower, as where possible we reduce SDLT by buying the special purpose vehicle which owns the asset. Even so, frictional costs influence investment returns, particularly in times of lower capital growth. Our portfolio is weighted towards Foundation assets because they do not need to be regularly traded. This reduces our frictional costs, which supports our returns.

In addition, our REIT status protects the value we create for Shareholders, as we are not subject to corporation tax on profits and gains in respect of our qualifying property rental business. We also pay dividends that qualify as a property income distribution (PID) where possible, which offers tax advantages for certain UK investors.

The value we add
Identify investments
Buy and sell for value
Asset management
Fund developments

The outputs from our business model
Our business model primarily creates value for our Shareholders and Customers.

For Shareholders
We aim to deliver an attractive total return to Shareholders, underpinned by progressive annual dividends and net asset value growth.

We are targeting:

- **6.7 pence annual dividend** for 2018, up 4.7% on 2017
- **9%+ per annum** total return over the medium term

For Customers
Our Customers benefit from occupying Big Box logistics assets which are strategically important to their businesses, helping them to achieve cost savings and economies of scale, and to fulfil their rapidly growing e-commerce businesses.

OUR STRATEGY AND OBJECTIVES

Our Investment Policy
Our Investment Policy is to acquire assets that:

- are let or pre-let, as we will not invest in speculative developments and will only forward fund investments where a tenant is already contracted;

- have institutional-grade tenants, ideally businesses with good growth potential;

- are in the right locations in the UK, with good transport connections and workforce availability;

- are of the right size and age, and possibly with expansion potential, to meet the requirements of major occupiers;

- have leases to institutional standards, with regular upward-only rent reviews and unexpired lease length on purchase typically of at least 12 years, to provide long-term and secure income flows; and

- ideally are strategically important to the tenant, as evidenced by extensive investment in fitting out the unit or proximity to the tenant's market and/or other key assets.

We target assets which offer value to our Shareholders and usually have a geared yield range of approximately 5-7%. We may make exceptions to our policy, where we see an opportunity to deliver value for our Shareholders without significantly increasing the portfolio's aggregate risk.

The Investment Policy also allows us to invest in land, either on our own or in a joint venture with a developer or a prospective customer. This will allow us to assemble suitable sites for pre-let forward funded developments. We will only proceed with constructing a new Big Box after it has been pre-let to an appropriate customer. Aggregate land purchases are subject to a limit of 10% of our NAV, calculated at the point of investment.

Our acquisition focus
The assets we acquire typically fall under one or more of our four investment pillars:

FOUNDATION
Foundation assets provide the core, low-risk income that underpins our business. They are usually let on long leases to Customers with excellent covenant strength. The buildings are commonly new or modern and in prime locations, and the leases have regular upward-only rent reviews, often either fixed or linked to inflation indices.

VALUE ADD
These assets are typically let to Customers with good covenants and offer the chance to grow the assets' capital value or rental income, through lease engineering or physical improvements to the property. We do this using our asset management capabilities and understanding of customer requirements. These assets are usually highly re-lettable.

GROWTH COVENANT
These are fundamentally sound assets in good locations, let to Customers we perceive to be undervalued at the point of purchase and who have the potential to improve their financial strength, such as young e-retailers or other companies with growth prospects. These assets offer value enhancement through yield compression.

STRATEGIC LAND
These are opportunities in strategic land which we will invest in with a view to securing pre-let forward funded developments. The land we acquire will usually have the benefit of outline B8 planning consent over at least part of the site in order to minimise risk. This approach allows us to own the ultimate investments in locations which might otherwise attract yields lower than we want to pay. It can also deliver enhanced returns whilst controlling risk by avoiding speculative development. Aggregate land purchases, including costs associated with site preparation, are limited to 10% of net asset value calculated at the point of purchase.

Our objectives
Our objectives reflect our aim of creating value for Shareholders, and assume we are fully invested and geared:

Dividends
For 2018, we are targeting a total dividend of 6.70 pence per share, with the aim of continued progressive dividend growth thereafter. †

Total return
Our investment objective is to deliver a total return of 9%+ per annum over the medium term. This reflects the dividends paid plus growth in net asset value.

† The target dividend is a target and not a profit forecast. There can be no assurances that the target will be met and it should not be taken as an indication of the Company's expected or actual future results.

Our operational strategy
To help us deliver long-term and sustainable returns to our Shareholders, we focus on the following strategic areas:

STRATEGIC AREA	IMPLEMENTATION AND BENEFITS
Manager Contract with a Manager who has a knowledgeable and talented team, committed to delivering value to shareholders.	The Manager has a team dedicated to running the Group, comprising highly experienced and qualified people with a track record of success. We also benefit from the skills and experience of the Manager's other employees, including the market knowledge they gain from working on other investment businesses and the cost efficiencies of utilising some of them part-time.
Customers Develop and maintain a deep understanding of the businesses that operate in our market in order to create long-term partnerships.	Building relationships with Customers enables us to work with them to deliver asset management initiatives that meet their business objectives and unlock value for us. Letting several properties to one customer also creates opportunities for mutually beneficial cross-fertilisation, for example by limiting rent increases on one property in return for extending the lease term on another, while still enhancing the value of our portfolio.
Operational excellence Rigorously control costs and deliver operational efficiencies, without compromising growth or reputation.	We have a simple and transparent operating cost base, which largely comprises the investment management fee, the Directors' fees, and accounting, audit, legal, valuation, compliance and regulatory fees. This helps us to focus on efficiency and achieve one of the lowest EPRA cost ratios in our peer group.

	Our success in building the portfolio, through an average of approximately one acquisition per month since listing, also demonstrates the quality and efficiency of the Manager's operations and its team.
Capital risk management Achieve the right risk and return balance of equity and debt, to finance our business and enhance returns.	The Group is financed through equity and debt. Using debt can increase Shareholder returns and allows us to further diversify our portfolio. Looking forward, we aim to minimise cash drag by temporarily repaying any sums drawn under our new revolving credit facility with any new equity capital raised. We are targeting an LTV over the medium term of 35%, which we believe is conservative given the quality of our investments.
Corporate responsibility Strive to meet our corporate responsibilities towards society and the environment, in every part of our business.	As an externally managed business without any employees, the Group's opportunities to make a significant impact in this area are limited. Even so, we aim to work responsibly, including buying buildings with A, B or C Energy Performance Certificate ratings where possible and working with tenants to help them achieve their sustainability goals.

KEY PERFORMANCE INDICATORS

Our objective is to deliver attractive, low-risk returns to shareholders, by executing the Investment Policy. Set out below are the key performance indicators we use to track our progress.

KPI AND DEFINITION	RELEVANCE TO STRATEGY	PERFORMANCE	RESULT
1. Total return (TR) TR measures the change in the EPRA net asset value over the period plus dividends paid. We are targeting a TR in excess of 9% per annum over the medium term†.	TR measures the ultimate outcome of our strategy, which is to deliver value to our Shareholders through our portfolio and to deliver a secure and growing income stream.	**15.2%** for the year to 31 December 2017 (2016: 9.6%).	*Ahead of our medium-term TR target.*
2. Dividend Dividend paid to Shareholders and declared in relation to the year. Our target for 2017 was a total dividend of 6.40 pence per share.	The dividend reflects our ability to deliver a low-risk but growing income stream from our portfolio and is a key element of our TR.	**6.40 pence per share** for the year to 31 December 2017 (2016: 6.20 pence per share).	*Achieved our target dividend in 2017 and set a new target of 6.70 pence per share for 2018.*
3. EPRA NAV per share* The value of our assets (based on an independent valuation) less the book value of our liabilities, attributable to Shareholders and calculated in accordance with EPRA guidelines.	The EPRA NAV reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	**142.24 pence per share** at 31 December 2017 (2016: 129.00 pence).	*Increase in EPRA NAV per share over the year by 13.24 pence (10.2%).*
4. Loan to value ratio (LTV) The proportion of our gross asset value (including cash) that is funded by borrowings. Our medium-term target is to operate with an LTV of up to 40%.	The LTV measures the prudence of our financing strategy, balancing the additional returns and portfolio diversification that come with using debt against the need to successfully manage risk.	**26.8%** at 31 December 2017 (2016:30.0%).	*Below our medium-term LTV target maximum of 40%.*
5. Adjusted earnings per share Post-tax adjusted EPS attributable to Shareholders, which includes the licence fees receivable on our forward funded development assets, and adjusts for other earnings not supported by cash flows.	The Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	**6.37 pence per share** for the year to 31 December 2017 (2016: 6.51 pence).	*Adjusted EPS substantially covers the total dividend for the year.*
6. Total expense ratio (TER) The ratio of total administration and property operating costs expressed as a percentage of average net asset value throughout the period.	This is a key measure of our operational performance. Keeping costs low supports our ability to pay dividends.	**0.84%** for the year to 31 December 2017 (2016: 1.06%).	*Our TER is expected to reduce as the Company grows.*
7. Weighted average unexpired lease term (WAULT) The average unexpired lease term of the property portfolio, weighted by annual passing rents. Our target is a WAULT of at least 12 years.	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream.	**13.9 years** at 31 December 2017 (2016: 15.3 years).	*+1.9 years above our 12-year target.*

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

† EPRA NAV 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.

EPRA PERFORMANCE MEASURES

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 measures.

KPI AND DEFINITION	PURPOSE	PERFORMANCE
1. EPRA Earnings (Diluted) Earnings from operational activities (which excludes the licence fees receivable on our forward funded development assets).	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	**£78.61 million / 6.20 pence per share** for the year to 31 December 2017 (2016: £51.53 million / 5.90 pence per share).
2. EPRA NAV (Diluted) Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company, with a long-term investment strategy.	**£1,940.42 million / 142.24 pence per share** as at 31 December 2017 (2016: £1.43 billion / 129.00 pence per share).
3. EPRA Triple Net Asset Value (NNNAV) EPRA NAV adjusted to include the fair values of: (i) financial instruments; (ii) debt and; (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	**£1,939.35 million / 142.16 pence per share** as at 31 December 2017 (2016: £1.42 billion / 128.12 pence per share).
4.1 EPRA Net Initial Yield (NIY) Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	**4.04%** as at 31 December 2017 (2016: 4.70%).
4.2 EPRA 'Topped-Up' NIY This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives, such as discounted rent periods and step rents).	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	**4.71%** as at 31 December 2017 (2016: 4.95%).
5. EPRA Vacancy Estimated market rental value (ERV) of vacant space divided by the ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	**0.00%** as at 31 December 2017 (2016: 0.00%).
6. EPRA Cost Ratio Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	**13.1%** for the year to 31 December 2017 (2016: 15.8%). Both the 2017 and 2016 ratios include and exclude vacancy costs.

MANAGER'S REPORT

The Group delivered a strong performance in 2017 with a total return of 15.2%. It was a busy year, with 11 assets purchased improving diversification and positioning the portfolio for further growth.

In this report, we provide a detailed analysis of the portfolio, describe the progress the Group has made with its pre-let forward funded developments and asset acquisitions in 2017, set out the achievements of the Group's asset management programme in the year, and explain the Group's financial performance and position.

Delivering the investment strategy
During the year, the Group added 11 assets, ending the year with 46 assets plus 114 acres of strategic land.

The Group's investment strategy focuses on four investment pillars. Foundation assets provide the core, low-risk income and made up 75% of the year-end portfolio by value. Value Add and Growth Covenant assets made up 17% and 6% of the portfolio respectively and provide opportunities for value enhancement through asset management. The remaining 2% by value is strategic land, providing us with the opportunity to create enhanced capital returns by securing pre-lets before commencing developments and benefiting from an attractive yield on cost. These descriptions serve as a guide, but they are not exclusive. For instance, significant value-enhancing opportunities also exist within our Foundation assets.

2017 was another highly successful year for the Group, as we continued to source attractive assets for its portfolio, raised further equity and debt finance to support its growth, and delivered the dividend and total return targets.

Disciplined capital allocation
Capital discipline and patience are required to deliver value at the point of acquisition and thorough due diligence is needed to ensure quality. Growth in the portfolio has been supported by raising equity, at issue prices which have been consistently accretive

to both the previous raise and NAV per share at the time of issue, and attractively priced debt financing. This availability of capital, matched against a consistent high-quality pipeline of investment opportunities sourced via our industry contacts, allows us to act quickly in acquiring attractive assets for the Group. As a result, of the assets we acquired in 2017:

- 93% by value were off-market; and
- the average net initial purchase yield to the Company was 5.5%.

Capital growth
The portfolio was independently valued by CBRE as at 31 December 2017 at £2.61 billion (31 December 2016: £1.89 billion) ('market value' or 'fair value' under IFRS 13) in accordance with the RICS valuation - global standards 2017. This represents the aggregate of individual property values with no premium discount being applied for a collective portfolio.

Like-for-like valuation growth (on 35 assets) was 8.72% or £165.06 million. During the year the Group acquired the strategic land at Littlebrook plus 11 income producing assets for an aggregate price of £497.45 million. Acquisition costs on these assets represented an attractive level of only 3.7% (compared to standard costs of 6.8%) due to the lower costs associated with acquiring corporate vehicles and forward funded pre-let developments.

At the year end these 12 acquisitions were valued at £548.54 million, representing an increase of £51.09 million or 10.3% excluding purchase costs. Combined with the standing portfolio the total capital growth was therefore £216.14 million or 9.0% excluding purchase costs.

Building a diversified portfolio
Occupational supply and demand is most favourable for landlords of strategically located, large and modern Big Boxes. These assets offer the potential for strong rental growth and tend to be highly attractive to new tenants, if they became available to let.

Recognising the large average financial lot size of our investments, growth of the portfolio has been an important factor in providing geographic risk diversification across key logistics locations in England. The properties are generally modern, with 90% having been built since 2000 ensuring they remain efficient and fit for purpose as customers' needs evolve. The Group's assets are true Big Boxes, with 64% of the portfolio comprising buildings of 500,000 sq ft or more. As discussed in the Our Market section, these larger logistics facilities are the hardest to replicate and this has prevented an oversupply of development in this subsector of the market.

Delivering secure income
The Group's portfolio produces a diversified, robust and long-term income stream, secured by some of the UK's strongest omni-channel retailers, and a range of top-quality manufacturers and logistics companies.

The Group's assets are let to 36 different Customers, with seven new Customers added during 2017. The Customer base is high-calibre, with 81% of Customers (or their parent companies) being members of major stock market indices in the UK, Europe and USA.

As at 31 December 2017 the portfolio's WAULT stood at 13.9 years (increasing to 14.7 years as at the date of this Report including assets exchanged but not completed post period), ahead of the Group's target of over 12 years. As at period end, 41% of leases do not expire for at least 15 years and just 10% of leases are due to expire within the next five years.

Analysis by investment pillar further highlights the strength of the portfolio, with the Group's core Foundation assets having a WAULT which substantially exceeds the portfolio average.

Well positioned for income growth
The timing of rent reviews over the next few years supports the Group's ambition to deliver income growth, thereby underpinning its progressive dividend policy. Rent reviews typically take place every five years but the Group also benefits from some annual fixed and inflation linked reviews. Through careful selection we have ensured a balance in the timing of the Group's rent reviews, which provides the opportunity to grow rental income each year.

As at 31 December 2017, the Group's annualised rental income was £125.95 million, up 26% over the previous year.

This compares with the Estimated Rental Value (ERV) of £135.22 million, assessed by the Group's independent valuer, CBRE. This represents a potential rental reversion of approximately 7.4%, which is the amount the rent would increase if all properties in the portfolio were subject to rent reviews as at 31 December 2017 and were settled at CBRE's ERVs. The like-for-like ERV growth was 3.8% over 12 months.

Of the contracted rent roll as at the year end (including rents due under agreements for lease from forward funded developments), the breakdown of rent reviews by type was as follows:

Open market rent reviews: 40% These track the rents achieved on new lettings and rent reviews of comparable properties in the market, offering the potential to capture the recent and continued healthy rental growth in the Big Box logistics market.

Fixed uplift rent reviews: 14% Fixed rent reviews provide certainty of income growth, at either 2% pa (one lease) or 3% pa (four leases). By income, 63% of these leases have five yearly reviews and 37% are reviewed annually (provide rental increases each year).

RPI/CPI linked: 37% These provide inflation protection. All but two of these in our portfolio are the more attractive RPI linked variant. All are subject to caps (maximum 5% pa). Over £24.3 million of our inflation linked income is also collared (benefits from minimum uplifts). Of the 15 inflation indexed leases, 11 are reviewed five yearly and four are reviewed annually (provide rental increased each year).

Hybrid: 9% Hybrid rent reviews can be an amalgam of the above, for instance to the higher of open market rents or RPI (potentially subject to a cap and collar). Such arrangements provide the Group with enhanced income growth potential.

Combining the fixed uplifts together with inflation linked leases that benefit from a collar, it is notable that 33% of the Group's rental income is subject to guaranteed increases over a five year time horizon (assuming no vacancies from lease default or following lease expiry).

In 2017, 15.0% of the Group's rental income was subject to rent review. In 2018, a further 23.8% is subject to review.

Enhancing returns through pre-let developments
We use our knowledge and expertise to enable the Group to forward fund pre-let developments with a developer. This allows the Group to acquire prime assets at a discount to the price of a let and standing asset, with the potential to capture much of the financial benefit of development, without taking on the level of risk associated with speculative development. The Group never undertakes speculative development (i.e. construction of a building without a tenant pre-lease).

During 2017, the Group made further progress with its forward funded developments, with a further four assets totalling 1.98 million sq ft reaching practical completion:

FORWARD FUNDED DEVELOPMENTS	PRACTICAL COMPLETION
T.K. Maxx, Knottingley	January 2017
Gestamp, Wolverhampton	July 2017
Hachette, Didcot	July 2017
Screwfix, Fradley	September 2017

In aggregate, the Group has successfully completed nine forward funded pre-let developments between its IPO and 31 December 2017, all of which were broadly on time and to budget. These nine assets had an average purchase yield of 5.5% and an initial weighted average unexpired term at the point of completion of 21.0 years. This compares to CBRE's publicly available data stating the average purchase yield for a strong covenant on a 15 year term as 4.5% as at 31 December 2017.

In December 2016, the Company announced that it had exchanged contracts (conditional on receiving planning consent) to provide forward funding for the development of two new distribution warehouses at Warth Park, Raunds, pre-let under two separate 30 year leases to Howdens Joinery Group Plc ('Howdens').

Our acquisition of the land and commencement of the development were delayed due to a prolonged challenge to the planning consent which was resolved in favour of the Group and our development partner, Roxhill, in early 2018. Following this the Group completed contracts for the site acquisition and forward funding for the development and site works are now underway.

The investment price was amended to £103.7 million, to reflect a longer construction period due to the delayed planning consent and revised construction programme. Completion of construction is expected by winter 2019.

Post period pre-let development acquisitions
Since the year end the Company also exchanged contracts, conditional on receiving full planning consent, to provide forward funding for the development of a new regional distribution centre at Midlands Logistic Park, Corby. The development is pre-let to Eddie Stobart Limited, with a guarantee from ESLL Group Limited, for a 20 year term from completion of the development. Completion of construction is due by January 2019. The investment price is £81.8 million.

Capturing the development land opportunity
In May 2016, Shareholders approved an amendment to the Company's investment policy. This allows the Company to purchase land and options over land, with the intention of entering into agreements to forward fund pre-let Big Box developments. The investment policy does not allow any speculative development of buildings.

This is a natural evolution of the Company's strategy, allowing it to secure a pipeline of best-in-class assets in the strongest locations. Forward funding these pre-let developments will enable the Company to acquire them at an attractive yield on cost, particularly when compared to the investment yield for completed assets in comparable locations. The Company can therefore enhance returns for Shareholders, while avoiding the risks associated with speculative developments.

The Company has already begun to implement its revised investment policy and, following, an extensive 12-month UK-wide search which saw it reject numerous sites, the Company the purchase of c.114 acres of prime development land at Littlebrook, Dartford, in September 2017.

The Company is now actively considering other land opportunities, on sites ranging in size from 50-200 acres in a number of locations.

The Group's acquisition strategy in action

The Group acquired 11 investment assets during the year for an aggregate acquisition price of £434.99 million, further diversifying the portfolio by size and geography. We have also broadened the Group's range of Customers and strengthened relationships with a number of existing Customers by acquiring more assets that they occupy. As in previous years, we continued to source these investments at attractive yields, with 93% acquired off market. For the 11 assets acquired, the average NIY was an attractive 5.5%; this yield supports the Group's ability to grow the dividend in 2018. Of the 11 purchases, six were corporate acquisitions and one was forward funded. This significantly reduced the associated transaction costs, enhancing the day one running yield.

Patience and discipline are key to investing for value, and we only proceed with purchases at the right quality and price. We also constantly review the market, as well as broader economic and political conditions, so we can adjust the allocation of capital between the Group's four investment pillars: Foundation, Value Add, Growth Covenant and Strategic Land.

In 2016, we had prioritised Foundation assets, which provide the Group's core income. In 2017, while most of the acquisitions were Foundation assets, we also considered that it was the right time to acquire some Value Add and Growth Covenant assets. With tenant demand remaining high and Big Boxes in short supply, we are excited by the opportunities these assets provide to create value and convert them into Foundation assets through asset management.

Value Add assets tend to be smaller lot sizes, as this reduces risk. While they also, by definition, have shorter leases, the overall WAULT of the 11 assets which the Group bought in 2017 is 11.4 years, closely aligned with the Group's average target of over 12 years. When buying assets with shorter income, quality remains key. We target modern assets with strong fundamentals, in the right locations.

In addition, the Group exchanged conditional contracts to purchase a c.114-acre development site at Littlebrook, Dartford for £62.5 million.

James Dunlop Partner, Investment Director

The Group's acquisitions in 2017	
+10 Big Boxes assets	Ten standing assets, with an aggregate purchase price of £405.8m
+114 acres Prime strategic land	at Littlebrook, Dartford
5.5% NIY Average NIY	at acquisition of the 11 Big Boxes acquired
93% Of assets acquired off market	
+1 Big Box asset	One pre-let forward funded development, with an acquisition price of £29.2m
4.43 m sq ft Logistic space	across the 11 assets acquired
11.4yrs WAULT	The 11 acquisitions had a WAULT of 11.4 years at acquisition

Standing investments acquired 2017

Unilever
Doncaster, South Yorkshire

Acquired: May 2017
Acquisition price: £20.90 million
Net initial yield: 5.6%
Gross internal area: c.262,885 sq ft
Eaves height: c.11 and 26 metres
Built: 2002
Lease expiry: May 2032
On/off market: Off market

- Located on Trax Park, close to the M18, A1(M) and M1, with good access to the ports of Hull and Grimsby, and adjacent to Doncaster Rail Freight Terminal.
- This high specification facility was purpose built for Unilever and fitted out to include a high level of automation.
- New 15-year lease; five yearly upward only rent reviews, to RPI collared at 1.5% and capped at 3.5% pa, annually compounded. Tenant break option at years 10 and 12 subject to a full rental penalty to the end of the lease term.

Morrisons
Birmingham, West Midlands
Acquired: June 2017
Acquisition price: £92.33 million
Net initial yield: 5.3%
Gross internal area: c.814,329 sq ft
Eaves height: c.16.5 metres
Built: 2012
Lease expiry: May 2038
On/off market: Off market

- Located on Birch Coppice Business Park, close to J.10 of the M42. The facility was purpose-built for Ocado (the sub-tenant) with multiple mezzanine floors, high levels of automation and a low site cover of c.23%.
- Acquired with a c.21 year unexpired lease; annual upward only rent reviews to CPI, capped at 3.5% pa.

Royal Mail
Atherstone, Warwickshire

Acquired: September 2017
Acquisition price: £32.68 million
Net initial yield: 6.1%
Gross internal area: c.395,111 sq ft
Eaves height: c.9 to 10 metres
Built: 1973-1995
Lease expiry: September 2007
On/off market: Off market

- Located 21 miles north-east of Birmingham with excellent connectivity, the property is let to Royal Mail Group Limited, the main subsidiary of Royal Mail plc.
- The property benefits from significant capital investment and a low site cover of 35%.
- Acquired with a c.10 year unexpired lease; five yearly upward only open market rent reviews, the next due in September 2021.

Royal Mail
Daventry International Rail Freight Terminal (DIRFT), Northamptonshire
Acquired: October 2017
Acquisition price: £48.82 million
Net initial yield: 5.0%
Gross internal area: c.264,802 sq ft
Eaves height: c.7 to 13 metres
Built: 2003
Lease expiry: August 2023
On/off market: Off market

- Situated at DIRFT (Daventry International Rail Freight Terminal) on J.18 of the M1, this high-specification 24/7 parcel delivery hub benefits from a very low site cover of c.18%.
- Acquired with a c. 6 year unexpired lease; annual upward only rent reviews to RPI capped at 3% pa, the next due in August

2018.

Marks & Spencer
Stoke-on-Trent, Staffordshire
Acquired: October 2017
Acquisition price: £36.40 million
Net initial yield: 5.4%
Gross internal area: c.382,594 sq ft
Eaves height: c.12 metres
Built: 2008
Lease expiry: May 2026
On/off market: Off market

- Located adjacent to the Group's Dunelm property (see below) and in a core logistics location close to the M6, the property is one of M&S's five national distribution centres for general merchandise and is fully fitted out for the tenants occupation.
- Acquired with a c.8.5 year lease subject to a tenant break option or a five yearly upward only open market rent review in 2021.

Dunelm
Stoke-on-Trent, Staffordshire
Acquired: October 2017
Acquisition price: £42.10 million
Net initial yield: 5.4%
Gross internal area: c.503,389 sq ft (in two buildings)
Eaves height: c.12 metres
Built: 2004 and 2010
Lease expiry: August 2020
On/off market: Off market

- Located adjacent to the Group's M&S property (see above) comprising two interconnected sortation and distribution buildings that work in conjunction with the nearby Dunelm National Distribution Centre at Sideway, which is also owned by the Company.
- Acquired with two coterminous leases of c.3 years unexpired without further rent review.

Cerealto (UK)
Worksop, Nottinghamshire
Acquired: November 2017
Acquisition price: £20.25 million
Net initial yield: 6.6%
Gross internal area: c.330,807 sq ft
Eaves height: c.12 metres
Built: 2007
Lease expiry: September 2035
On/off market: Off market

- Located at Dukeries Industrial Estate, which has easy access to both the M1 and A1.
- The Cerealto lease is guaranteed by Grupo Siro Corporativo SL, a global private label food manufacturer.
- Acquired with a c.18 year lease; fixed rental uplift due in September 2020 with five yearly upward only open market reviews thereafter.

Stobart Group
Carlisle Lake District Airport, Cumbria
Acquired: November 2017
Acquisition price: £23.61 million
Net initial yield: 5.3%
Gross internal area: c.314,981 sq ft
Eaves height: c. 12.5 metres
Built: 2015
Lease expiry: February 2038
On/off market: Off market

- Located at Carlisle's Lake District Airport, close to the M6.
- This modern facility was acquired with a c.18 year unexpired lease; five yearly upward only rent reviews to RPI, collared at 1.0% and capped at 3.5% pa, annually compounded. The next review is due in February 2021.

Wincanton and ITS
Harlow, Essex
Acquired: November 2017
Acquisition price: £44.40 million
Net initial yield: 6.2%
Gross internal area: c.390,092 sq ft
Eaves height: c.11.5 metres
Built: 2008
Lease expiry: ITS, November 2031; Wincanton, February 2022
On/off market: off market

- This high specification facility is strategically positioned close to the M11, the M25 and Central London.
- Let under two leases to Wincanton (61% of rent) and Industrial Tool Supplies (ITS) (39% of rent).
- Acquired with a c.4.5 year unexpired lease to Wincanton (no further rent review) and a c.14 year unexpired lease (tenant break option in 2026) to ITS, subject to annual upward only rent reviews to RPI collared at 1% and capped at 2% pa.

Unilever
Cannock, Staffordshire
Acquired: December 2017
Acquisition price: £44.25 million
Net initial yield: 5.0%

Gross internal area: c.541,157 sq ft
Eaves height: c.10 to 28 metres
Built: 2005, extended 2012
Lease expiry: December 2027
On/off market: Off market

- Situated in a core Midlands location, close to the M6 and access to the wider motorway network.
- The property was purpose built for Unilever and is highly automated.
- Acquired with a new 10 year lease, subject to a five yearly upward only rent review to RPI, collared at 1.5% and capped at 3.5% pa, compounded annually.

Pre-let forward funded development acquired in 2017

Hachette
Didcot, Oxfordshire
Acquired: February 2017
Acquisition price: £29.24 million
Net initial yield: 5.8%
Gross internal area: c.243,409 sq ft
Eaves height: 20 metres
Built: Completed July 2017
Lease expiry: July 2032
On/off market: Selectively marketed

- A forward-funded development (now completed) of a new high specification and automated global distribution centre.
- Situated in a core South East logistics location close to the M4, M40 and A34.
- Acquired with a new 15-year lease, subject to five yearly upward only open market rent reviews. During construction the Group received an income return from the developer equivalent to the lease rent.

Strategic land acquired in 2017

Littlebrook
Dartford, South-East London
Acquired: July 2017
Acquisition price: £62.5 million

- Site area: 114 acres of prime strategic land

The site occupies a core location within London's M25 orbital motorway (J.1A) adjacent to the Dartford Thames River Crossing. It provides the opportunity for the efficient distribution of goods across the densely populated areas of London and the Home Counties. Working alongside one of the UK's leading specialist logistics developers, Bericote Properties, the Company aims to deliver one of London's largest Big Box logistics parks.

Within two weeks of completing the purchase, phased demolition began of the former power station and associated infrastructure. The first c.54 acres will be ready for development during autumn/winter 2018. The final phase of demolition is projected to finish in late 2020, with the current National Grid electricity substation being relocated and decommissioned by 2025.

Part of the site already benefits from c.488,006 sq ft of planning consent for storage and distribution use. Planning discussions are ongoing with the local authority for consolidation of the existing consents, to ensure that a pre-let vertical build can start promptly on phase one. Separate discussions are under way to progress planning for the remainder of the site. The scheme is not being actively marketed until the planning discussions are advanced, but despite this, an encouraging level of occupational requirements have been received or identified. Construction of new buildings will only begin on a pre-let basis, and is expected to start towards the end of 2018/early 2019.

Looking forward
The sector continues to benefit from strong demand, as occupiers invest in their logistics and e-commerce supply chains, which in turn leads to significant investment demand. We therefore expect some further yield compression in 2018, supporting capital values.

While the market is competitive, we see opportunities to acquire high-quality standing assets, forward funded pre-let developments and strategic land, to further diversify the Group's portfolio. We have identified a pipeline of potential purchases and since the year end we have already completed three acquisitions, including the two Howdens assets the Group conditionally acquired at the end of 2016 along with the investment asset in Crewe, guaranteed by AO World Plc. We have also exchanged conditionally on one forward funded development asset, pre-let to Eddie Stobart in Corby.

Having refinanced the Group's secured debt in December 2017 with a bond issue and a new revolving credit facility, we will be able to finance acquisitions more efficiently, while remaining prudently within the Group's 40% LTV target (although we are likely to be operating with an LTV target of 35% in the short to medium term).

Summary of the portfolio
The table below summarises the Group's portfolio at the year end. Assets are listed in the order the Group acquired them.

TENANT	LOCATION	MONTH OF ACQUISITION	NET PURCHASE PRICE £M	PURCHASE NIY %	SIZE SQ FT*	NEXT RENT REVIEW DATE
Sainsbury's Supermarket Ltd	Leeds	Dec 2013	48.75	6.7	571,522	May 2018
Marks & Spencer plc	Castle Donington	Dec 2013	82.58	5.2	906,240	Dec 2021
Tesco Stores Ltd	Chesterfield	Mar 2014	28.64	6.6	501,751	N/A
Tesco Stores Ltd [1]	Didcot	Apr 2014	27.20	6.9	288,295	Aug 2019
Next Group plc	Doncaster	Jun 2014	60.00	6.1	755,055	Mar 2018
Wm Morrison Supermarkets Ltd	Sittingbourne	Jun 2014	97.80	5.2	919,443	Jun 2018
DHL Supply Chain Ltd	Langley Mill	Aug 2014	17.53	6.5	255,680	Aug 2019

DHL Supply Chain Ltd	Skelmersdale	Aug 2014	28.87	6.5	470,385	Aug 2019
Wolseley UK Ltd	Ripon	Aug 2014	12.24	6.7	221,763	Sep 2021
Rolls-Royce Motor Cars Ltd	Bognor Regis	Oct 2014	36.98	6.3	410,095	Sep 2020
CDS (Superstores International) Ltd (trading as The Range)	Thorne	Nov 2014	48.50	6.1	750,431	Oct 2022
Tesco Stores Ltd	Middleton	Dec 2014	22.45	8.3	302,111	Dec 2017
Kuehne+Nagel Ltd [2]	Derby	Dec 2014	29.27	6.0	343,248	Apr 2022
L'Oréal (UK) Ltd	Manchester	Dec 2014	25.83	7.1	315,118	Aug 2018
Argos Ltd	Heywood	Apr 2015	34.10	5.3	495,441	Mar 2018
B&Q plc	Worksop	Apr 2015	89.75	5.1	880,175	Nov 2021
New Look Retailers Ltd	Newcastle-under-Lyme	May 2015	30.05	5.9	398,618	Apr 2022
Nice-Pak International Ltd	Wigan	May 2015	28.66	6.4	399,519	May 2021
Ocado Holdings Limited [3]	Erith	May 2015	101.73	5.3	563,912	Apr 2021
Brake Bros Ltd	Harlow	Jun 2015	37.18	5.0	276,213	Jul 2019
Tesco Stores Ltd	Goole	Jun 2015	47.10	5.7	711,933	Oct 2022
Dunelm (Soft Furnishings) Ltd	Stoke-on-Trent	Jun 2015	43.43	5.5	526,953	Feb 2021
TJX UK (trading as T.K. MAXX)	Knottingley	Sep 2015	59.00	5.3	640,759	Jan 2022
Howden Joinery Group plc	Raunds	Oct 2015	67.00	5.0	658,971	Jul 2021
Matalan Retail Ltd	Knowsley	Dec 2015	42.38	6.3	578,127	Oct 2021
Brake Bros Ltd	Bristol	Mar 2016	25.20	5.2	250,763	Mar 2021
Argos Ltd [4]	Burton-on-Trent	Mar 2016	74.64	5.6	653,670	Feb 2018
DSG Retail Ltd	Newark	May 2016	77.30	5.9	725,799	Mar 2021
Gestamp Talent Ltd [5]	Wolverhampton	Aug 2016	56.30	5.1	545,998	Jul 2021
Kellogg Company of Great Britain Limited	Manchester	Aug 2016	23.50	5.9	311,602	N/A
Amazon UK Services Ltd [6]	Peterborough	Aug 2016	42.90	5.6	549,788	Apr 2020
Euro Car Parts Ltd	Birmingham	Oct 2016	80.14	5.0	780,977	Jan 2021
Whirlpool UK Appliances Ltd	Raunds	Oct 2016	35.35	6.6	473,263	N/A
The Co-operative Group Ltd	Thurrock	Oct 2016	56.50	5.5	322,684	Dec 2020
Screwfix Direct Ltd	Fradley	Dec 2016	52.70	5.5	553,276	Oct 2022
Hachette UK Ltd	Didcot	Feb 2017	29.24	5.8	243,409	Jul 2022
Unilever UK Ltd	Doncaster	May 2017	20.90	5.6	262,885	May 2022
Wm Morrison Supermarkets Ltd	Birmingham	Jun 2017	92.33	5.3	814,329	May 2018
Royal Mail Group Ltd	Atherstone	Sep 2017	32.68	6.1	395,111	Sep 2021
Royal Mail Group Ltd	Daventry	Oct 2017	48.82	5.0	264,802	Aug 2018
Dunelm (Soft Furnishings) Ltd	Stoke-on-Trent	Oct 2017	42.10	5.4	503,389	N/A
Marks & Spencer plc	Stoke-on-Trent	Oct 2017	36.40	5.4	382,594	May 2021
Cerealto (UK) Ltd [7]	Worksop	Nov 2017	20.25	6.6	330,807	Dec 2020
Stobart Group Limited	Carlisle	Nov 2017	23.61	5.3	314,981	Feb 2021
Industrial Tool Supplies (London) Ltd & Wincanton Holdings Ltd	Harlow	Nov 2017	44.40	6.2	390,092	Nov 2018
Unilever UK Ltd	Cannock	Dec 2017	44.25	5.0	541,157	Dec 2022
Littlebrook Strategic Land	Dartford	Jul 2017	62.50	N/A	N/A	N/A
Total for assets completed at 31/12/17			**2,169.04**	**5.70**	**22,753,134**	
Post period end						
Howdens Joinery Group plc ‡	Raunds	Jan 2018	71.20	5.00	657,000	Sep 2024
Howdens Joinery Group plc ‡	Raunds	Jan 2018	32.50	5.00	300,000	Sep 2024
Expert Logistics Ltd [8]	Crewe	Jan 2018	36.10	5.40	387,541	Apr 2021
Eddie Stobart Limited [9#$] (conditional on planning)	Corby	Feb 2018	81.80	5.00	844,000	Jan 2024

1 Guaranteed by Tesco Plc
2 Guaranteed by Hays Plc
3 Guaranteed by Ocado Group plc
4 Guaranteed by Experian Finance plc
5 Guaranteed by Gestamp Automocian SA
6 Guaranteed by Amazon EU Sarl
7 Guaranteed by Grupo Siro Corporativo SL
8 Guaranteed by AO World Plc
9 Guaranteed by ESLL Group Limited
* Now unconditional post period end
^ Weighted portfolio purchase yield excludes Littlebrook Strategic Land
‡ Estimated target practical completion date of September 2019
$ Estimated target practical completion date of January 2019
¥ CBRE measured floor area
Conditionally exchanged

Our asset management strategy in action

The Group's asset management strategy focuses on creating value throughout an asset's lifecycle.

The potential to protect and enhance income and capital value is a key consideration when we source assets for the Group. We categorise the Group's assets into one of four investment pillars and develop business plans for each. There are opportunities to add value to assets across all four of the investment pillars but particularly for Value Add assets, which comprised 17.2% of the Group's portfolio at the year end. These are typically let to financially sound Customers and offer the potential to use asset management to enhance capital value and, for some assets, turn them into Foundation assets.

We look to use our industry and market expertise and strong relationships with the Group's Customers to grow and improve the quality of the Group's income streams. This can include: negotiating rent reviews, lease extensions, refurbishment, agreeing new lettings, enhancing the building or extending it, either within the existing site or by acquiring adjacent land. Such initiatives can improve the customer's efficiency and reduce operating costs as well as helping customers to meet their environmental and social responsibility obligations, such as by installing renewable energy systems.

A diverse property portfolio with numerous small or multitenant assets can provide multiple opportunities for asset management annually, but each will have only a small financial impact on the portfolio. The Group's portfolio continues to develop in number, now with 46 large income producing assets. With larger assets the frequency of opportunities to create value though asset management are fewer, but the impact of each can be greater.

Through regularly meeting with our Customers either individually or at a range of industry focused events, hosted or attended by the Manager, we have developed strong relationships with key individuals. These discussions can result in further engagement and opportunities as highlighted in this report. During 2017 we successfully extended three leases for two of our assets and documented rent reviews on seven of our properties. We also completed two development extensions for Rolls-Royce Motor Cars and commenced a building extension for New Look at Newcastle-Under-Lyme. In addition, we completed an option agreement over 46.5 acres of land adjoining one of the Group's existing assets.

Petrina Austin
Partner, Head of Asset Management and Sustainability

The Group's asset management highlights in 2017	
15.0%	**Rent roll** subject to review
+2.43%	**Annual equivalent increase to the passing rental income**
+3	**Lease extensions**
+7	**Rent reviews** settled across 3.7m sq ft
+c175,000 sq ft	**of physical extensions to existing facilities**

A strong foundation
The key to unlocking value through asset management is owning well located, modern, fit-for-purpose buildings that tenants want to occupy and which are strategically important to their business. In such circumstances they will be committed to the asset.

Financially strong occupiers will often make significant investment in the property and continue to do so throughout the life of the lease. Changes which benefit the tenant can often also provide opportunities for the landlord to benefit from capital value growth, through funding initiatives such as mezzanine floors or solar panels.

Our customer led approach
Our aim is to be an occupier's landlord of choice for their distribution property network. A key part of our approach is to develop strong relationships with our Customers, so that we understand their requirements and future objectives. Our Customers are highly valued since the success of their business can directly correlate with value and generates property opportunities for us.

We proactively assist occupiers considering future space or network reviews, orchestrating technical advice so as to develop a 'partnership' approach in their evolving decisions. In order to acquire a balanced understanding, we seek to acquire a wide contact base within our Customers' companies beyond simply the main property contacts, extending to the logistics and operations directors, who often drive the internal strategy. We work closely with them to better understand their challenges and unlock opportunities through the most efficient application of their operational real estate.

Aside from engaging with our occupiers, we keep abreast of advancements within the logistics and distribution sector by attending industry events and meeting with companies developing systems and equipment which could benefit our Customers, such as evolving automation and robotics.

Protecting value
We regularly review the financial status of our Customers, as well as those of potential new occupiers. This includes monitoring their trading results and statements and analysing the corporate strategies disclosed in their annual reports, which could identify property opportunities. Where appropriate, we negotiate a guarantee from the parent company of a tenant to strengthen the financial covenant of the lessee.

We look to future-proof our assets, maintaining versatility so they can be adapted to future uses and methods of fulfilment. This includes identifying opportunities both within our ownership and adjacent land. An example of this is the completion of an option agreement in November 2017, covering 46.5 acres in Newark, adjoining the Groups' DSG, Newark asset.

Capturing reliable and balanced income growth
The timing of rent review events over the next few years supports the Group's ambition to deliver income growth, thereby underpinning our progressive dividend policy. Rent reviews typically take place every five years but the Group also benefits from some annual reviews.

Through careful selection we have ensured a balance in the timing of our rent reviews which provides the opportunity to grow our rental income each year. In 2017, 15.0% of the rent roll was subject to a review.

Since the start of the year, we have settled seven rent reviews across 3.73 million sq ft of the portfolio, adding £1.40 million to the annual rent roll. This equates to an annual equivalent increase to the passing rental income across these seven assets of 2.43%.

At the year end, the breakdown of rent reviews by type, calculated as a percentage of contracted rental income, was:

Open market rent reviews: 40% These track the rents achieved on new lettings and rent reviews of comparable properties in the market, offering the potential to capture the recent and continued healthy rental growth of Big Box logistics.

Fixed uplift rent reviews: 14% Fixed rent reviews provide certainty of income growth. At either 2% pa (one lease) or 3% pa (four leases). By income, 63% of these leases have five yearly reviews and 37% are reviewed annually (provide rental increases each year).

RPI/CPI linked: 37% Provide inflation protection. All but two of these in our portfolio are the more attractive RPI linked variant. All are subject to caps (maximum 5% pa). Over £24.3 million of our inflation linked income is also collared (benefits from minimum uplifts). Of the 15 inflation indexed leases, 11 are reviewed five yearly and four are reviewed annually (provide rental increases each year).

Hybrid: 9% Hybrid rent reviews can be an amalgam of the above, for instance to the higher of open market rents or RPI (potentially subject to a cap and collar). Such arrangements provide the Group with enhanced income growth potential.

Annual inflation indexed rent reviews:

Morrison's, Sittingbourne: An annual rent review linked to RPI (capped at 2.00%) was reviewed effective from June 2017, at an uplift of 2.00% pa, resulting in an increase of £111,316 pa to the passing rent.

Annual fixed rent reviews:

Argos, Burton-on-Trent: The 3% pa annual rent increase was applied in February 2017, reflecting an uplift to passing rent of £124,107 pa.

L'Oréal (UK) Limited, Trafford Park: The 3% pa annual rent review was applied in September 2017, resulting in an uplift to the passing rent of £61,975 pa.

Hybrid rent reviews:

The Co-operative Group, Thurrock: The Company owns a warehouse and adjacent trailer park let under two separate leases. The warehouse is reviewed five-yearly to the greater of passing rent, open-market rent or £2,597,604 pa, plus 10% ancillary income for fit out. The new review was agreed in June 2017, effective from December 2015 at £2,857,364 pa, reflecting an increase of 10.41%. The next rent review on the trailer park lease will be in May 2018.

Marks & Spencer, Castle Donington: The five yearly open market rent is subject to increases of 1.5% minimum and 2.5% maximum pa compound. The rent review was settled in April 2017 effective from December 2016 at the maximum increase of 2.5% pa reflecting an overall increase of 13.1%.

Five yearly open-market rent reviews:

New Look, Stoke-on-Trent: The rent review was settled in September 2017, effective from April 2017 reflecting an increase of 12.3%.

Wolseley, Ripon: This asset is reviewed to open market rent. The rent review was settled in November 2017, effective from September 2016, reflecting an increase of 6.6%.

Four open market rent reviews remain unsettled and under negotiation as at the period end.

Improving property and enhancing value

When acquiring assets for the Group, one of our key considerations is the potential to implement physical improvements that can protect and enhance capital value while potentially also growing income. We typically acquire assets that are well configured with low site cover to allow for future occupational flexibility, since we understand that a Customer may need to extend an existing building or alter the layout of a facility as operational requirements evolve.

Through our in-house specialist knowledge and experience in this sector, we can often suggest practical solutions. The aim of such initiatives is not only to grow our income, but also to ensure that our property assets are resilient and can adapt or evolve to meet the future demands of supply chain distribution across the UK.

During 2017, the Group agreed two building extension projects, which will add a total of c.174,510 sq ft of new space to our existing assets in Bognor Regis and Newcastle-under-Lyme. Following a seven month construction project, completing in October 2017, Rolls-Royce took occupation of two building extensions for a combined 96,476 sq ft.

Works are progressing to extend our New Look Big Box in Newcastle-under-Lyme. This initiative will extend the facility by c.78,034 sq ft. The tenant intends to commit significant capital expenditure to automate and fit out the building.

As part of our asset management strategy we also incorporate responsible business initiatives by encouraging our Customers to make environmental enhancements. Highly mechanised buildings and those with mezzanine floors can be energy hungry given the scale of heating, lighting and power requirements. By using biomass heating systems, wind turbines or roof-mounted solar panels such as those we installed on The Range asset in Thorne, we can improve a property's EPC rating as well as reduce the tenant's operational costs and support their sustainability commitments. As with the asset improvements noted above, by funding these works, we can improve the quality of the property and also generate additional income for the Company.

Lengthening income

Physical enhancements, such as constructing an extension or improving the specification of a building, can allow us to commit capital expenditure in return for not only a higher rent, but also a lengthening of the lease term, thereby protecting longevity of income and/or increasing capital values.

The two previously mentioned extension projects will result in an increase to the unexpired lease terms of the assets, further demonstrating the asset's strategic importance and Customer commitment each property:

Rolls-Royce Big Box, Bognor Regis: Both leases were extended by additional 12 months as part of the property extension negotiation.

New Look Big Box, Newcastle-under-Lyme: The lease was extended by 12 years as part of the property extension negotiation.

Subsequent to implementing this asset management initiative, New Look announced challenging trading conditions, which they intend to address by rationalising their store portfolio. The building is critical to New Look's supply chain operation, being one of only two UK facilities which service their UK and European business, fulfilling both store replenishment and e-commerce orders. At the period end New Look's rent exposure reflected 1.6% of the total portfolio income.

Post -period events
Following the period end, the following asset management initiatives were completed:

Tesco Big Box, Chesterfield: The Group purchased this asset in 2014 at an attractive yield and categorised it as Value Add due to the short period to lease expiry. In February 2018 we received notification of the Arbitrator's direction in relation to the outstanding open market rent review as at 28 May 2015. This award confirmed an uplift of the passing rent to £2,100,000 from £1,999,804. In the summer of 2016, Tesco announced its intention to vacate the property at Chesterfield. We viewed the prospect of a potential refurbishment and re-letting with optimism, given the location, building size and configuration in the context of an occupational market bereft of vacant properties of this type readily available to let.

We have conditionally exchanged contracts to accept a surrender of the lease from Tesco, without premium, with completion expected by the end of April 2018. We have subsequently entered into a 12 month licence with a high quality and well known occupier to cover rent and all non-recoverable property costs, whilst the occupier strategy is finalised.

Looking forward
Continuing to develop our Customer relationships, growing our understanding of their businesses and integrating the Group's properties as key assets in their supply chain operations is a strategic priority.

We will continue to keep abreast of advances in technology based applications for warehouse management processes and systems, identifying where the Company's Customers may benefit. We must also be live to threats and how best to insulate the Company and assist our Customers with any challenges that they face.

The Group's financial strategy in action
For 2017, the Group had a dividend target of 6.40 pence per share and a total return target of at least 9%. We also stated that we would explore opportunities to bring in longer and alternative sources of debt financing, without compromising the Group's investment objectives.

The Group met its dividend target by declaring the final quarterly dividend on 7 March 2018, taking the aggregate dividends declared to 6.40 pence per share for 2017. The total dividend was substantially covered by the Group's Adjusted earnings which were 6.37 pence per share. In May 2017, we successfully raised an additional £350 million of equity to further grow the Company and diversify its assets. We successfully deployed the equity within six months, as planned. Our patient search for the right investments at attractive prices meant, however, that the majority of the equity was invested towards the end of that period, which had a consequential impact on our Adjusted earnings.

Strong NAV growth, of 13.24p or 10.2% over 2016, was underpinned by the continued investment supply and demand imbalance for prime logistics assets; the weight of global money looking to invest in the subsector was particularly strong during the second half of the year. Coupled with the dividend, this NAV growth resulted in a total return of 15.2%, comfortably ahead of target.

One of the most significant events of the year was the strengthening of the Group's capital structure. In December 2017, the Group issued its debut, unsecured, dual-tranche loan notes totalling £500 million and with an average term of 11.5 years. At the same time, we raised £350 million of debt via an unsecured corporate revolving credit facility. Combined, these allowed us to refinance the majority of the Group's secured debt and move forwards with largely unsecured debt, providing a flexible platform to support future growth. As a result, the Group's average maturity profile nearly doubled, to 8.9 years (from 4.5 years at the point of refinance). Entry into the public bond market opens the Company up to an increased pool of liquidity which further diversifies our borrowing and will help to support future growth.

Frankie Whitehead Head of Finance

The Group's financial highlights in 2017	
6.40p	**Dividend per share** in line with target
15.2%	**Total Return** compared with the medium-term target of 9%+ pa
£2.61bn	**Portfolio value** increase of 38% over 2016 (including all forward funded commitments)
13.1%	**EPRA Cost Ratio** declined from 15.8% in 2016
6.37p	**Adjusted earnings per share** Dividends substantially covered by Adjusted earnings per share
142.24p	**EPRA NAV per share** Increased by 13.24p or 10.3%
26.8%	**Loan to value** with a further £340 million of debt commitments undrawn

Financial results
Net rental income grew by £33.35 million, to £107.94 million (2016: £74.59 million), reflecting the positive impact of the investment activity throughout the year as well as the contribution from four forward funded developments that completed during the period.

The continued growth in the portfolio increased the Group's contracted rent roll to £125.95 million across 46 assets (2016: £99.66 million across 35 assets), as at 31 December 2017.

The portfolio's strong rental income with upward-only rent reviews generated growth of £1.40 million to headline rents across the seven rent reviews settled in the year, of which three were annual reviews and four were five yearly reviews.

Operating profit before changes in the fair value of investment properties, as reported under IFRS, grew by 49.1% to £93.78 million (2016: £62.88 million). Along with the growth in net rental income, administrative expenses have continued to fall on a relative basis, achieved through the ratcheted investment manager fee and further cost controls. The Group's low and predominantly fixed overhead base translates into an EPRA cost ratio of 13.1% for the year (2016: 15.8%). This continues to compare favourably with our peer group.

A gain of £175.98 million (2016: £47.5 million) on revaluation of the Group's investment properties was recognised in the year. This was calculated after accounting for all costs associated with asset purchases during 2017.

Net financing costs (excluding capitalised interest) for the year were £19.92 million (2016: £11.55 million), excluding the reduction in the fair value of interest rate derivatives of £2.04 million (2016: £7.15 million). The increase in net financing costs reflects the growth in the business and the subsequent increase in average debt drawn during the year. Further information on financing and hedging is provided below.

Tax
The Group is a UK REIT for tax purposes and is exempt from corporation tax on its property rental business. The tax charge for 2017 was therefore £nil 2016: £nil).

Profit and earnings
Profit before tax for 2017 was £247.80 million (2016: £91.90 million), which resulted in basic EPS of 19.54 pence (2016: 10.52 pence). The Group's EPRA EPS for the year was 6.20 pence (2016: 5.90 pence).

The Group's Adjusted EPS was 6.37 pence for 2017 (2016: 6.51 pence). This was affected by the size of the May 2017 equity issue and the timing of investment. Whilst investment of the equity proceeds was well in line with our targeted timeframe of approximately six months, some investments were delayed or took longer to transact than previously anticipated, resulting in a number of transactions concluding towards the latter part of the period. This included the delay caused by an appeal against the planning consent for the two forward funded developments, pre-let to Howdens, in Raunds, which was originally expected to complete in May 2017, as well as delays due to the transaction complexities across the Unilever, Cannock and AO.com, Crewe, investments. We also made a conscious decision to refinance our shorter term secured borrowings, in favour of longer term fixed rate unsecured borrowings prior to the year end. In doing so we locked into long-term attractive rates of borrowing which have since spiked into early 2018 due to further global interest rate volatility and signals from the Bank of England that rate rises may come sooner than previously planned.

Whilst the timing of this refinancing wasn't a necessity, we believe this was in the best interest of Shareholders over the long term, secured at an attractive cost and predominantly fixes our cost of borrowing. For further details on our refinancing arrangements, see Debt Capital below.

Adjusted EPS takes EPRA EPS, adds the developer's licence fees the Group receives on forward funded developments and excludes other earnings not supported by cash flows. We see Adjusted EPS as the most relevant measure when assessing dividend distributions. Further information can be found in note 13.

Dividends
From 1 January 2017, the Group moved to quarterly dividend payments. Since that date, the Board has declared the following interim dividends:

DECLARED	AMOUNT PER SHARE	IN RESPECT OF THREE MONTHS TO	PAID/TO BE PAID
7 March 2017	1.55p	31 December 2016	3 April 2017
24 April 2017	1.60p	31 March 2017	22 May 2017
13 July 2017	1.60p	30 June 2017	10 August 2017
12 October 2017	1.60p	30 September 2017	16 November 2017
7 March 2018	1.60p	31 December 2017	29 March 2018

The dividend declared on 7 March 2018 will be paid on 30 March 2018, to Shareholders on the register on 16 March 2018.

Dividends in respect of 2017 therefore totalled 6.40 pence per share, meeting the Group's target for the year and representing an increase of 3.2% on the total dividend for 2016 of 6.20 pence per share.

We have increased our target dividend for 2018, to 6.70 pence per share, which is an increase of 4.7% over 2017 and somewhat ahead of the retail price index which was running at 4.1% for the 12 months ending December 2017.

Our distributable reserves position is healthy, following the historic conversion of a large part of our share premium account into the capital reduction reserve, which is considered distributable under the Companies Act, along with the stable and growing retained earnings accumulating within the Company. As at the year end the total distributable reserves available to the Company were £626.42million.

Investment properties
At 31 December 2017, the total value of the portfolio, including forward funded development commitments, was £2.61 billion across 46 assets (31 December 2016: £1.89 billion across 35 assets). The Group invested a total of £497.45 million (net of purchase costs) in 11 assets and 114 acres of development land during the year.

The gain recognised on revaluation of the Group's investment property portfolio was £175.98 million. An average acquisition cost of 3.70% was incurred across the 11 assets acquired during 2017, of which four were direct asset purchases, six were corporate transactions and one was a forward funded development. Corporate transactions contributed to returns by saving approximately £13.50 million, or 1.00p to net asset value versus incurring standard acquisition costs of 6.8%, demonstrating further value through efficient purchasing.

The portfolio's average valuation yield at 31 December 2017 was 4.56%, including the land at Littlebrook on which the Group currently receives no income. On a like-for-like basis, compared with assets held at 31 December 2016, values increased by 8.72% for the year, excluding any additional capital costs incurred in the period.

At the year end, the Group had total commitments to forward funded developments and other asset management initiatives of £5.11 million (31 December 2016: £82.4 million). In addition, the Group had committed £23.51 million following the purchase of the development land project at Littlebrook, Dartford, which is the expected amount required to bring the site to a ready state for construction and includes costs of demolition, remediation, planning and infrastructure works.

The Group had conditionally exchanged contracts on two forward funded developments pre-let to Howdens at Raunds with an investment commitment totalling £103.7 million. The land acquisition and start on site were delayed as a consequence of a planning objection lodged during the judicial review period. The Group had also conditionally exchanged on the purchase of the investment asset let to AO.com in Crewe, prior to the year end. Both of these assets were therefore disclosed as contingent liabilities at the year end, however completion of the contracts were finalised on 12 January 2018 and 18 January 2018 respectively.

Net assets
EPRA net assets were £1.94 billion (2016: £1.43 billion). The EPRA NAV per share at 31 December 2017 was 142.24 pence (31 December 2017: 129.00 pence), representing a 10.3% increase over the year. This was achieved through a combination of purchasing well and booking gains at the point of purchase and structuring our purchases efficiently which resulted in significant cost savings against standard purchase costs (see investment properties above). Our income stream grew organically through the settlement of seven rent reviews, we realised gains following asset management activity across a number of assets and the market moved further in our favour, delivering yield compression and therefore value appreciation across the existing portfolio.

Equity capital
During May 2017, we raised equity from Shareholders totalling £350 million. The initial level targeted was £200 million, however due to the considerable support we received from a combination of existing and new Shareholders, the fundraise was upscaled to £350 million. The issue was accretive to the then net asset value and 257,352,941 new Ordinary Shares were issued at 136 pence per share.

Debt capital
The Group made strong progress this year in terms of raising additional debt capital in both the private and public debt markets. This has helped develop a debt platform that provides the Group with the necessary flexibility and structure to support it through further growth. In total, the Group raised £940 million of new, mostly unsecured debt, allowing it to refinance £568 million of existing secured indebtedness. In the process, the Group diversified its sources of borrowing, fixed most of its interest costs at attractive rates and materially lengthened the average debt maturity from 4.5 years to 8.9 years as at 31 December 2017, providing the Group with additional security of funding during a continued period of economic uncertainty.

On 1 March 2017, the Group agreed a new 10-year, £90 million facility with PGIM Real Estate Finance, secured against a portfolio of four assets. The facility has a fixed all-in interest rate of 2.54% and introduced a new lender to the Group.

On 23 November 2017, the Group announced its £1.5 billion Euro Medium Term Note (EMTN) Programme, under which it can issue loan notes to be listed on the Irish Stock Exchange. Both the Group and the EMTN Programme have been assigned an investment-grade rating of Baa1 (stable outlook) by Moody's Investors Service. The debut issue under the Programme followed on 1 December 2017, when the Group issued £500 million of senior unsecured notes (more commonly known as corporate bonds). The notes were issued in a dual tranche, with nine and 14 year maturities respectively and with an average term of 11.5 years. They bear interest at a rate of 2.625% and 3.125% per annum respectively. The issue was significantly oversubscribed, which is a strong endorsement for the Group considering it was its debut issue. The level of interest allowed us to tighten pricing from initial levels by up to 20-25 basis points across each tranche. The notes have demonstrated positive levels of trading in the secondary markets, since issue.

Simultaneously, the Group announced that it had agreed a new £350 million unsecured revolving credit facility (RCF), with an initial maturity of five years and the option to extend by a further two years, with the lenders' prior consent. The facility also contains an uncommitted £200 million accordion option and has an opening margin of 1.10% over LIBOR. The syndicate for the RCF comprises three of the Group's existing lenders, Barclays Bank PLC, ING Bank N.V., London Branch and Wells Fargo Bank N.A., London Branch, as well as four new lenders: BNP Paribas, London Branch, HSBC Bank plc, The Royal Bank of Scotland plc and Santander UK plc. We welcome the breadth of lenders forming the RCF.

The issue of loan notes and new RCF allowed the Group to refinance the majority of its secured, shorter term debt. This included the £550 million syndicated facility due to expire in October 2020 and two facilities with Helaba, for £7.06 million and £11.60 million, terminating in November 2019. All early repayment fees associated with the repayment of these existing facilities were avoided. There were, however, £4.77 million of unamortised arrangement fees that were written off as part of the refinance upon the extinguishment of these facilities. This is a non-cash expense recognised in the Statement of Comprehensive Income during the year.

On 14 December, the Group also extended its £50.87 million facility with Helaba, secured on the Ocado asset at Erith, by two years to July 2025. There was no change in margin resulting from the extension.

The refinancing and new unsecured borrowings reduced the capped cost of the Group's debt from 2.78%[1] as at 31 December 2016 to 2.66%[1] as at 31 December 2017. At the same time, the Group's average maturity profile increased from 4.5 years at the point of refinance to 8.9 years at 31 December 2017 (2016: 4.8 years), moving it closer to the WAULT on the portfolio. The Group had an all-in running cost of borrowing of 2.38% at 31 December 2017. This is a highly attractive cost of debt, which is primarily fixed. The Group currently has no refinancing requirement until December 2022.

1 Calculated using gross debt commitments.

The Group now has a scalable and flexible debt platform, which gives access to a significant additional pool of liquidity in the UK Sterling bond market, which will support future growth. These unsecured financings provide the Group with improved operational flexibility, greater speed of execution and lower transactional costs moving forwards.

At 31 December 2017, the Group therefore had the following borrowings:

LENDER	ASSET SECURITY	MATURITY	LOAN COMMITMENT £M	AMOUNT DRAWN AT 31 DECEMBER 2017 £M
Loan notes				
2.625% Bonds 2026	None	Dec 2026	249.01	249.01

3.125% Bonds 2031	None	Dec 2031	246.55	246.55
Bank borrowings				
RCF	None	Dec 2022	350.00	10.00
Helaba	Ocado, Erith	Jul 2025	50.87	50.87
Canada Life	Portfolio of three assets	Apr 2029	72.00	72.00
PGIM Real Estate Finance	Portfolio of four assets	Mar 2027	90.00	90.00
Total			**1,058.43**	**718.43**

At the year end, 62.3% of the Group's debt commitments were held under fixed-rate facilities. The Group has a hedging strategy for its variable-rate debt, which predominantly includes the use of interest rate caps to allow it to benefit from current low interest rates, while minimising the effect of a significant rise in underlying interest rates. The Group therefore holds derivative instruments which, when including all fixed rate debt, hedge 98.7% of all Group borrowing commitments. The derivative instruments comprise one interest rate swap and a number of interest rate caps, each running coterminous with the respective loan.

The Group complied with all of its debt arrangements during the year and subsequent to the year end.

Loan to value
The Group continues to operate with a conservative leverage policy and medium-term, maximum target of 40% loan to value. The loan to value as at 31 December 2017 was 26.8% (2016: 30%); however, once fully invested and geared the look through loan to value (which included all of the Group's capital commitments) will continue to be approximately 35%. Further to guidance initially given within our Interim Report, this is a reduction from our medium-term target of 40% 12 months ago.

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 us, 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.

Looking forward
The Group's financing activities during 2017 give it the resources and flexibility to continue its selective acquisition programme and further diversification in its portfolio. We have a solid capital structure from which to grow the business and our inaugural issuance in the public debt market should mean that we have a deeper pool of liquidity available to us in the future. We have added further longevity and diversity to our borrowings, which align it further to the length of our income stream, allowing for a consistent level of recurring earnings into the future.

The assets acquired towards the end of 2017 and in the early part of 2018 will contribute to our earnings and earnings growth, supporting the progressive dividend target for 2018 of 6.70 pence per share. We will continue to rigorously manage the Group's cost base where possible, which is now largely fixed following the refinancing. The Group will also benefit from further economies of scale as it grows and we will continue to grow our income stream through the organic combination of fixed, indexed and open market rent reviews occurring in 2018.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for our risk management and internal controls, with the Audit Committee reviewing the effectiveness of our 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 key 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 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 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
Our risk appetite is low, including the fact that we do not undertake speculative development. We have high-quality tenants, with a portfolio of modern buildings and one of the longest unexpired lease terms in the sector coupled with an average term to maturity on our debt of 8.9 years, most of which is fixed rate.

We have a specific Investment Policy, which we adhere to and for which the Board has overall responsibility.

Principal risks and uncertainties
Principal risks and uncertainties have the potential to materially affect our business, either favourably or unfavourably. 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. All principal risks are the same as detailed in the 2016 Annual Report.

Property Risks		
1. Default of one or more tenants		
PROBABILITY: LOW TO MODERATE	**IMPACT: MODERATE**	**MITIGATION**
Change in year: See Asset Management	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.	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 Customer. 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, while continuing to monitor the covenant strength once forming part of the portfolio. 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. In addition, we focus on assets let to tenants with strong financial covenant strength that are strategically important to the tenant's business. Our maximum exposure to any one tenant (calculated by contracted rental income) is less than 9% as at 31 December 2017.
2. The performance and valuation of the property portfolio		
PROBABILITY: LOW	**IMPACT: MODERATE TO HIGH**	**MITIGATION**
Change in year: See Asset Management	An adverse change in our property valuations may lead to a breach of our banking covenants. Market conditions may also reduce 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 us selling assets to repay our loan commitments, resulting in a fall in our NAV.	Our 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 maintain our asset values. We have agreed banking covenants with appropriate headroom and manage our activities to operate well within these covenants. We constantly monitor our covenant headroom on LTV, gearing and interest cover. The level of headroom is currently significant. The EMTN has limited covenants.
3. Our ability to grow the portfolio may be affected by competition for investment properties in the Big Box sector		
PROBABILITY: MODERATE	**IMPACT: LOW**	**MITIGATION**
Change in year: See Our Strategy and Objectives	Competitors in the sector may be better placed to secure property acquisitions, as they may have greater financial resources, thereby restricting our ability to grow our NAV.	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 number of current asset management initiatives within the portfolio, which means we can generate additional income and value from the existing portfolio. We are, however, disciplined in our investment of capital and will not pay a price which we believe is above market value, just to secure a purchase.
4. Our property performance will depend on the performance of the UK retail sector, specifically the continued growth of online retail		
PROBABILITY: LOW	**IMPACT: LOW**	**MITIGATION**
Change in year: See Our Market	Our focus on the Big Box sector means we directly rely on the distribution requirements of UK retailers. Insolvencies among the larger retailers and online retailers could affect our revenues and property valuations.	The diversity of our institutional-grade tenant base means the impact of default of any one of our tenants is low. In addition to our due diligence on tenants before an acquisition or, in the case of forward funded developments, before agreeing the lease terms, 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. E-commerce is expected to grow to 23% of UK retail sales by 2020.
5. Development activities are likely to involve a higher degree of risk than investment in standing investments		
PROBABILITY: LOW	**IMPACT: LOW**	**MITIGATION**
Change in year: See Our Market See Our Strategy and Objectives	Our forward funded developments are likely to involve a higher degree of risk than is associated with standing investments. 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 forward funded developments materialised, this could reduce the value of these assets and our portfolio.	The Company had no forward funded development assets under construction as at 31 December 2017. However, it has completed on a further two and conditionally exchanged on one forward funded development post the period end. All of these assets are pre-let to institutional-grade tenants. Any risk of investment into forward funded projects is minimal, as the developer takes on a significant amount of construction risk and the risk of cost over-runs. Funds for these developments remain with us and are only released to the developer on a controlled basis subject to milestones as assessed by our independent project monitoring surveyors (see also risk below on land and development activities).
6. The purchase of land may involve a higher degree of risk than that associated with existing and built investments or		

development activities		
PROBABILITY: LOW	**IMPACT: MODERATE**	**MITIGATION**
Change in year: See Our Market See Our Strategy and Objectives	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. If the Company fails to attract a suitable pre-let it cannot proceed with the development of a Big Box. This would impact on the future revenues the Company could make from the land and failure to secure a pre-let may have a negative effect on the valuation. 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.	The Company cannot undertake any speculative development of buildings although it can undertake land preparation works and therefore a pre-let is a pre-requisite to commencing the construction of building. Prior to acquisition of land the Company will carry out an extensive due diligence exercise to limit exposure to environmental risk and other hazards. Once a pre-let is agreed with a suitable tenant, the Company will structure the development of the asset as it does its forward funded development projects, therefore minimising risk (see risk above on development activities). The purchase of land is also subject to a maximum level of 10% of NAV, at the time of purchase. The Company also undertakes a significant level of due diligence on the land, the surrounding power and highways infrastructure, the surrounding environment and the state of the market prior to embarking on a land purchase to mitigate any risk around the viability of the site for development as much as possible. The Company will usually also work in tandem with an experienced and respected development partner to manage any preparatory works and/or development.
Financial Risks		
7. Our use of floating rate debt will expose the business to underlying interest rate movements		
PROBABILITY: MODERATE	**IMPACT: LOW**	**MITIGATION**
Change in year: Robust financing and hedging with strong liquidity	Interest on our variable rate debt facilities is payable based on a margin over Libor. Any adverse movements in Libor could significantly impair our profitability and ability to pay dividends to Shareholders.	The Company has entered into interest rate derivatives to hedge our direct exposure to movements in Libor. These derivatives cap our exposure to the level to which Libor can rise 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. During 2017, we refinanced a significant amount of floating rate debt in the year with fixed rate debt. Our exposure to Libor currently represents only 8.5% of our drawn debt.
8. A lack of debt funding at appropriate rates may restrict our ability to grow		
PROBABILITY: LOW	**IMPACT: MODERATE**	**MITIGATION**
Change in year: Robust financing and hedging with strong liquidity	Without sufficient debt funding, we may be unable to pursue suitable investment opportunities in line with our investment objectives. If we cannot source debt funding at appropriate rates, either to increase the level of debt or refinance existing debt, this will impair our ability to maintain our targeted level of dividend or impair our ability to grow.	During the year the Company refinanced a significant portion of its secured borrowings, by issuing long-term unsecured borrowings. This should enable the Company to raise future debt in a more efficient and effective manner on an unsecured basis. Before we contractually commit to buying an asset, we enter into discussions with our lenders to get an outline heads of terms on debt financing. This allows us to ensure that we can borrow against the asset and maintain our borrowing policy. The Board keeps our liquidity and gearing levels under review. We only enter into forward funding commitments if they are supported by available committed funds. In December 2017, we issued a £500 million dual tranche bond with an average term of 11.5 years along with a £350 million unsecured revolving credit facility. We had headroom of £340 million within the credit facility at the year end. This has created new banking relationships for us, which helps keep lending terms competitive.
9. We must be able to operate within our debt covenants		
PROBABILITY: LOW	**IMPACT: LOW**	**MITIGATION**
Change in year: See Depositary Statement	If we were unable to operate within our debt covenants, this could lead to default and our debt funding being recalled. This may result in us selling assets to repay loan commitments, resulting in a fall in NAV.	We continually monitor our debt covenant compliance, to ensure we have sufficient headroom and to give us early warning of any issues that may arise. Our LTV is low and we enter into interest rate caps to mitigate the risk of interest rate rises. During 2017, we refinanced a significant part of our floating rate debt and moved predominantly to a fixed rate debt platform. This will mitigate the effect on the Company 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 property values.
Corporate Risk		
10. We rely on the continuance of the Manager		
PROBABILITY: LOW	**IMPACT: MODERATE TO HIGH**	**MITIGATION**

Change in year: See Our Strategy and Objectives See Management Engagement Committee Report	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, depend on the Manager's abilities in the property market. Termination of the Investment Management Agreement would severely affect our ability to manage our operations and may have a negative impact on the share price of the Company.	Unless there is a default, either party may terminate the Investment Management Agreement by giving not less than 24 months' written notice, which may not be served before 31 December 2019. The Management Engagement Committee regularly reviews and monitors the Manager's performance. In addition, the Board meets regularly with the Manager, to ensure it maintains a positive working relationship. The Investment Management Agreement was amended during 2016; see the Management Engagement Committee Report.
Taxation Risk		
11. We are a UK REIT and have a tax-efficient corporate structure, with advantageous consequences for UK Shareholders. Any change to our tax status or in UK tax legislation could affect our ability to achieve our investment objectives and provide favourable returns to Shareholders		
PROBABILITY: LOW	**IMPACT: LOW TO MODERATE**	**MITIGATION**
Change in year: See Our Market See Our Strategy and Objectives	If the Company fails to remain a REIT for UK tax purposes, our profits and gains will be subject to UK corporation tax.	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 to help monitor REIT compliance requirements.
Political Risk		
12. The vote to leave the EU could result in political and/or economic uncertainty that could have a negative effect on the performance of the Company		
PROBABILITY: LOW	**IMPACT: LOW TO MODERATE**	**MITIGATION**
Change in year: Robust financing and hedging with strong liquidity	The UK has now triggered Article 50, which sets the expected date of the UK's departure from the EU in March 2019. Economic volatility is not a new risk for the Group; however, until the terms of Brexit become clearer the exact outcome on the business is difficult to predict at this stage.	The Group operates with a sole focus on the UK Big Box market which has a significant supply shortage against current levels of demand; this will assist in supporting property capital values. It 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 downturn in the UK economy.

GOING CONCERN AND VIABILITY

The Strategic Report describes the Company financial position, cash flows, liquidity position and borrowing facilities. The Group currently has substantial headroom against its borrowing covenants, with a Group LTV of 26.8% as at 31 December 2017.

The Company also benefits from a secure income stream from leases with long average unexpired terms, which are not overly reliant on any one tenant and present a well-diversified risk. The Company's cash balance as at 31 December 2017 was £78.0 million, of which £71.9 million was readily available. It also had undrawn amounts under its debt facilities of a further £340.0 million. The Company had capital commitments totalling £28.6 million, plus a contingent liability reflecting the conditional exchange of contracts on two pre-let forward funded asset purchases, subject to satisfactory planning permission with an investment price of £103.7 million plus a standing asset with an investment price of £36.1 million. These assets completed on 12 January 2018 and 18 January 2018 respectively.

In December 2017 the Company refinanced a large part of its secured borrowings with unsecured borrowings. The unsecured borrowings were raised via the issue of a nine and 14 year loan notes totalling £500 million plus a £350 million revolving credit facility. Following the refinancing the Company now has a much deeper pool of liquidity available to it in the sterling bond market, but also greater certainty over its debt platform with a weighted average unexpired term of 8.9 years as at 31 December 2017. As a result, the Directors believe that the Company is well placed to manage its current and future financial commitments and other business risks.

The Directors believe that there are currently no material uncertainties in relation to the Company's ability to continue for a period of at least 12 months from the date of approval of the Company's financial statements. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.

Anti-bribery and corruption
The Board has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. In considering The Bribery Act 2010, at the date of this report, the Board had assessed the perceived risks to the Company arising from bribery and corruption and to identify aspects of the business, which may be improved to mitigate such risks. The Manager actively reviews and monitors perceived risks in order to mitigate them. Responsibility for anti-bribery and corruption has been assigned to the compliance officer within the Manager who has sufficient time and seniority to manage it effectively. The Manager maintains a risk register, where perceived risks and associated actions are recorded and this is regularly shared with the Board for approval.

Assessment of viability
The period over which the Directors consider it feasible and appropriate to report on the Group's viability is the five year period to 7 March 2023. This period has been selected because it is the period that is used for the Group's medium-term business plans and

individual asset performance forecasts.

The assumptions underpinning these forecast cash flows and covenant compliance forecasts were sensitised to explore the resilience of the Group to the potential impact of the Group's significant risks, or a combination of those risks.

The principal risks summarises those matters that could prevent the Group from delivering on its strategy. A number of these principal risks, because of their nature or potential impact, could also threaten in the Group's ability to continue in business in its current form if they were to occur.

The Directors paid particular attention to the risk of a deterioration in economic outlook which would impact property fundamentals, including investor and occupier demand which would have a negative impact on valuations, and give rise to a reduction in the availability of finance. The remaining principal risks, whilst having an impact on the Group's business model, are not considered by the Directors to have a reasonable likelihood of impacting the Group's viability over the five year period to 7 March 2023.

The sensitivities performed were designed to be severe but plausible; and to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks:

- **Downturn in economic outlook:** key assumptions including occupancy, void periods, rental growth and yields were sensitised to reflect reasonably likely levels associated with an economic downturn.

- **Restricted availability of finance:** Following the December 2017 refinancing, the Group does not have a refinancing event occurring until December 2022, at which point the £350 million revolving credit facility is due to be refinanced. This facility does, however, have two one year extension options, which if exercised and approved by the lenders would extend the maturity of the facility until December 2024. Regardless of the extension of the facility, financing is arranged in advance of expected requirements and the Directors have reasonable confidence that additional or replacement debt facilities will be put in place.

Viability Statement
Having considered the forecast cash flows and covenant compliance and the impact of the sensitivities in combination, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period ending 7 March 2023.

Board approval of the Strategic Report
The Strategic Report was approved on behalf of the Board by:

Richard Jewson Chairman
7 March 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Company financial statements for each financial year. The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that year.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- for the Group financial statements, state whether they have been prepared in accordance with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the Group financial statements;

- for the Company financial statements, state whether they have been prepared in accordance with Financial Reporting Standard 100 Applications of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), subject to any material departures disclosed and explained in the Company financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that its financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, a Strategic Report, a Directors' Remuneration Report and a Corporate Governance Statement that comply with that law and those regulations.

Website publication
The Directors are responsible for ensuring the Annual Report, including the financial statements, is made available on a website.

Financial statements are published on the Company's Website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's Website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibility statement
We confirm that to the best of our knowledge:

- the financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Article 4 of the IAS Regulation, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole;

- the Strategic Report includes a fair review of the development and performance of the business and the financial position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- the Annual Report and Accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Disclosure of information to the Auditor
The Directors who were members of the Board at the time of approving the Directors' Report have confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is not aware; and

- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Signed on behalf of the Board by:

Richard Jewson Chairman
7 March 2018

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £m**	Year ended 31 December 2016 £m
Gross rental income	6	**107.96**	**74.66**
Service charge income	6	**2.94**	**2.25**
Service charge expense	7	**(2.96)**	(2.32)
Net rental income		**107.94**	**74.59**
Administrative and other expenses	8	**(14.16)**	(11.71)
Operating profit before changes in fair value of investment properties		**93.78**	62.88
Changes in fair value of investment properties	15	**175.98**	**47**.51
Operating profit		**269.76**	**1**10.39
Finance income	10	**0.40**	**0.22**
Finance expense	11	**(20.32)**	(11.56)
Changes in fair value of interest rate derivatives	21	**(2.04)**	(7.15)
Profit before taxation		**247.80**	**91**.90
Tax charge on profit for the year	12	**-**	-
Total comprehensive income (attributable to the Shareholders)		**247.80**	**91**.90
Earnings per share - basic	13	**19.54p**	**10**.52p
Earnings per share - diluted	13	**19.53p**	**10**.51p

GROUP STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	**At 31 December 2017 £m**	At 31 December 2016 £m
Non-current assets			
Investment property	15	**2,599.21**	**1,803.11**
Interest rate derivatives	21	**1.97**	**3.17**
Total non-current assets		**2,601.18**	**1**,806.28
Current assets			
Trade and other receivables	17	**10.23**	**9**.16
Cash held at bank	18	**78.04**	170.69
Total current assets		**88.27**	**179.85**
Total assets		**2,689.45**	**1**,986.13

Current liabilities

Deferred rental income		**(27.62)**	(19.45)
Trade and other payables	19	**(23.44)**	(18.64)
Total current liabilities		**(51.06)**	(38.09)
Non-current liabilities			
Bank borrowings	20	**(216.76)**	**(533.50)**
Loan notes	20	**(492.17)**	**-**
Total non-current liabilities		**(708.93)**	**(533.50)**
Total liabilities		**(759.99)**	**(571.59)**
Total net assets		**1,929.46**	**1,414.54**
Equity			
Share capital	24	**13.64**	**11.05**
Share premium reserve	25	**932.37**	**589.39**
Capital reduction reserve	26	**467.93**	**546.38**
Retained earnings	27	**515.52**	**267.72**
Total equity		**1,929.46**	**1,414.54**
Net asset value per share - basic	28	**141.50p**	**128.00p**
Net asset value per share - diluted	28	**141.44p**	**127.93p**
EPRA net asset value per share	28	**142.24p**	**129.00p**

These financial statements were approved by the Board of Directors on 07 March 2018 and signed on its behalf by:

Richard Jewson
Chairman

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £m**	Year ended 31 December 2016 £m
Cash flows from operating activities			
Profit for the year (attributable to equity Shareholders)		**247.80**	91.90
Less: changes in fair value of investment properties	15	**(175.98)**	(47.51)
Add: changes in fair value of interest rate derivatives	21	**2.04**	**7.15**
Less: finance income	10	**(0.40)**	(0.22)
Add: finance expense	11	**20.32**	**11.56**
Accretion of tenant lease incentive	6	**(12.52)**	(10.23)
(Increase)/decrease in trade and other receivables		**(3.00)**	**9.74**
Increase in deferred income		**7.16**	**5.47**
Increase in trade and other payables		**0.02**	**0.39**
Cash received as part of corporate acquisitions		**1.62**	**2.04**
Cash generated from operations		**87.06**	**70.29**
Tax paid		**(0.28)**	**(0.02)**
Net cash flow generated from operating activities		**86.78**	**70.27**
Investing activities			
Purchase of investment properties		**(607.92)**	**(600.76)**
Licence fees received		**5.84**	**6.69**
Interest received		**0.39**	**0.26**
Amounts transferred into restricted cash deposits	18	**(5.26)**	**(0.54)**
Amounts transferred out of restricted cash deposits	18	**4.78**	**4.27**
Net cash flow used in investing activities		**(602.17)**	**(590.08)**
Financing activities			
Proceeds from issue of Ordinary Share capital	24	**351.40**	**551.08**
Cost of share issues	25	**(5.83)**	**(10.16)**
Bank borrowings drawn	20	**164.00**	**311.49**
Bank borrowings repaid	20	**(482.66)**	**(155.00)**
Amounts received on issue of loan notes		**495.54**	**-**
Loan arrangement fees paid		**(7.85)**	**(2.28)**
Bank interest paid		**(14.21)**	(9.99)
Interest rate cap premium paid		**(1.07)**	(1.69)
Proceeds from disposal of interest rate cap		**0.24**	**-**
Dividends paid to equity holders		**(77.31)**	**(57.80)**
Net cash flow generated from financing activities		**422.25**	**625.65**
Net increase/(decrease) in cash and cash equivalents for the year		**(93.14)**	**105.**84
Cash and cash equivalents at start of the year	18	**165.05**	59.21
Cash and cash equivalents at end of the year	18	**71.91**	165.05

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2017	**11.05**	**589.39**	**546.38**	**267.72**	**1,414.54**

Total comprehensive income	**-**	**-**	**-**	**247.80**	**247.80**
Issue of Ordinary Shares					
Shares issued in relation to further equity issue (May 2017)	2.58	347.42	-	-	350.00
Associated share issue costs	-	(5.83)	-	-	(5.83)
Shares issued in relation to management contract	0.01	1.39	-	-	1.40
Share based payments	-	-	-	1.56	1.56
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(1.56)	(1.56)
Dividends paid:					
Third interim dividend for the period ended 31 December 2016 at 1.55 pence per Ordinary Share	-	-	(17.13)	-	(17.13)
First interim dividend for the year ended 31 December 2017 at 1.60 pence per Ordinary Share	-	-	(17.69)	-	(17.69)
Second interim dividend for the year ended 31 December 2017 at 1.60 pence per Ordinary Share	-	-	(21.81)	-	(21.81)
Third interim dividend for the year ended 31 December 2017 at 1.60 pence per Ordinary Share	-	-	(21.82)	-	(21.82)
31 December 2017	**13.64**	**932.37**	**467.93**	**515.52**	**1,929.46**
1 January 2016	**6.78**	**52.74**	**605.76**	**175.82**	**841.10**
Total comprehensive income	**-**	**-**	**-**	**91.90**	**91.90**
Issue of Ordinary Shares					
Shares issued in relation to further Equity issue (February 2016)	1.61	198.39	-	-	200.00
Share issue expenses in relation to Equity issue (February 2016)	-	(3.90)	-	-	(3.90)
Shares issued in relation to further Equity issue (October 2016)	2.65	347.35	-	-	350.00
Share issue expenses in relation to Equity issue (October 2016)	-	(6.26)	-	-	(6.26)
Shares issued in relation to management contract	0.01	1.07	-	-	1.08
Share based payments	-	-	-	1.25	1.25
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(1.25)	(1.25)
Dividends paid:					
Fourth interim dividend for the period ended 31 December 2015 at 3.00 pence per Ordinary Share	-	-	(20.34)	-	(20.34)
First interim dividend for the year ended 31 December 2016 at 3.10 pence per Ordinary Share	-	-	(26.02)	-	(26.02)
Second interim dividend for the year ended 31 December 2016 at 1.50 pence per Ordinary Share	-	-	(13.02)	-	(13.02)
31 December 2016	**11.05**	**589.39**	**546.38**	**267.72**	**1,414.54**

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 December 2017 comprise the results of Tritax Big Box REIT plc ("the Company") and its subsidiaries and were approved by the Board for issue on 7 March 2018. The Company is a public listed 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 financial information contained in this announcement has been prepared on the basis of the accounting policies set out in the financial statements for the year ended 31 December 2017. Whilst the financial information included in this announcement has been computed in accordance with IFRS, as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The financial information does not constitute the Group's financial statements for the years ended 31 December 2017 or 31 December 2016, but is derived from those financial statements. Those accounts give a true and fair view of the assets, liabilities, financial position and results of the Group. Financial statements for the year ended 31 December 2016 have been delivered to the Registrar of Companies and those for the year ended 31 December 2017 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2017 and 31 December 2016 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.

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union and in accordance with the Companies Act 2006 and Article 4 of the IAS Regulations.

The comparative information disclosed relates to the year ending 31 December 2016.

The Group's financial information has been prepared on a historical cost basis, as modified for the Group's investment properties and interest rate derivatives, which have been measured at fair value through the Group Statement of Comprehensive Income.

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

The Group has chosen to adopt EPRA best practice guidelines for calculating key metrics such as net asset value and earnings per share.

2.1. Going concern
The consolidated financial statements are prepared on a going concern basis as explained within Accountability.

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

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 information:

Business combinations
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. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property.

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

Operating lease contracts - the Group as lessor

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

3.2. Estimates

Fair valuation of investment property

The fair value of investment property is determined, by independent property valuation experts, 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 experts use recognised valuation techniques, applying the principles of both IAS 40 and IFRS 13.

The valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation - Global Standards January 2017 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in note 15.

Fair valuation of interest rate derivatives
In accordance with IAS 39, the Group values its interest rate derivatives at fair value. The fair values are estimated by the loan counterparty with revaluation occurring on a quarterly basis. The counterparties will use a number of assumptions in determining the fair values including estimations over future interest rates and therefore future cash flows. The fair value represents the net present value of the difference between the cash flows produced by the contracted rate and the valuation rate.

4. Summary of significant accounting policies

4.1. Basis of consolidation
The consolidated financial statements incorporate the audited 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 the United Kingdom in Big Box assets. The Directors consider that these properties have similar characteristics and as a result these individual properties have been aggregated into a single reportable operating element.

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 please see Accounting Policy note 4.14.1.

Investment property is recognised when the risks and rewards of ownership have been transferred 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 Statement of Comprehensive Income in the year in which they arise under IAS 40 Investment Property.

Investment properties under construction are financed by the Group where the Group enters into contracts for the development of a pre-let property under a funding agreement. All such contracts specify a fixed amount of consideration. The Group does not expose itself to any speculative development risk as the proposed building is pre-let to a tenant under an agreement for lease and the Group enters into a fixed price development agreement with the developer. It does, however, undertake certain works including demolition, remediation and other site preparatory works to bring a site to the condition ready for construction of an asset. Investment properties under construction are initially recognised at cost (including any associated 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income in the year of retirement or disposal.

4.5. Derivative financial instruments

Derivative financial instruments, comprising interest rate caps and swaps for hedging purposes, are initially recognised at cost and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Company and its counterparties. The gain or loss at each fair value remeasurement date is recognised in the Group Statement of Comprehensive Income.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole.

4.6. 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.

4.7. Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount.

Where the time value of money is material, receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off to the Group Statement of Comprehensive Income when the probability of recovery is assessed as being remote.

4.8. 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.

4.8.1. 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 Statement of Comprehensive Income as a movement in the fair value of investment property and not within gross rental income. 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.

4.9. Cash held at bank

Cash and cash equivalents comprises cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash held at bank also includes amounts held in restricted or ring fenced accounts to cover future rent-free periods and certain other capital commitments.

4.10. Trade payables

Trade payables are initially recognised at their fair value, being at their invoiced value inclusive of any VAT that may be applicable. Payables are subsequently measured at cost.

4.11 Bank borrowings

All borrowings are initially recognised at fair value net of attributable transaction costs. After initial recognition, all borrowings are measured at amortised cost, using the effective interest method. The effective interest rate is calculated to include all associated transaction costs. Any difference between the amount initially recognised and the redemption value will be recognised in the Statement of Comprehensive Income over the period of the borrowings.

4.12. 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 transferred to a liability with a view that there is an expectation that the payment will be settled in cash. Contingently issuable shares are treated as dilutive to the extent that based on market factors prevalent at the reporting period date, the shares would be issuable.

4.13. 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.

4.14. Property income

4.14.1. 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 Statement of Comprehensive Income. 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.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Group Statement of Comprehensive Income when the right to receive them arises.

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 Statement of Comprehensive Income.

4.14.2. Service charges, insurances and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the year in which the compensation becomes receivable. Service and insurance charges and other such receipts are included in net rental income gross of the related costs, as the Directors consider that the Group acts as principal in this respect.

4.15. 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.

4.16. 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. Finance costs also consist of the amortisation charge of arrangement or other costs associated with the set-up of borrowings, these are amortised over the period of the loan. All other finance costs are expensed to the Group Statement of Comprehensive Income in the period in which they occur.

4.17. 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 non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date, and any adjustment to tax payable in respect of previous years.

5. Standards issued and effective from 1 January 2017

There were no new standards for the first time beginning on or after 1 January 2017 that had a significant effect on the Group's financial statements, other than 'Disclosure initiatives (amendment IAS 7),' which has resulted in a reconciliation of liabilities disclosed for the first time in note 31.

5.1 Standards issued but not yet effective

The following are new standards, interpretations and amendments, which are not yet effective and have not been early adopted in this financial information, that will or may have an effect on the Group's future financial statements:

IFRS 9: Financial Instruments (effective 1 January 2018); The Group will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables. This may result in increased impairment provisions and greater judgement due to the need to factor in forward looking information. It will need to consider the probability of default occurring over the contractual life of its trade receivables and contracts. As the Company has tenants with strong covenants and generally tenant receipts are received in advance or on the due date, the Directors do not consider there to be a material impact on the Group financial statements.

IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018); The standard is applicable to service charge income but excludes rent receivable, which is within the scope of IFRS 16. The Group does not believe that the standard will have a material impact on the financial statements as service change income is not material. The adoption of the standard may result in changes to presentation and disclosure.

IFRS 16: Leases (effective 1 January 2019). The Directors are currently assessing the impact on the financial statements of this standard; however, at present they do not anticipate that the adoption of this will have a material impact on the Group's financial statements as the Group does not hold any material operating leases as lessee.

6. Total property income

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Rental income - freehold property	**73.02**	**49.56**
Rental income - long leasehold property	**22.40**	**14.85**
Spreading of tenant incentives and guaranteed rental uplifts	**12.52**	10.23
Lease premiums	**0.02**	0.02
Gross rental income	**107.96**	**74.66**
Property insurance recoverable	**2.43**	**1.83**
Service charges recoverable	**0.51**	**0.42**
Total insurance/service charge income	**2.94**	**2.25**
Total property income	**110.90**	**76.91**

There were no individual tenants representing more than 10% of gross rental income present during either years.

7. Service charge expenses

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Property insurance expense	**2.94**	**2.26**
Service charge expense	**0.02**	**0.06**
Total property expenses	**2.96**	**2.32**

8. Administrative and other expenses

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Investment management fees	**11.84**	**9.50**
Directors' remuneration (note 9)	**0.27**	**0.21**
Auditor's fees		
- Fees payable for the audit of the Company's annual accounts	**0.14**	**0.17**
- Fees payable for the review of the Company's interim accounts	**0.03**	**0.03**
- Fees payable for the audit of the Company's subsidiaries	**0.05**	**0.04**
- Fees payable for taxation compliance services	**-**	**0.20**
Total Auditor's fee	**0.22**	**0.44**
Corporate administration fees	**0.38**	**0.37**
Regulatory fees	**0.04**	**0.04**
Legal and professional fees	**0.91**	**0.70**
Marketing and promotional fees	**0.14**	**0.12**
Other administrative costs	**0.36**	**0.33**
	14.16	**11.71**

The Auditor has also received £0.08 million (2016: £0.14 million) in respect of providing reporting accountant services in connection with the equity issuance and bond issuance occurring during the year. A total of £nil (2016: £0.09 million) has been incurred in respect of due diligence services provided in connection with the acquisition of Group assets. The fees relating to the share issuances have been treated as share issue expenses and offset against share premium. The fees related to the bond issuance have been treated as part of the arrangement fees for issuing the bond. The fees in relation to the acquisition of assets have been capitalised in to the cost of the respective assets.

9. Directors' remuneration

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Directors' fees	**0.24**	**0.18**
Employer's National Insurance	**0.03**	**0.02**
	0.27	**0.20**

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report. As Chairman of the Company's Manager, Mark Shaw is not entitled to receive a fee.

10. Finance income

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Interest received on bank deposits	**0.40**	**0.22**
	0.40	**0.22**

11. Finance expense

	Year ended 31 December 2017 £m	Year ended to 31 December 2016 £m
Interest payable on bank borrowings	**12.29**	**9.37**
Interest payable on loan notes	**0.67**	-
Commitment fees payable on bank borrowings	**0.63**	**0.54**
Swap interest payable	**0.11**	**0.09**
One-off cost of extinguishment of bank loans	**4.75**	-
Amortisation of loan arrangement fees	**1.87**	**1.56**
	20.32	**11.56**

The total interest payable on financial liabilities carried at amortised cost comprises interest and commitment fees payable on bank borrowings and loan notes of £13.91 million (2016: £10.49 million) of which £0.32 million was capitalised in the year (2016: £0.58 million) and amortisation of loan arrangement fees of £6.69 million (2016: £1.68 million) of which £0.08 million (2016: £0.11 million) was capitalised in the year. The total interest payable on bank borrowings specifically drawn to finance the construction of investment properties was capitalised in the current and preceding year.

The one-off cost of extinguishment of bank loans represents the accelerated amortisation charge in relation to the unamortised borrowing costs following early repayment of £550 million syndicated facility and Helaba bilateral loans totalling £18.66 million. This was a one-off non cash cost expensed in the Group Statement of Comprehensive Income in the year. There were no other early repayment charges due or payable.

12. Taxation

a) Tax charge in the Group Statement of Comprehensive Income

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
UK corporation tax	**-**	-

The Government announced its intention to further reduce the UK corporation tax rates from 20% to 19% from 1 April 2017 and 17% from 1 April 2020. Accordingly, these rates have been applied in the measurement of the Group's tax liability at 31 December 2017.

b) Factors affecting the tax credit 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 2017 £m	Year ended 31 December 2016 £m
Profit on ordinary activities before taxation	**247.80**	**91.90**
Theoretical tax at UK corporation tax rate of 19.25% (31 December 2016: 20.00%)	**47.70**	18.38
REIT exempt income	**(14.48)**	(10.49)
Non-taxable items	**(33.49)**	(8.07)
Transfer pricing adjustment	**0.65**	**0.53**
Residual losses	**(0.38)**	(0.35)
Total tax credit	**-**	**-**

Non-taxable items include income and gains that are not taxable for corporation tax purposes other than property rental income 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.

13. Earnings per share

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

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

For the year ended 31 December 2017	Net profit attributable to Ordinary Shareholders £m	Weighted average number of Ordinary Shares[1] Number	Earnings per share Pence
Basic earnings per share	**247.80**	**1,268,540,113**	**19.54p**
Adjustment for dilutive shares to be issued		**590,881**	
Diluted earnings per share	**247.80**	**1,269,130,994**	**19.53p**

Adjustments to remove:

Changes in fair value of investment properties (note 15)	**(175.98)**		
Changes in fair value of interest rate derivatives (note 21)	2.04		
One-off cost of extinguishment of bank loans (note 11)	4.75		
EPRA[2] basic earnings per share	**78.61**	**1,268,540,113**	**6.20p**
EPRA[2] diluted earnings per share	**78.61**	**1,269,130,994**	**6.20p**
Adjustments to include:			
Licence fee receivable on forward funded developments	**5.31**		
Rental income recognised in respect of fixed uplifts	**(4.65)**		
Loan amortisation	**1.87**		
Interest capitalised on forward funded developments	**(0.32)**		
Adjusted basic earnings per share	**80.82**	**1,268,540,113**	**6.37p**
Adjusted diluted earnings per share	**80.82**	**1,269,130,994**	**6.37p**

For the year ended 31 December 2016			
Basic earnings per share	**91.90**	**873,562,775**	**10.52p**
Adjustment for dilutive shares to be issued		**533,**132	
Diluted earnings per share	**91.90**	**874,095,907**	**10.51p**
Adjustments to remove:			
Changes in fair value of investment properties (note 15)	(47.51)		
Changes in fair value of interest rate derivatives (note 21)	7.15		
EPRA[2] basic earnings per share	**51.54**	**873,562,775**	**5.90p**
EPRA[2] diluted earnings per share	**51.54**	**874,095,097**	**5.90p**
Adjustments to include:			
Licence fee receivable on forward funded developments	**7.96**		
Rental income recognised in respect of fixed uplifts	(3.57)		
Loan amortisation	**1.56**		
Interest capitalised on forward funded developments	(0.59)		
Adjusted basic earnings per share	**56.90**	**873,562,775**	**6.51p**
Adjusted diluted earnings per share	**56.90**	**874,095,907**	**6.51p**

1 Based on the weighted average number of Ordinary Shares in issue throughout the year.
2 European Public Real Estate Association.

Adjusted earnings is a performance measure used by the Board to assess the level of the Group's dividend payments. The metric reduces EPRA earnings by interest paid to service debt that was capitalised and removes other non-cash items credited or charged to the Statement of Comprehensive Income. Licence fees receivable during the year 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 fee receivable is calculated by reference to the fraction 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 the rental income will flow into 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.

14. Dividends paid

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Third interim dividend in respect of period ended 31 December 2016 at 1.55 pence per Ordinary Share (Fourth interim for 31 December 2015 at 3.00 pence per Ordinary Share)	**17.13**	**20.34**
First interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share (31 December 2016: 3.10 pence)	**17.69**	**26.02**
Second interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share (31 December 2016: 1.55 pence)	**21.81**	**13.02**
Third interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	**21.82**	**-**
Total dividends paid	**78.45**	**59.38**
Total dividends paid for the year	**4.80p**	4.65p
Total dividends unpaid but declared for the year	**1.60p**	1.55p
Total dividends declared for the year	**6.40p**	6.20p

On 24 April 2017, the Company announced the declaration of a first interim dividend in respect of the period from 1 January 2017 to 31 March 2017 of 1.60 pence per Ordinary Share, which was payable on 22 May 2017 to Ordinary Shareholders on the register on 5 May 2017.

On 13 July 2017, the Company announced the declaration of a second interim dividend in respect of the period 1 April 2017 to 30 June 2017 of 1.60 pence per Ordinary Share, which was payable on 10 August 2017 to Shareholders on the register on 21 July 2017.

On 12 October 2017, the Company announced the declaration of a third interim dividend in respect of the period 1 July 2017 to 30 September 2017 of 1.60 pence per Ordinary Share, which was payable on 20 October 2017 to Shareholders on the register on 19 October 2017.

On 7 March 2018, the Company announced the declaration of a fourth interim dividend in respect of the period 1 October 2017 to 31 December 2017 of 1.60 pence per Ordinary Share, which will be payable on or around 29 March 2018 to Shareholders on the register on 15 March 2018.

15. Investment property

In accordance with IAS 40: Investment Property, the investment property has been independently valued at fair value by CBRE Limited ("CBRE"), an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuations have been prepared in accordance with the RICS Valuation - Global Standards January 2017 ("the Red Book") and incorporate the recommendations of the International Valuation Standards Committee 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.

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

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

	Investment property freehold £m	Investment property long leasehold £m	Investment property under construction £m	Total £m
As at 1 January 2017	**1,278.13**	**436.84**	**88.14**	**1,803.11**
Property additions[2]	**307.45**	**121.83**	**178.32**	**607.60**
Fixed rental uplift and tenant lease incentives[1]	**7.70**	**4.82**	**-**	**12.52**
Transfer of completed property to investment property	**209.75**	**-**	**(209.75)**	**-**
Change in fair value during the year	**121.30**	**48.89**	**5.79**	**175.98**
As at 31 December 2017	**1,924.33**	**612.38**	**62.50**	**2,599.21**
As at 1 January 2016	720.89	260.70	176.27	1,157.85
Property additions[2]	268.27	158.87	160.37	587.51
Fixed rental uplift and tenant lease incentives[1]	7.75	2.48	-	10.23
Transfer of completed property to investment property	259.28	-	(259.28)	-
Change in fair value during the period	21.94	14.79	10.78	47.51
As at 31 December 2016	**1,278.13**	**436.84**	**88.14**	**1,803.11**

1 Included within the carrying value of investment property is £25.89 million (2016: £13.37 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.

2 Licence fees deducted from the cost of investment property under construction totalled £0.70 million in the year (2016: £4.83 million).

	31 December 2017 £m	31 December 2016 £m
Investment property at fair value per Group Statement of Financial Position	**2,599.21**	1,803.11
Licence fee receivable	**-**	2.52
Capital commitments	**5.12**	82.40
Ring fenced cash (note 18)	**2.95**	-
Restricted cash (note 18)	**-**	5.65
Total portfolio valuation*	**2,607.28**	1,893.68

* 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 Statement of Financial Position; refer to note 32.

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.

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

The valuation summary is set out in the Strategic Report.

Fair value hierarchy
The following table provides the fair value measurement hierarchy for investment property:

	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
Assets measured at fair value:					
Investment properties	31 December 2017	**2,599.21**	**-**	**-**	**2,599.21**
Investment properties	31 December 2016	1,803.11	-	-	1,803.11

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: market comparable method
Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions in the market.

Unobservable input: passing rent
The rent at which space could be let in the market conditions prevailing at the date of valuation (range: £893,500 - £5,675,049 per annum).

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: rental growth

The estimated average increase in rent based on both market estimations and contractual arrangements. A reduction of the estimated future rental growth in the valuation model would lead to a decrease in the fair value of the investment property and an inflation of the estimated future rental growth would lead to an increase in the fair value. No quantitative sensitivity analysis has been provided for estimated rental growth as a reasonable range would not result in a significant movement in fair value.

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 (range: 3.91% - 6.85%).

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 net initial yield £m	-0.25% in net initial yield £m
(Decrease)/increase in the fair value of investment properties as at 31 December 2017	(130.36)	130.36	(136.56)	152.41
(Decrease)/increase in the fair value of investment properties as at 31 December 2016	(94.68)	94.68	(91.39)	101.16

16. Investments
The Group comprises a number of companies, all subsidiaries included within these financial statements are noted below:

	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 REIT Acquisition 3 Limited	Property Investment	UK	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 Ripon Limited	Property Investment	Guernsey	100%
Tritax REIT Acquisition 8 Limited	Investment Holding Company	UK	100%
Tritax Acquisition 8 Limited	Property Investment	Jersey	100%
Tritax REIT Acquisition 9 Limited	Investment Holding Company	UK	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	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%
Click Peterborough SARL	Dormant Company	Luxembourg	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%
Wellzone Limited	Investment Holding Company	UK	100%
Sportdale Limited	Investment Holding Company	UK	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 34 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 2 Limited	Property Investment	Jersey	100%
Tritax Littlebrook 3 Limited	Property Investment	Jersey	100%
Tritax Littlebrook 4 Limited	Property Investment	Jersey	100%
Tritax Atherstone Limited	Investment Holding Company	Jersey	100%
Tritax Atherstone Limited (formerly Aequitas Estates (Midlands) Limited)	Property Investment	UK	100%
Tritax Acquisition 42 Limited	Property Investment	Jersey	100%
Tritax Stoke DC1&2 Limited	Investment Holding Company	Jersey	100%
Tritax Luxembourg DC1&2 Limited	Property Investment	Luxembourg	100%
Tritax Stoke DC3 Limited	Investment Holding Company	Jersey	100%
Tritax Luxembourg DC3 Limited	Property Investment	Luxembourg	100%
Tritax Stoke Management Limited	Property Management Company	UK	100%
Tritax Acquisition 43 Limited	Property Investment	Jersey	100%
Tritax Carlisle Limited	Investment Holding Company	Jersey	100%
Tritax Carlisle UK Limited	Property Investment	UK	100%
Tritax Worksop 18 Limited	Property Investment	Jersey	100%
Tritax Edinburgh Way Harlow Limited	Investment Holding Company	Jersey	100%
Tritax Edinburgh Way Harlow (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Crewe Limited	Investment Holding Company	Jersey	100%
Tritax Crewe (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Acquisition 44 Limited	Property Investment	Jersey	100%

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

Jersey entities: 13-14 Esplanade, St Helier, Jersey JE1 1EE

Guernsey entities: PO Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3AP

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

BVI entities: Jayla Place, Wickhams Cay 1, PO Box 3190, Road Town, Tortola, BVI VG1110

UK entities: Aberdeen House, South Road, Haywards Heath, West Sussex RH16 4NG

Luxembourg entity: 46A Avenue J F Kennedy L-1885, Grand Duchy of Luxembourg.

17. Trade and other receivables

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Trade receivables	**5.27**	5.42
Licence fee receivable	**0.45**	2.52
Prepayments, accrued income and other receivables	**0.92**	1.22
VAT	**3.59**	-
	10.23	9.16

As at 31 December 2017, some trade receivables were past due but not impaired, as set out below.

Past due but not impaired		
< 30 days	**3.27**	4.52
30-60 days	**1.74**	0.15
60-90 days	**-**	0.64
90 days +	**0.26**	0.11
	5.27	5.42

18. Cash held at bank

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Cash and cash equivalents to agree with cash flow	**71.91**	165.04
Restricted cash	**6.13**	5.65
	78.04	170.69

Ring fenced cash of £2.95 million (2016: £nil) included with cash and cash equivalents represents amounts relating to future rent-free periods on certain assets within the portfolio or rental top-up amounts, where a cash deduction against the net purchase price was agreed with the vendor. Currently the cash is held in a ring fenced bank account.

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

Cash and cash equivalents reported in the Consolidated Statement of Cash Flows totalled £68.96 million (2016: £165.05 million) as at the year end, which excludes long-term restricted and ring fenced cash deposits totalling £9.08 million (2016: £5.65 million). Total cash held at bank as reported in the Group Statement of Financial Position is £78.04 million (2016: £170.69 million).

19. Trade and other payables

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Trade and other payables	**16.81**	12.68
Bank loan interest payable	**1.69**	1.90
Accruals	**4.43**	3.57
VAT	**-**	0.21
Tax liability	**0.51**	0.28
	23.44	18.64

The tax liability arises from the acquisition of a number of special purpose vehicles (SPV's) during the current and prior year. The tax liability wholly relates to the period prior to Group ownership. Any tax liability was fully accrued for within the take on accounts of the SPV.

20. Borrowings
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 2017	**541.53**	**150.00**	**691.53**
New bank borrowings agreed in the year	**100.00**	**340.00**	**440.00**
Bank borrowings drawn in the year under existing facilities	**64.00**	**(64.00)**	**-**
Bank borrowings repaid in the year under existing facilities	**(482.66)**	**(86.00)**	**(568.66)**
As at 31 December 2017	**222.87**	**340.00**	**562.87**
As at 1 January 2016	385.04	184.49	569.53
New bank borrowings agreed in the year	72.00	-	72.00
Bank borrowings drawn in the year under existing facilities	239.49	(84.49)	155.00
Bank borrowings repaid in the year under existing facilities	(155.00)	-	(155.00)
Increase in Syndicated bank borrowings agreed in the year	-	50.000	50.00
As at 31 December 2016	**541.53**	**150.00**	**691.53**

Loan Notes

Bonds	**31 December 2017 £m**	31December 2016 £m
2.625% Bonds 2026	**249.01**	-
3.125% Bonds 2031	**246.55**	-
	495.56	**-**

On 1 March 2017, the Group announced that it had agreed a new long-term, interest only, fixed rate term loan facility of £90 million with PGIM

Real Estate Finance, secured against a portfolio of four assets. The facility, which was drawn in full immediately, is repayable on 1 March

2027 and has a fixed all-in rate payable of 2.54% per annum. The amounts drawn down under the facility will be segregated and non-recourse to the Company.

On 14 December 2017, the Group announced the pricing of senior unsecured loan notes (the "notes") with an aggregate principal amount of £500 million split evenly over a nine and 14 year term. The notes were issued under the Company's £1.5 billion Euro Medium Term Note Programme. The Group issued two tranches of loan notes, comprising (i) £250 million senior unsecured loan notes maturing on 14 December 2026, and (ii) £250 million senior unsecured loan notes maturing on 14 December 2031. The 2026 Notes and the 2031 Notes were priced at a fixed interest rate of 2.625% and 3.125% per annum respectively.

On the same date, the Company also announced a new £350 million unsecured revolving credit facility with its core relationship lender group and selected new lenders. The new unsecured revolving credit facility has an initial maturity of five years and can be extended (subject to obtaining the prior consent of the lenders) by a further two years to a maximum of seven years. The new facility also contains an uncommitted £200 million accordion option. The new facility had an opening margin of 1.10% per annum over Libor.

The syndicate for the unsecured revolving credit facility comprises Barclays Bank PLC, BNP Paribas London Branch, HSBC Bank plc, ING Bank N.V. London Branch, The Royal Bank of Scotland plc, Santander UK plc and Wells Fargo Bank N.A. London Branch.

Following the issue of the notes and the entering into of the unsecured revolving credit facility, the Company's existing £550 million secured syndicated facility due October 2020 and the £7.06 million and £11.60 million Helaba facilities due November 2019 were repaid in full on 11 December 2017 and 7 December 2017 respectively.

Following the December 2017 refinancing, a large part of the Group's borrowings are unsecured financing arrangements. The nature of unsecured financing arrangements means that the Group has greater flexibility, it allows for quicker execution of future debt at a lower cost of arrangement and provides a scalable debt platform to support the future growth of the business. After the date of refinancing 62% (2016: 10%) of the Group's debt facility commitments are fixed term, with 38% floating term (2016: 90%). As at 31 December 2017, the weighted average running cost of debt was 2.38% (2016: 1.80%), with a reduction to the Group's average capped cost of debt (see below).

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

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:

	31 December 2017 £m	**31 December 2016 £m**
Bank borrowings drawn: due in more than one year	**222.87**	541.53
Loan notes drawn: due in more than one year	**495.56**	-
Less: Unamortised costs on bank borrowings	**(6.11)**	(8.03)
Less: Unamortised costs on loan notes	**(3.39)**	-
Non-current liabilities: borrowings	**708.93**	533.50

Maturity of borrowings

	31 December 2017 £m	31 December 2016 £m
Repayable between 1 and 2 years	-	-
Repayable between 2 and 5 years	**10.00**	418.66
Repayable in over 5 years	**708.43**	122.87
	718.43	541.53

On 15 December 2017, the Group announced that it had agreed terms to extend the maturity of its £50.87 million loan facility secured on the asset with Landesbank Hessen-Thüringen Girozentrale ("Helaba") from July 2023 to July 2025. The margin payable on the facility remained unchanged.

Following the refinancing as noted above, the weighted average term to maturity of the Group's debt as at the year end is 8.9 years (31 December 2016: 4.8 years). The syndicated facility has a two-year extension option remaining, exercisable on the first and second anniversaries of the facility. This option requires lender consent, although when taking these into account the weighted average term to maturity, for the Group, assuming all options were exercised, would increase to 9.6 years (31 December 2016: 5.6 years).

21. 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 3 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 1.26% (2016: 1.39%), 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 interest rate payable of 2.66% (2016: 2.82%). The total premium payable in the year towards securing the interest rate caps was £1.07 million (2016: £1.69 million).

	31 December 2017 £m	31 December 2016 £m
Non-current assets: interest rate derivatives	**1.97**	3.17

The interest rate derivatives are marked to market by the relevant counterparty banks on a quarterly basis in accordance with IAS 39. Any movement in the mark to market values of the derivatives are taken to the Group Statement of Comprehensive Income.

	31 December 2017 £m	31 December 2016 £m
Interest rate derivative valuation brought forward	**3.18**	8.64
Interest rate cap premium paid	**1.07**	1.68
Disposal of interest rate cap	**(0.24)**	-
Changes in fair value of interest rate derivatives	**(2.04)**	(7.15)
	1.97	3.17

As part of the Group refinancing in December 2017, on repayment of the borrowings to Helaba, the Group disposed of three interest rate caps held against the secured loans. The Group received proceeds of £0.24 million on disposal.

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 debt either hedged via interest rate derivatives or subject to fixed rate loan agreements equated to 99.78%, as shown below.

	31 December 2017 Drawn £m	31 December 2016 Drawn £m
Total borrowings drawn (note 20)	**718.43**	541.53
Notional value of effective interest rate derivatives and fixed rate loans	**716.90**	539.81
Proportion of hedged debt	**99.78%**	99.68%

As at the year end, the Group had notional value of interest rate caps of £337.50 million to act as a hedge against the £350.00 million revolving credit facility.

Fair value hierarchy
The following table provides the fair value measurement hierarchy for interest rate derivatives:

	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
Assets measured at fair value:					
Interest rate derivatives	31 December 2017	1.97	-	1.97	-
Interest rate derivatives	31 December 2016	3.17	-	3.17	-

The fair value of these contracts are 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.

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.

22. 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 bank borrowings and interest rate derivatives, the main purpose of which 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 information:

	Book value 31 December 2017 £m	Fair value 31 December 2017 £m	Book value 31 December 2016 £m	Fair value 31 December 2016 £m
Financial assets				
Interest rate derivatives	**1.97**	**1.97**	3.17	3.17
Trade and other receivables[1]	**9.31**	**9.31**	7.97	7.97
Cash held at bank	**78.04**	**78.04**	170.69	170.69
Financial liabilities				
Trade and other payables[2]	**22.93**	**22.93**	18.35	18.35
Borrowings	**718.43**	**712.98**	541.53	543.62

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

Interest rate derivatives are the only financial instruments measured at fair value through the Group Statement of Comprehensive Income. All other financial assets are classified as loans and receivables and all financial liabilities are measured at amortised cost. All financial instruments were designated in their current categories upon initial recognition.

	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
Liabilities measured at fair value: **Borrowings**	31 December 2017	652.11	491.46	160.65	-
Borrowings	31 December 2016	69.91	-	69.91	-

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 those reference gilts plus the margin implied. The references used were the Treasury 4.25% 2027 Gilt and Treasury 4.75% 2030 Gilt respectively, with an implied margin which is unchanged since the date of fixing. The loan is 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 and 3.125% Bonds 2031, is determined with reference to the quoted market prices. These financial liabilities are considered to be a Level 1 fair value measure.

The book value of the financial liabilities at Level 1 fair value measure were £492.17 million (2016: £nil) and the financial liabilities at Level 2 fair value measure were £162 million (2016: £72 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 Statement of Comprehensive Income and net assets of a 50 basis point shift in interest rates would result in an increase of £0.30 million (2016: £2.71 million) or a decrease of £0.30 million (2016: £2.71 million).

Credit risk

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

Trade receivables

Trade receivables, primarily tenant rentals, are presented in the 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.

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 and, going forward, 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:

	On demand £m	< 3 months £m	3-12 months £m	1-5 years £m	> 5 years £m	Total £m
31 December 2017						
Borrowings	-	4.99	14.87	89.38	830.98	940.22
Trade and other payables	-	23.44	-	-	-	23.44
	-	28.43	14.87	89.38	830.98	963.66
31 December 2016						
Borrowings	-	2.66	7.97	499.86	85.94	596.43
Trade and other payables	-	18.35	-	-	-	18.35
	-	21.01	7.97	499.86	85.94	614.78

Included within the contracted payments is £217.32 million (2016: £54.90 million) of loan interest payable up to the point of maturity across the facilities.

23. Capital management

The primary objective of the Group's capital management is to ensure that it remains a going concern and continues to qualify for UK REIT status.

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 26.8% (2016: 30.0%).

Debt is secured 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.

24. Share capital

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

	31 December 2017 Number	**31 December 2017 £m**	31 December 2016 Number	31 December 2016 £m
Issued and fully paid at 1 pence each	**1,363,598,083**	**13.64**	**1,105,159,529**	11.05
Balance at beginning of year - £0.01 Ordinary Shares	1,105,159,529	11.05	677,840,088	6.78
Shares issued in relation to further Equity issuance	257,352,941	2.58	426,441,838	4.26
Shares issued in relation to management contract	1,085,613	0.01	877,603	0.01
Balance at end of year	**1,363,598,083**	**13.64**	1,105,159,529	11.05

On 13 April 2017 the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 528,528 Ordinary Shares at an issue price per Ordinary Share of 126.45 pence.

On 24 April 2017, the Company announced that it intended to proceed with a proposed Placing, Open Offer and Offer for Subscription of new Ordinary Shares at a price of 136.00 pence per share to raise £200 million. Following this on 11 May 2017 the Company announced it had exercised its right to increase the size of the issue, due to excess demand, to £350 million. As a result, a total of 257,352,941 Ordinary Shares were issued at a price of 136.00 pence per Ordinary Share, of which 100,517,096 Ordinary Shares were issued pursuant to the Open Offer, 12,075,902 Ordinary Shares were issued pursuant to the Offer for Subscription, 144,759,943 Ordinary Shares were issued under the Placing.

On 3 October 2017 the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 557,085 Ordinary Shares at an issue price per Ordinary Share of 130.83 pence.

25. Share premium

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

	31 December 2017 £m	31 December 2016 £m
Balance at beginning of year	**589.39**	52.74
Share premium on Ordinary Shares issued in relation to further Equity issuance	**347.42**	545.74
Share issue expenses in relation to further Equity issuance	**(5.83)**	(10.16)
Transfer to capital reduction reserve (see note 26)	**-**	-
Share premium on Ordinary Shares issued to management	**1.39**	1.07
Balance at end of year	**932.37**	589.39

26. Capital reduction reserve

	31 December 2017 £m	31 December 2016 £m
Balance at beginning of year	**546.38**	605.76
Transfer from share premium	-	**-**
Third interim dividend for the period ended 31 December 2016	**(17.13)**	(20.34)
First interim dividend for the year ended 31 December 2017	**(17.69)**	(26.02)
Second interim dividend for the year ended 31 December 2017	**(21.81)**	(13.02)
Third interim dividend for the year ended 31 December 2017	**(21.82)**	**-**
Balance at end of year	**467.93**	546.38

Please refer to note 14 for details of the declaration of dividends to Shareholders.

27. Retained earnings

	31 December 2017	31 December 2016

	£m	£m
Balance at beginning of year	**267.72**	175.82
Retained profit for the year	**247.80**	91.90
Balance at end of year	**515.52**	267.72

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

28. Net asset value (NAV) per share

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

	31 December 2017 £m	31 December 2016 £m
Net assets per Group Statement of Financial Position	**1,929.46**	1,414.54
EPRA NAV (see Additional Information)	**1,940.42**	1,426.19
Ordinary Shares:		
Issued share capital (number)	**1,363,598,083**	1,105,159,529
Basic net asset value per share	**141.50p**	128.00p
Dilutive shares in issue (number)	**590,881**	533,132
Diluted net asset value per share	**141.44p**	127.93p
Basic EPRA NAV per share	**142.30p**	129.05p
Dilutive shares in issue (number)	**590,881**	533,132
Diluted EPRA NAV per share	**142.24p**	129.00p

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

29. 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 2017	**119.50**	**484.28**	**1,239.05**	**1,842.83**
31 December 2016	84.65	354.07	1,014.44	1,453.16

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.

30. Transactions with related parties

For the year ended 31 December 2017 all Directors and the Partners 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 £3.29 million (2016: £2.74 million).

The total expense recognised in the Statement of Comprehensive Income relating to share based payments under the Investment Management Agreement was £1.56 million (2016: £1.25 million), of which £0.84 million (2016: £0.67 million) was outstanding at the year end.

Details of amounts paid to Directors for their services can be found within the Directors' Remuneration Report. Throughout the year SG Commercial LLP ("SG Commercial") has provided general property agency services to the Group. SG Commercial has been paid fees totalling £0.68 million (2016: £1.55 million) in respect of agency services for the year; this represents a total of 20% (2016: 36%) of agency fees paid by the Group during the year. There were £nil (2016: £0.04 million) fees outstanding as at the year end. Of the four controlling Members of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop and Henry Franklin, all except Henry Franklin are also the controlling Members of SG Commercial. While there are currently no existing contractual arrangements between the Company and SG Commercial, the Company may choose to appoint SG Commercial in the future from time to time on either a sole or joint agency basis. Any such appointments have been and will continue to be made on normal market-based contractual terms. In the event that any such appointment is proposed by the Manager, the Board has and shall continue to be consulted and asked for its approval.

Mark Shaw does not vote at any meeting of the Board relating to contractual terms to be agreed between the Company, the Manager and SG Commercial, nor with respect to any investment decision where SG Commercial is acting as agent in any capacity.

During the year the Directors received the following dividends; Richard Jewson: £4,588, Jim Prower: £1,508, Aubrey Adams: £nil, Susanne Given: £nil and Mark Shaw: £37,351.

During the year the four controlling Members of the Manager received the following dividends; Mark Shaw as above, Colin Godfrey: £37,700, James Dunlop: £35,688 and Henry Franklin: £28,289.

31. Reconciliation of liabilities to cash flows from financing activities

	Bank borrowings £	Loan notes £	Total £
Balance at the start of the year	533.50	-	533.50
Cash flows from financing activities:			
Bank borrowings advanced	164.00	-	164.00
Bank borrowings repaid	(482.66)	-	(482.66)
Amounts received on the issue of loan notes	-	495.54	495.54
Loan arrangement fees paid	(4.66)	(3.19)	(7.85)

Non-cash movements:			
Change in creditors for loan arrangement fees payable	(0.04)	(0.21)	(0.25)
Amortisation of loan arrangement fees	1.87	0.03	1.90
Amortisation of loan arrangement fees on the repayment of loans	4.75	-	4.75
Balance at the end of the year	**216.76**	**492.17**	**708.93**

32. Capital commitments

The Group had capital commitments of £28.6 million in relation to its forward funded pre-let development assets, asset management initiatives and commitments under development land, outstanding as at 31 December 2017 (31 December 2016: £82.4 million). All commitments fall due within one year from the date of this report.

33. Subsequent events

On 12 January 2018 the Group completed contracts for the site acquisition and forward funding for the development of two new distribution warehouse facilities at Warth Park, Raunds, pre-let in their entirety under two separate leases to Howden Joinery Group Plc. The investment price was £103.7 million.

On 18 January 2018 the Group completed the acquisition of a National Distribution Centre at Weston Road, Crewe let to Expert Logistics Limited, a wholly owned subsidiary of AO World Plc. The total consideration was £36.10 million.

On 6 February 2018 the Group exchanged contracts, conditional on receiving full planning consent, to provide forward funding for the development of a new regional distribution centre in Corby, pre-let to Eddie Stobart Limited. The investment price is £81.8 million.

34. Contingent liabilities

On 23 December 2016 the Group exchanged contracts, conditional on receiving planning consent, to provide forward funding for the development of two new distribution warehouse facilities at Warth Park, Raunds, pre-let in their entirety under two separate leases to Howden Joinery Group Plc for a total investment price of £103.7 million. As mentioned within note 33 above, the Company completed on this contract in January 2018.

On 17 December 2017, the Group exchanged contracts to purchase the corporate vehicle that owns the distribution facility in Crewe, Cheshire. The property is let to Expert Logistics Limited, a wholly owned subsidiary of AO World Plc, which will act as guarantor. The total consideration was £36.10 million.

Refer to note 33 for the respective completion dates of these investment properties.

COMPANY BALANCE SHEET

Company Registration Number: 08215888

	Note	**At 31 December 2017 £m**	At 31 December 2016 £m
Non-current assets			
Investment in subsidiaries	4	**1,028.22**	812.67
Total non-current assets		**1,028.22**	812.67
Current assets			
Trade and other receivables	5	**1,075.17**	363.49
Cash held at bank	6	**21.25**	109.81
Total current assets		**1,096.42**	473.30
Total assets		**2,124.64**	1,285.97
Current liabilities			
Trade and other payables	7	**(7.85)**	(5.01)
Loans from Group companies		**(52.19)**	(51.23)
Total current liabilities		**(60.04)**	(56.24)
Non-current liabilities			
Loan notes	8	**(492.17)**	-
Total non-current liabilities		**(492.17)**	-
Total liabilities		**(552.21)**	(56.24)
Total net assets		**1,572.43**	1,229.73
Equity			
Share capital	9	**13.64**	11.05
Share premium reserve	10	**932.37**	589.39

Capital reduction reserve	11	**467.93**	546.38
Retained earnings		**158.49**	82.91
Total equity		**1,572.43**	1,229.73
Net asset value per share - basic	12	**115.31p**	111.27p
Net asset value per share - diluted	12	**115.26p**	111.22p
EPRA net asset value per share	12	**115.26p**	111.22p

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 2017 amounted to £75.58 million (31 December 2016: £47.62 million).

These financial statements were approved by the Board of Directors on 7 March 2018 and signed on its behalf by:

Richard Jewson
Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

	Undistributable reserves		Distributable reserves		
	Share capital £m	Share premium £m	Capital reduction reserve £m	Retained earnings £m	Total £m
1 January 2017	**11.05**	**589.39**	**546.38**	**82.91**	**1,229.73**
Total comprehensive income	**-**	**-**	**-**	**75.58**	**75.58**
Issue of Ordinary Shares					
Shares issued in relation to further Equity issue (May 2017)	2.58	347.42	-	-	350.00
Share issue expenses in relation to Equity issue (May 2017)	-	(5.83)	-	-	(5.83)
Shares issued in relation to management contract	0.01	1.39	-	-	1.40
Share based payments	-	-	-	1.56	1.56
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(1.56)	(1.56)
Dividends paid:					
Third interim dividend in respect of period ended 31 December 2016 at 1.55 pence per Ordinary Share	-	-	(17.13)	-	(17.13)
First interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	-	-	(17.69)	-	(17.69)
Second interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	-	-	(21.81)	-	(21.81)
Third interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	-	-	(21.82)	-	(21.82)
31 December 2017	**13.64**	**932.37**	**467.93**	**158.49**	**1,572.43**
1 January 2016	**6.78**	**52.74**	**605.77**	**35.29**	**700.58**
Total comprehensive income	**-**	**-**	**-**	**47.62**	**47.62**
Issue of Ordinary Shares					
Shares issued in relation to further Equity issue (February 2016)	1.61	198.39	-	-	200.00
Share issue expenses in relation to Equity issue (February 2016)	-	(3.90)	-	-	(3.90)
Shares issued in relation to further Equity issue (October 2016)	2.65	347.35	-	-	350.00
Share issue expenses in relation to Equity issue (October 2016)	-	(6.26)	-	-	(6.26)
Shares issued in relation to management contract	0.01	1.07	-	-	1.08
Share based payments	-	-	-	1.25	1.25
Transfer of share based payments to liabilities to reflect settlement	-	-	-	(1.25)	(1.25)
Dividends paid:					
Fourth interim dividend in respect of period ended 31 December 2015 at 3.00 pence per Ordinary Share	-	-	(20.34)	-	(20.34)
First interim dividend in respect of year ended 31 December 2016 at 3.10 pence per Ordinary Share	-	-	(26.02)	-	(26.02)
Second interim dividend in respect of year ended 31 December 2015 at 1.50 pence per Ordinary Share	-	-	(13.03)	-	(13.03)
31 December 2016	**11.05**	**589.39**	**546.38**	**82.91**	**1,229.73**

NOTES TO THE COMPANY ACCOUNTS

1. Accounting Policies

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 EU endorsed 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 information is presented in Sterling which is also the Company's functional currency and all values are rounded to the nearest 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.

Financial instruments
Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other receivables
Trade and other receivables are initially recognised at fair value and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade debtors, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses. On confirmation that the trade debtor will not be collectable the gross carrying value of the asset is expensed to the profit and loss against the associated provision.

Financial liabilities
Financial liabilities including trade payables, other payables, accruals and amounts due to Group undertakings are originally recorded at fair value and subsequently stated at amortised cost under the effective interest method.

Investments in subsidiaries
The investments in subsidiary companies are included in the Company 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 date, the shares would be issuable.

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

preparing these financial statements.

2. Taxation

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
UK corporation tax	-	-

3. Dividends paid

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Third interim dividend in respect of period ended 31 December 2016 at 1.55 pence per Ordinary Share (Fourth interim for 31 December 2015 at 3.00 pence per Ordinary Share)	17.13	20.34
First interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share (31 December 2016: 3.10 pence)	17.69	26.02
Second interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share (31 December 2016: 1.55 pence)	21.81	13.02
Third interim dividend in respect of year ended 31 December 2017 at 1.60 pence per Ordinary Share	21.82	-
Total dividends paid	**78.45**	59.38
Total dividends paid for the year	**4.80p**	4.65p
Total dividends unpaid but declared for the year	**1.60p**	1.55p
Total dividends declared for the year	**6.40p**	6.20p

On 24 April 2017, the Company announced the declaration of a first interim dividend in respect of the period from 1 January 2017 to 31 March 2017 of 1.60 pence per Ordinary Share, which was payable on 22 May 2017 to Ordinary Shareholders on the register on 5 May 2017.

On 13 July 2017, the Company announced the declaration of a second interim dividend in respect of the period 1 April 2017 to 30 June 2017 of 1.60 pence per Ordinary Share which was payable on 10 August 2017 to Shareholders on the register on 21 July 2017.

On 12 October 2017, the Company announced the declaration of a third interim dividend in respect of the period 1 July 2017 to 30 September 2017 of 1.60 pence per Ordinary Share which was payable on 20 October 2017 to Shareholders on the register on 19 October 2017.

On 7 March 2018, the Company announced the declaration of a fourth interim dividend in respect of the period 1 October 2017 to 31 December 2017 of 1.60 pence per Ordinary Share which will be payable on or around 29 March 2018 to Shareholders on the register on 15 March 2018.

4. Investments

	Shares £m	Loan £m	Total £m
As at 1 January 2017	812.67	-	812.67
Increase in investments via share purchase	215.55	-	215.55
As at 31 December 2017	**1,028.22**	**-**	**1,028.22**
As at 1 January 2016	547.81	-	547.81
Increase in investments via share purchase	264.86	-	264.86
As at 31 December 2016	**812.67**	**-**	**812.67**

The Company has the following subsidiary undertakings as at 31 December 2017:

	Principal Activity	Country of incorporation	Ownership %
TBBR Holdings 1 Limited	Investment Holding Company	Jersey	100%
TBBE 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 REIT Acquisition 3 Limited	Property Investment	UK	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 Ripon Limited	Property Investment	Guernsey	100%
Tritax REIT Acquisition 8 Limited	Investment Holding Company	UK	100%
Tritax Acquisition 8 Limited	Property Investment	Jersey	100%
Tritax REIT Acquisition 9 Limited	Investment Holding Company	UK	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	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%
Click Peterborough SARL	Dormant Company	Luxembourg	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%
Wellzone Limited	Investment Holding Company	UK	100%
Sportdale Limited	Investment Holding Company	UK	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 34 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 2 Limited	Property Investment	Jersey	100%
Tritax Littlebrook 3 Limited	Property Investment	Jersey	100%
Tritax Littlebrook 4 Limited	Property Investment	Jersey	100%
Tritax Atherstone Limited	Investment Holding Company	Jersey	100%
Tritax Atherstone Limited (formerly Aequitas Estates (Midlands) Limited)	Property Investment	UK	100%
Tritax Acquisition 42 Limited	Property Investment	Jersey	100%
Tritax Stoke DC1&2 Limited	Investment Holding Company	Jersey	100%
Tritax Luxembourg DC1&2 Limited	Property Investment	Luxembourg	100%
Tritax Stoke DC3 Limited	Investment Holding Company	Jersey	100%
Tritax Luxembourg DC3 Limited	Property Investment	Luxembourg	100%
Tritax Stoke Management Limited	Property Management Company	UK	100%
Tritax Acquisition 43 Limited	Property Investment	Jersey	100%
Tritax Carlisle Limited	Investment Holding Company	Jersey	100%
Tritax Carlisle UK Limited	Property Investment	UK	100%
Tritax Worksop 18 Limited	Property Investment	Jersey	100%
Tritax Edinburgh Way Harlow Limited	Investment Holding Company	Jersey	100%
Tritax Edinburgh Way Harlow (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Crewe Limited	Investment Holding Company	Jersey	100%
Tritax Crewe (Luxembourg) Limited	Property Investment	Luxembourg	100%
Tritax Acquisition 44 Limited	Property Investment	Jersey	100%

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

Jersey entities: 13-14 Esplanade, St Helier, Jersey JE1 1EE

Guernsey entities: PO Box 25, Regency Court, Glategny Esplanade, St Peter Port, Guernsey GY1 3AP

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

BVI entities: Jayla Place, Wickhams Cay 1, PO Box 3190, Road Town, Tortola, BVI VG1110

UK entities: Aberdeen House, South Road, Haywards Heath, West Sussex RH16 4NG

Luxembourg entity: 46A Avenue J F Kennedy L-1885, Grand Duchy of Luxembourg.

5. Trade and other receivables

	31 December 2017 £m	31 December 2016 £m
Amounts receivable from Group companies	**1,073.90**	362.80
Prepayments	**0.14**	0.04
Other receivables	**1.13**	0.65
	1,075.17	363.49

All amounts fall due for repayment within one year.

6. Cash held at bank

	31 December 2017 £m	31 December 2016 £m
Cash held at bank	**21.25**	109.81
	21.25	109.81

7. Trade and other payables

	31 December 2017 £m	31 December 2016 £m
Trade and other payables	**3.84**	1.59
Accruals	**4.01**	3.42
	7.85	5.01

8. Loan notes

Bonds

	31 December 2017 £m	31 December 2016 £m
2.625% Bonds 2026	**249.01**	-
3.125% Bonds 2031	**246.55**	-
Less: unamortised costs on loan notes	**(3.39)**	-
Non-current liabilities: net borrowings	**492.17**	-

Maturity of borrowings

	31 December 2017 £m	31 December 2016 £m
Repayable between 1 and 2 years	**-**	-
Repayable between 2 and 5 years	-	-
Repayable in over 5 years	**495.56**	-
	495.56	-

On 14 December 2017, the Group announced the pricing of senior unsecured loan notes (the "notes") with an aggregate principal amount of £500 million split evenly over a nine and 14 year term. The notes were issued under the Company's £1.5 billion Euro Medium Term Note Programme. The Group issued two tranches of loan notes, comprising (i) £250 million senior unsecured loan notes maturing on 14 December 2026 and (ii) £250 million senior unsecured loan notes maturing on 14 December 2031. The 2026 Notes and the 2031 Notes were priced at a fixed interest rate of 2.625% and 3.125% per annum respectively.

On the same date, the Company also announced a new £350 million unsecured revolving credit facility with its core relationship lender group and selected new lenders. The new unsecured revolving credit facility has an initial maturity of five years and can be extended (subject to obtaining the prior consent of the lenders) by a further two years to a maximum of seven years. The new facility also contains an uncommitted £200 million accordion option. The new facility had an opening margin of 1.10% per annum over Libor.

The syndicate for the unsecured revolving credit facility comprises Barclays Bank PLC, BNP Paribas London Branch, HSBC Bank plc, ING Bank N.V. London Branch, The Royal Bank of Scotland plc, Santander UK plc and Wells Fargo Bank N.A. London Branch.

Following the issue of the notes and the entering into of the unsecured revolving credit facility, the Company's existing £550 million secured syndicated facility due October 2020 and the £7.06 million and £11.60 million Helaba facilities due November 2019 were repaid in full on 11 December 2017 and 7 December 2017 respectively.

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

	31 December 2017 Number	31 December 2017 £m	31 December 2016 Number	31 December 2016 £m
Issued and fully paid at 1 pence each	**1,363,598,083**	**13.64**	**1,105,159,529**	11.05
At beginning of year - £0.01 Ordinary				

Shares	**1,105,159,529**	**11.05**	677,840,088	6.78
Shares issued in relation to further equity issuance	**257,352,941**	**2.58**	426,441,838	4.26
Shares issued in relation to management contract	**1,085,613**	**0.01**	877,603	0.01
Balance at end of year	**1,363,598,083**	**13.64**	1,105,159,529	11.05

On 13 April 2017 the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 528,528 Ordinary Shares at an issue price per Ordinary Share of 126.45 pence.

On 24 April 2017, the Company announced that it intended to proceed with a proposed Placing, Open Offer and Offer for Subscription of new Ordinary Shares at a price of 136 pence per share to raise £200 million. Following this on 11 May 2017 the Company announced it had exercised its right to increase the size of the issue, due to excess demand, to £350 million. As a result, a total of 257,352,941 Ordinary Shares were issued at a price of 136 pence per Ordinary Share, of which 100,517,096 Ordinary Shares were issued pursuant to the Open Offer, 12,075,902 Ordinary Shares were issued pursuant to the Offer for Subscription, 144,759,943 Ordinary Shares were issued under the Placing.

On 3 October 2017 the Company announced that, in accordance with the terms of the management fee arrangements with the Manager pursuant to which 25% of the management fee is payable in new Ordinary Shares, it issued 577,085 Ordinary Shares at an issue price per Ordinary Share of 130.83 pence.

10. Share premium

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

	31 December 2017 £m	31 December 2016 £m
Balance at beginning of year	**589.39**	52.74
Share premium on Ordinary Shares issued in relation to further equity issuance	**347.42**	545.74
Share issue expenses in relation to further equity issuance	**(5.83)**	(10.16)
Transfer to capital reduction reserve (see note 26)	**-**	-
Share premium on Ordinary Shares issued to management	**1.39**	1.07
Balance at end of year	**932.37**	589.39

11. Capital reduction reserve

	31 December 2017 £m	31 December 2016 £m
Balance at beginning of year	**546.38**	**605.77**
Transfer from share premium	-	-
Third interim dividend for the period ended 31 December 2016	**(17.13)**	(20.34)
First interim dividend for the year ended 31 December 2017	**(17.69)**	(26.02)
Second interim dividend for the year ended 31 December 2017	**(21.81)**	(13.03)
Third interim dividend for the year ended 31 December 2017	**(21.82)**	-
Balance at end of year	**467.93**	546.38

Please refer to note 3.

12. Net asset value (NAV) per share

Basic NAV per share amounts are calculated by dividing net assets in the Company Balance Sheet attributable to ordinary equity holders of the parent by the number of Ordinary Shares outstanding at the end of the year. As there are dilutive instruments outstanding, both basic and diluted NAV per share are shown below.

	31 December 2017 £m	31 December 2016 £m
Net assets per Company Balance Sheet	**1,572.43**	1,229.73
EPRA NAV	**1,572.43**	1,229.73
Ordinary Shares:		
Issued share capital (number)	**1,363,598,083**	1,105,159,529
Net asset value per Share - Basic	**115.31p**	111.27p
Potentially issuable dilutive shares (number)	**590,881**	533,132
Net asset value per Share - Diluted	**115.26p**	111.22p
EPRA net asset value per Share - Basic	**115.26p**	111.22p

EPRA NAV is calculated as net assets per the Company Balance Sheet excluding fair value adjustments for debt-related derivatives.

13. 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 please make reference to note 30 of the Group accounts.

14. Directors' remuneration

	31 December 2017 £m	31 December 2016 £m
Directors' fees	**0.24**	0.18
Employer's National Insurance	**0.03**	0.02

	0.27	0.20

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report. As Chairman of the Company's Manager, Mark Shaw is not entitled to receive a fee.

NOTES TO THE EPRA PERFORMANCE MEASURES

1. EPRA Earnings per share

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Total comprehensive income (attributable to Shareholders)	**247.80**	**91.90**
Adjustments to remove:		
Changes in fair value of investment properties	**(175.98)**	(47.51)
Changes in fair value of interest rate derivatives	**2.04**	7.15
One-off cost of extinguishment of bank loans (note 11)	**4.75**	-
Profits to calculate EPRA Earnings per share	**78.61**	51.54
Weighted average number of Ordinary Shares	**1,268,540,113**	873,562,775
EPRA earnings per share - basic	**6.20p**	5.90p
Dilutive shares to be issued	**590,881**	533,132
EPRA earnings per share - diluted	**6.20p**	5.90p

2. EPRA NAV per share

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Net assets at end of period	**1,929.46**	**1,414.54**
Adjustments to calculate EPRA NAV:		
Changes in fair value of interest rate derivatives - 2017	**(0.69)**	-
Changes in fair value of interest rate derivatives - 2016	**7.08**	7.08
Changes in fair value of interest rate derivatives - 2015	**1.99**	1.99
Changes in fair value of interest rate derivatives - 2014	**2.58**	2.58
EPRA net assets	**1,940.42**	1,426.19
Shares in issue at 31 December 2017	**1,363,598,083**	1,105,159,529
Dilutive shares in issue	**590,881**	533,132
	1,364,188,964	1,105,692,661
Dilutive EPRA NAV per share	**142.24p**	129.00p

3. EPRA NNNAV

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
EPRA net assets	**1,940.42**	1,426.19
Include:		
Fair value of financial instruments	**(10.96)**	(11.65)
Fair value of debt[1]	**9.89**	2.09
EPRA NNNAV	**1,939.35**	1,416.63
Shares in issue at 31 December 2017	**1,363,598,083**	1,105,159,529
Dilutive shares in issue	**590,881**	533,132
	1,364,188,964	1,105,692,661
EPRA NNNAV per share	**142.16p**	128.12p

1 Difference between interest-bearing loans and borrowings included in Balance Sheet at amortised cost, and the fair value of interest bearing loans and borrowings.

4. EPRA Net Initial Yield (NIY) and EPRA "Topped Up" NIY

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Investment property - wholly owned	**2,607.28**	1,803.11
Less: development properties	**-**	(88.14)
Completed property portfolio	**2,607.28**	1,714.97
Allowance for estimated purchasers' costs	**176.77**	116.62
Gross up completed property portfolio valuation (B)	**2,784.05**	1,831.59
Annualised passing rental income	**112.56**	99.66
Less: contracted rental income in respect of development properties	**-**	(9.11)
Property outgoings	**(0.02)**	(0.08)
Annualised net rents (A)	**112.54**	86.13
Contractual increases for fixed uplifts	**18.52**	4.35

Topped up annualised net rents (C)	**131.06**	90.48
EPRA Net Initial Yield (A/B)	**4.04%**	4.70%
EPRA Topped Up Net Initial Yield	**4.71%**	4.95%

5. EPRA Vacancy Rate

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Annualised estimated rental value of vacant premises	**-**	**-**
Portfolio estimated rental value[1]	135.23	97.95
EPRA Vacancy Rate	**0%**	**0%**

1 Excludes development properties

6. EPRA Cost Ratio

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Property operating costs	**0.02**	**0.07**
Administration expenses	**14.16**	11.71
Total costs including and excluding vacant property costs (A)	**14.18**	11.78
Total gross rental	**108.54**	74.66
Total EPRA cost ratio (including and excluding vacant property costs)	**13.1%**	15.8%

END

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