

# Connecting commerce with consumers

Annual Report 2021



# Specialists in European logistics real estate

Tritax EuroBox is a listed pan-European investor focused on acquiring, actively managing and developing high-quality, large-scale prime logistics assets. Our diversified portfolio of sustainable properties, strategically located in core logistics locations, offers secure and inflation-linked income and opportunities for capital growth, supporting our aim of delivering an attractive Total Return to Shareholders.



### Our Manager

Tritax Management LLP provides us with outstanding real estate, portfolio management and acquisition expertise. It is supported by established on-the-ground asset and property managers, with strong market standings, providing us with full-service European investment management capabilities.

▶ For more information see pages 44 to 48



### Strategy in action

We have delivered our strategic promises since IPO, growing the Company to its market capitalisation of €1.06bn (£911.56m), comprising a portfolio of 15 assets with a total valuation of €1.28bn as at 30 September 2021.

▶ For more information see pages 26 and 27



### Our assets

We have invested the capital raised from our investors into a top quality portfolio of prime, modern, sustainable logistics properties across Western Europe.

▶ For more information see pages 6 and 7

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#### Discover more at:

[tritaxeurobox.co.uk](https://tritaxeurobox.co.uk)



# Connecting commerce with consumers

## Our purpose

Our purpose is to open up new futures in sustainable commercial real estate, creating compelling opportunities for our stakeholders and giving the world's most ambitious companies the space to succeed.

## Our business model

Our business model supports our purpose through our focus on investing in the most modern, best located and most sustainable logistics properties. These meet the needs of growing and ambitious companies, both now and in the future.

**Source high-quality investments**

**Buy and sell for value**

**Develop on a risk-controlled basis**

**Proactively and responsibly manage assets**

▶ Read more about our business model on pages 20 and 21

## Our strategy

Our strategy is to create value at the point of asset acquisition and throughout the life cycle of the asset, through careful asset selection, proactive asset management, a dedicated focus on sustainability and appropriate financing, all aimed at producing robust, long-term income streams and Total Returns.

**Investment strategy**

**Asset management strategy**

**Sustainability strategy**

**Financing strategy**

▶ Read more about our strategy on pages 26 and 27

## The value we create

By following our business model and successfully implementing our strategy, we create value for all our stakeholders.

### Tenant partners

The space to succeed

### Society

Jobs, tax revenues and online shopping

### Environment

Reduced impact through sustainable investment

### Shareholders

Attractive dividends and Total Returns

### Lenders

Interest payments backed by secure cash flows

▶ Read more about our stakeholders on page 69



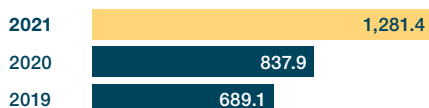
# Continued strong performance with capital and dividend growth

## Financial highlights

Portfolio value<sup>3</sup>

### €1,281.4m

+52.9%



IFRS NAV per share

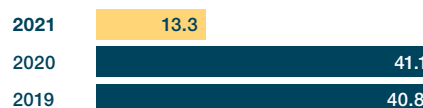
### €1.31

+10.1%

Loan to value ("LTV") ratio<sup>1</sup>

### 13.3%

-27.8 pts



Dividend per share

### 5.00 cents

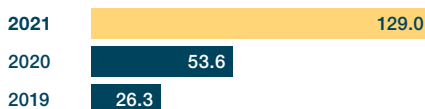
+13.6%



Profit before tax

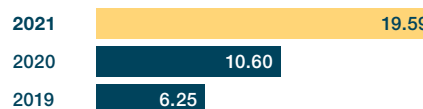
### €129.0m

+140.8%

Basic Earnings Per Share ("EPS")<sup>2</sup>

### 19.59 cents

+84.8%

Adjusted EPS<sup>1,2</sup>

### 4.61 cents

+10.8%

Total Return (TR)<sup>4</sup>

### 14.3%

Weighted average unexpired lease term (WAULT)<sup>4</sup>

### 9.3 years

+2%



- Dividends declared in respect of the year of 5.00 cents per share, up 13.6% (2020: 4.40 cents), contributing to Total Return of 14.3% (2020: 11.0%)
- Raised gross proceeds of €480 million through two oversubscribed equity issues in March and September 2021
- Awarded a BBB- investment grade credit rating in March 2021, immediately reducing our cost of debt and opening up new sources of debt financing
- Issued a €500 million senior unsecured Green Bond in June 2021, significantly lowering the cost of debt and diversifying our funding sources into the debt capital markets
- Portfolio independently valued at €1,282.6 million<sup>6</sup> including rental guarantees at year end (30 September 2020: €839.3 million), a total increase of 52.8% and a like-for-like increase of 11.9%

- 100% of rent due for the year collected, along with all rent deferred from 2019/20, resulting in full rent collection over the last two financial years
  - 95% of leases subject to an element of indexation
  - Debt of €500 million at the period end, giving an LTV ratio of 13.3% (30 September 2020: €344.0 million and 41.1%)
- 1 See Glossary for definition.
  - 2 See note 12 to the financial statements for reconciliation.
  - 3 Excluding rental guarantees.
  - 4 Comparative for 2020 has been prepared using the EPRA NTA.
  - 5 Comparative for 2019 has been prepared using the EPRA NAV.
  - 6 Including rental guarantees.



# Successful implementation of our strategy

## Operational highlights



### Acquired prime logistics assets

- In Belgium, Germany (two assets) and Sweden, and forward funded the acquisitions of prime assets in Italy, Germany and Sweden, reflecting the strategic tilt towards value-add opportunities



### Value extracted from the portfolio, including

- Disposing of the asset at Lodz, Poland, for €65.5 million, 15% above valuation and at an IRR of 16.5%
- Starting construction of the extension to the Barcelona asset let to Mango and reaching practical completion of the speculatively developed asset at Bornem, Belgium
- Agreeing a green lease with Samsung on the vacant units at Breda, the Netherlands, and letting the vacant unit at Strykow, Poland



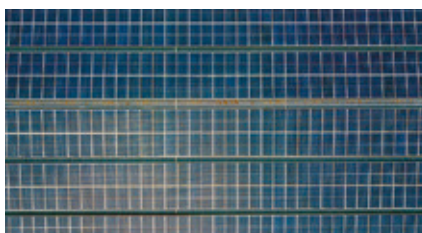
### Future organic growth

- 145,068 sqm of land that can be developed into five building extensions
- 30,938 sqm of floorspace subject to rental guarantees where we can capture future rental growth



### Portfolio composition at year end

- 15 assets in prime locations, with a large average size of 70,027 sqm
- A strong, well-diversified base of 27 tenant partners, 76% of our income is underpinned by multi-billion Euro turnover businesses
- 100%<sup>6</sup> of assets are income producing and 95% of rental income is subject to an element of indexation each year. Weighted average unexpired lease term of 9.3 years (including rental guarantees) at 30 September 2021 (30 September 2020: 9.1 years)



### Successful ESG implementation

- Continued successful implementation of our environment, social and governance (“ESG”) strategy, including introducing ESG acquisition due diligence reports and implementing green leases and a range of initiatives to improve environmental performance, including progressing solar PV installations, resulting in an improved GRESB score of 82/100



### Post-year-end activity

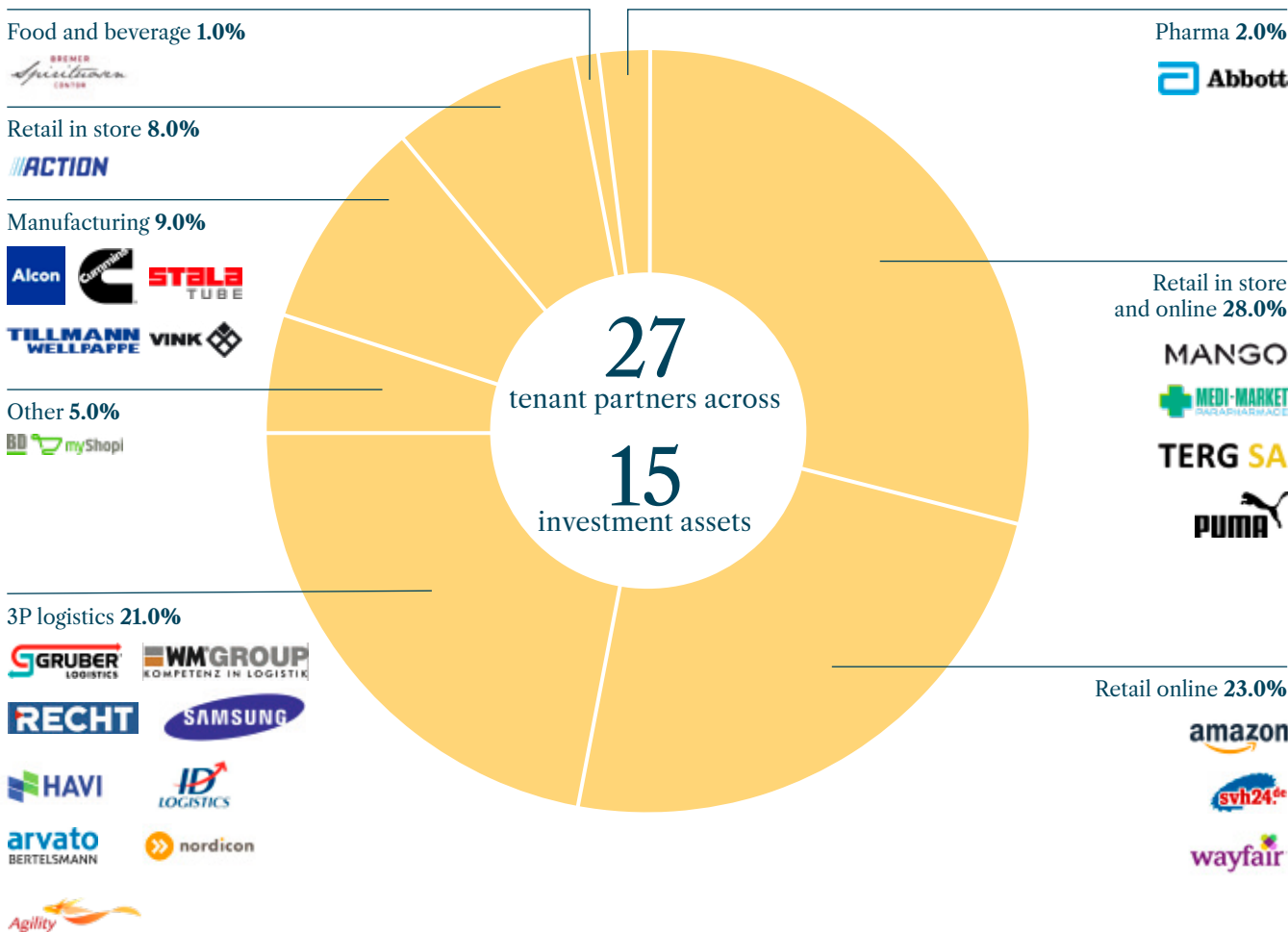
- Continued to deploy proceeds of September 2021 equity raise, completing acquisitions of two further prime logistics assets in Germany and Piacenza in Italy, for total consideration of €200 million
- Issued the Company’s first private placement of €200 million, further diversifying its sources of debt funding and extending the weighted average maturity of the debt facilities



# Creating strength through portfolio diversity

Our portfolio is let to 27 tenant partners across 15 assets providing a high degree of diversification by customer and by sector. These tenants partners include some of the world's leading companies with a deliberate weighting towards defensive, non-cyclical or high-growth sectors.

## Diversified by customer and sector





At 30 September 2021, we had a portfolio of 15 assets with a gross asset value of €1.28 billion.

Our portfolio is:

Well located

**100%**

of our portfolio is in key logistics locations

Modern

**84%**

(by area) of the portfolio has been built since 2016

Large

**76%**

of our assets by floor area are over 50,000 sqm

Diversified

**76%**

of our income is secured by tenant partners with multi-billion Euro businesses including some of the world's best known companies

Long term

**74%**

of the portfolio income is secured for more than five years

Growing

**95%**

of leases are subject to an element of indexation

Sustainable

**87%**

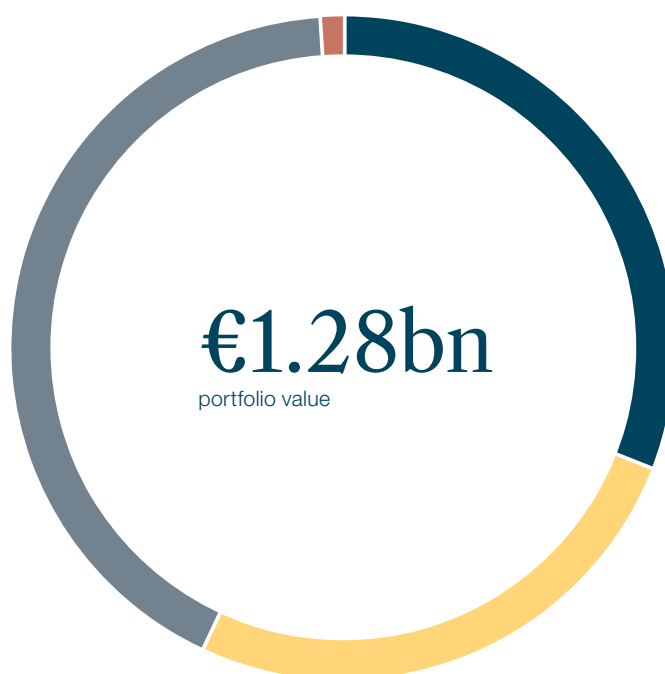
of the portfolio by floor area is covered by Green Building Certifications

# A diversified portfolio that reflects our strategy

Our investments are spread across strategically important logistics locations in Europe, with a focus on the developed markets in Western Europe where tenant demand is strongest and land supply scarcest.

Our portfolio is focused on investments that deliver resilient income, annually indexed to local CPI. There are also multiple opportunities to capture the prevalent market rental growth and other upside potential through our active approach to asset management.

We also hold within our portfolio plots of unused land which can be profitably developed.



- Foundation assets 31%
- Growth assets 26%
- Value Add assets 42%
- Strategic land and development portfolio 1%



# A portfolio of prime, well-located assets

Assets located in seven core Continental European countries. We look to build a portfolio of assets that:



are located in established logistics hubs, close to large population centres and with limited land supply.



have good transport links and other infrastructure in the vicinity.



have strong sustainability credentials, making them suitable for the needs of modern occupiers.



have sufficient operational capacity in areas such as supply of power, data connectivity and labour.

## Our locations

Belgium		Population within two-hour drive
4	Bornem	18.6
15	Brussels	15.0
3	Rumst	19.3

Germany		Population within two-hour drive
6	Bochum	21.7
10	Bremen	9.4
8	Geiselwind	7.7
9	Hammersbach	11.6
14	Lich	11.8
5	Peine	7.7
7	Wunstorf	9.5

Italy		Population within two-hour drive
2	Rome	6.4
16*	Turin	8.7
18*	Piacenza	13.2

The Netherlands		Population within two-hour drive
11	Breda	20.5

Poland		Population within two-hour drive
12	Strykow	7.1

Spain		Population within two-hour drive
1	Barcelona	6.0




Sweden		Population within two-hour drive
13	Gothenburg	1.7
17*	Stockholm	2.7

\* Assets acquired post 30 September 2021.





**Key**

-  Ports
-  Locations
-  Cities



# A transformational year despite challenging times



**Robert Orr**  
Independent Chairman

“With our increased scale, enhanced access to capital and rigorous approach to investment, we are confident of delivering further growth in a highly favourable market.”

The last twelve months have seen the Company build significant momentum. The scale of the business has grown through our ability to access both equity and debt capital, which in turn is enabling us to invest for further growth. In line with the evolution of our strategy, as articulated in December 2020, new investment is increasingly focused on opportunities where we can create additional value, by acquiring assets earlier in their development cycle, applying the Manager's asset management skills and developing unutilised land. We also continue to advance our ESG agenda, which informs everything we do across the business, from how we engage with our tenant partners, to our acquisition criteria, to the debt financing we have raised this year.

While the Covid-19 pandemic has been challenging for society, it has served to reinforce the importance of the logistics sector as a whole, and hence the real estate the Company owns, especially highlighting the critical nature of sustainable supply chains. In particular, it has accelerated the adoption of e-commerce and encouraged companies to shorten and simplify their supply chains. Occupier demand for assets has therefore continued to grow while occupational supply remains constrained, creating a supportive investment environment for long-term asset owners such as us.

## Successfully implementing our value-creation strategy

We have continued to successfully implement each aspect of our strategy this year. During the period, we acquired four standing assets and agreed the forward funding of a further three. In doing so, we have added depth in existing countries and expanded into the key Nordics logistics market. These acquisitions included a number of value-add opportunities, in line with our investment strategy. The increasing scale of our portfolio, underpinned by a majority of secure long leases, allows us to be more opportunistic and take on a controlled level of these value-add and land projects, enabling us to effectively manage risk and protect earnings, while delivering strong Total Returns to investors.

All the assets acquired are in prime logistics locations in core Western European countries, which remain our primary focus for investment. Our unique developer relationships enable us to source assets at attractive pricing, while we continue to exercise rigorous investment discipline and will not consider secondary locations in exchange for perceived discounts.

The Manager has also made further progress in extracting the value embedded in the existing portfolio, with a range of leasing, development and expansion opportunities either completed or under way at the year end.

## Financial performance, dividends and Total Returns

The Company delivered another strong financial performance, with the acquisitions in the year contributing to robust growth in rental income and profits.

We have declared four quarterly dividends of 1.25 cents each in respect of the year, giving a total dividend of 5.0 cents per share. This represents growth of 13.6% on the 4.40 cents per share paid in respect of the previous year.

The total dividend is 80.2% covered by adjusted EPS, reflecting the increase in shares in issue as a result of the two equity raises (see below) and the time required to invest the proceeds in income-producing assets. We expect the dividend to be fully covered in the year to 30 September 2022, in line with our policy to pay out 90%–100% of our adjusted EPS each year, with a minimum pay out of 85% assuming no major capital events.

The dividend is an important driver of our Total Return, along with the returns we create through active asset management and capital growth. The Total Return for the year was 14.3%, ahead of our target of 9% per annum and reflecting the growth in the dividend and the portfolio valuation.

## Financing

This was a significant year for raising both the debt and equity capital we need for the next stage of our growth. This reflects the growing maturity of the business and the attraction of logistics real estate investments to investors and lenders. We also recycled capital for reinvestment through the sale of an asset in Poland and we continue to be rigorous and disciplined in appraising the portfolio, to identify further opportunities for capital recycling.

Having reached full deployment at the end of 2020, we were pleased to raise €230 million in March 2021 through a substantially oversubscribed equity issue. The acquisitions outlined above quickly deployed this capital and with the Manager having identified an attractive further pipeline of opportunities, we raised an additional €250 million through another oversubscribed equity issue in September 2021. In addition to underpinning our strategy, the equity raises have broadened the Company's share register and boosted the liquidity of the shares. With a market capitalisation of €1.06 billion (£911.56 million) at 30 September 2021, we were included in the FTSE 250 index with effect from 1 October 2021.

On 12 March 2021, the Company reached another key milestone with Fitch assigning a BBB- long-term corporate credit rating. This marks the first investment grade rating of the Company. This has opened up new sources of debt financing and we were pleased to issue a debut €500 million Green Bond in June 2021. The issuance was significantly oversubscribed which led to a substantial reduction in our cost of debt. As set out in the Manager's Report, by the year end we had allocated all the proceeds of the Green Bond to refinance existing assets and fund acquisitions during the year.

## Sustainability

A robust approach to ESG issues has never been more important. We have always had strong governance and this has been an underpin of the Group's success to date. We are also progressing our work on environmental and social matters, which we recognise as critical to all our stakeholders. Sustainability considerations are fully integrated into every aspect of our operations and the Manager's Report details how we have implemented our sustainability strategy this year. We continue to work closely with our tenant partners to enhance the sustainability performance of our assets and to support their ESG strategies through energy and carbon reduction measures.

The Board received training on two occasions during the year, covering ESG investment and regulations.

## Board and governance

The Board has continued to provide robust oversight of the business during the year, and has been closely involved in discussions with the Manager about a number of topics, especially around the financing strategy and Company growth.

## Post-year-end activity

We expect to deploy the proceeds of the September equity raise within three to four months and since the year end have acquired a further three assets, two in Germany and one in Italy, for combined consideration of €200 million.

We have also issued a €200 million private placement loan facility, the first for the Company. This further diversifies our sources of borrowing, while extending the average maturity of our debt and reducing its cost.

## Outlook

The Company is strongly positioned as it enters the new financial year. The occupational market is increasingly favourable and we expect the trends of strong occupier demand, driven by e-commerce and the reinforcement of fragile supply chains, to continue in the long term. When considered alongside limited new supply of logistics space, we expect consistent, sustained rental growth in prime logistics markets. We are confident of being able to extract further value from the existing portfolio through, amongst other initiatives, capturing this rental growth through asset management and development activities.

We are well placed to continue delivering the Company's strategy through considered growth in accretive new investments which the Manager is able to continue to access. As has been demonstrated through this year our investor base is supportive of continued growth to further diversify the portfolio to provide a lower risk investment product, while also accessing a dynamic and strongly performing sector of the real estate market.

The Board is therefore confident that the Company is well placed to make further progress and deliver value for all its stakeholders in the year ahead.

**Robert Orr**  
Independent Chairman  
6 December 2021



# Our business propositions



## Providing logistics space

► Read more on page 11



## A compelling investment case

► Read more on page 12



## Executing on our sustainability commitments

► Read more on page 13



# Providing logistics space

In line with our purpose, we provide the logistics space our tenant partners need to succeed. We offer them buildings that are:

## Large

Larger buildings are flexible and offer greater scope to generate efficiencies and install automation. Measured by income, around 54% of our buildings are more than 50,000 sqm and our portfolio has an average size of over 70,000 sqm.

## Modern

State-of-the-art buildings are most likely to meet the continually evolving business and sustainability needs of our tenant partners. Around 84% (by area) of our portfolio has been built in the last five years.

## Well located

Our assets are in prime logistics locations across core European countries. They are close to densely populated conurbations and have excellent transport links for wider distribution, as well as a suitable labour supply to meet occupiers' needs and sufficient power and data connectivity to operate their substantial automated systems.

## High tech

The scale, simplicity and flexibility of our buildings makes them suitable for tenant partners to install highly automated stocking and retrieval systems, essential to speedy and efficient handling of large volumes of complex orders and returns.

## Sustainable

Our tenants want to occupy sustainable, energy efficient assets which are attractive places to work. 87% of our portfolio by floor area is covered by Green Building Certifications.

## Customer focused

Our teams on the ground work closely with our tenant partners to ensure our buildings maximise their operational effectiveness. This approach to asset management allows us to quickly respond, seizing opportunities to improve lease terms and protecting and enhancing income and capital values for Shareholders.





# A compelling investment case

We offer a compelling investment proposition and are well placed to create further value for all our investment stakeholders over the long term.

## We operate in a highly attractive market

Our market is characterised by strong and growing occupier demand, limited supply of vacant space and high barriers to developing new assets in prime locations. These favourable conditions are leading to rising rents and capital values, as well as improving lease terms.

## Powerful long-term trends are fuelling occupier demand

Demand for large scale logistics assets is increasing as occupiers look to fulfil their rapidly growing e-commerce sales, and to secure the financial and operational economies of scale and efficiencies that are not available in smaller units.

## Structural tailwinds are accelerating

The Covid-19 pandemic has accelerated the trends in our markets, resulting in a step change increase in e-commerce penetration and prompting occupiers to increase the resilience of their supply chains, boosting their need for logistics space.

## Unique relationships with developers enable us to secure high-quality, sought-after assets

Our developer relationships give us access to a pipeline of the highest quality new assets in the best locations, enabling us to add to the portfolio at more attractive valuations and acquire assets earlier in their development and on an off-market basis, giving us the opportunity to capture value-creation opportunities.

## Asset management underpins further value creation

There are numerous opportunities embedded in our portfolio to create further value through, for example, leasing unoccupied space and utilising unused or adjacent land, providing upside to income and capital values.

## Sustainability is at the heart of our model

Sustainability is central to our purpose and to the way we work. We recognise that future-proofing our assets makes them more attractive, resilient long-term investments and better for occupiers, the environment and society.

## Our portfolio offers attractive, secure and inflation-linked income and opportunities for capital growth

We have constructed an outstanding portfolio of large, modern and flexible assets in prime logistics locations across Europe. This generates a robust income stream with built-in compounding through the indexation in our leases, supporting an attractive dividend. Our strategy enables us to grow both income and the capital value of our assets, delivering attractive Total Returns to Shareholders.



# Executing on our sustainability commitments

We recognise the importance of sustainability to long-term value creation and to our tenant partners, Shareholders and society more generally. Rigorous focus on sustainability underpins our long-term viability and commercial success, by helping us to make decisions in the interests of all our stakeholders.

## Our sustainability ambition

Our ambition is to demonstrate leadership in sustainable logistics, working in collaboration with stakeholders to create positive change and value in the long term for our tenant partners, their staff and our other stakeholders.

## Our sustainability strategy

In support of this ambition, we follow a sustainability strategy which is aligned with four of the UN Sustainable Development Goals:



### Healthy and sustainable buildings

Ensure and demonstrate the resilience of our assets.

SDG 11: Sustainable Cities and Communities



### Energy and carbon

Achieving a net zero carbon portfolio.

SDG 13: Climate Action



### Nature and wellbeing

Enhance biodiversity across the Group's portfolio.

SDG 15: Life on Land



### Socio-economic impact

Create a positive socio-economic impact through our investment.

SDG 8: Decent Work and Economic Growth

Each of these goals is supported by objectives and initial targets we aim to achieve by 2023. See pages 34 to 41.

## Our sustainability credentials

- 87% of the portfolio covered by Green Building Certifications or
- 100% Energy Performance Certificates outperform their best practice benchmarks
- 2,259 MWh of on-site solar PV generation
- GRESB score 82/100, 4 Green Stars
- WorldGBC Net Zero Carbon Commitment signatories
- ISO 14001 accredited





# A platform for further success



**Nick Preston**  
Fund Manager

“The structural trends driving the occupational market underpin our confidence in delivering attractive returns, as we invest with discipline and drive value from existing assets.”

**Q: What are your assumptions around yield compression in your respective markets? Do these differ across regions and how is this affecting your planning over the longer term?**

When we are developing the business case for acquiring an asset, we never assume market yield compression in order to make the numbers work. However, we often expect to secure a discount to the market yield when we are buying from our development partners or forward funding the development of an asset. We are seeing consistent yield compression across most markets in Europe to low levels which imply rental growth. As part of our underwriting of any acquisition we focus on the local market supply and demand dynamics, which is what leads to rental growth, hence our continued focus on the best markets in Western Europe, where the rental growth is most evident, because of the market dynamics.

**Q: How important are your developer relationships in staying ahead of the market and enjoying advantageous yields?**

The relationships with our development partners are a vital part of our business model. They give us preferential access to brand new, best-in-class assets in key logistics locations in core markets, at advantageous pricing. Our experience of working together means we can conclude quick and reliable purchases, and we are able to source assets earlier in their development cycle. This is an important part of our strategy, meaning we can add value by controlling the leasing, for example. In addition, expanding our development partner relationship help us to grow the portfolio's geographical footprint, as we have recently done with Verdion in the Nordics.

**Q: What is the outlook for rental growth in your core markets?**

Rental growth is already evident in all of our core markets and the outlook for further growth is strong with our like-for-like ERV increase of 2.2%. We invest in prime locations in the most important Continental European markets, where occupier demand is highest. The favourable market conditions discussed below mean there is no end in sight to demand for logistics space in these locations, while the supply of new space is set to remain highly constrained. Not surprisingly, these are leading to improving lease terms and growing rents.



### **Q: How is the shape of the supply chain in your industry shifting and to what extent is that shaping your investment pipeline?**

The assets the Company owns are already fundamental to the supply chains of our tenant partners and their importance is only being reinforced by current trends. Events such as the pandemic and the blockage in the Suez Canal have highlighted the risks to long and complex supply chains, so companies are increasingly looking to add resilience by holding stock closer to where they require it. This means they need to make sure they retain the logistics space they already have and potentially add new space, either by leasing additional assets or extending their current facilities.

This does not change our approach to investing. We have always understood the importance of location for logistics facilities, making it a key driver of our investment selection process. We will continue to target new assets based on criteria such as their proximity to population centres, good infrastructure connections, high sustainability credentials and good power and data connectivity.

### **Q: To what extent is your strategy improving the shape of the returns you can deliver over time?**

Our consistently robust returns are underpinned by an attractive, growing dividend, combined with asset value appreciation.

We are confident about achieving our target and we have a number of levers to help us. The Company's assets deliver a secure income stream and most of the leases include annual indexation, resulting in compounding revenue growth, which in turn supports dividend growth. As noted above, we are also seeing rental growth in our markets, which we can capture through asset management activities, including lettings and lease renewals over the next few years.

We can also create further valuation uplifts through improving and extending existing assets, as we are doing at the Barcelona property let to Mango. As well as this we maintain our relentless focus on good buying, forward funding developments, and developing new buildings on unused parcels of land within the portfolio. At the same time, we continually review the portfolio to assess whether we should crystallise value through disposal and reinvest in higher returning opportunities.

### **Q: The logistics sector has enjoyed the tailwind of strong occupier demand. Should we view this as a cyclical or structural trend?**

Since our IPO, we have said that the trends driving occupier demand are here for the long term and nothing has changed that view. While the pandemic has accelerated certain trends, notably consumers' adoption of e-commerce, they still have much further to run. The volume of online retailing has grown in our core markets but it lags the levels seen in countries such as the UK and US.

The importance of sustainability also cannot be underestimated. Companies are under increasing pressure from their stakeholders to make their operations more sustainable. Modern buildings of the type we own are designed with sustainability in mind and have an important part to play here. We are also still in the early stages of companies adding resilience to their supply chains.

This also comes back to the importance of location. The Company's assets are ideally placed to serve major population centres and facilitate the movement of goods around the most important Continental European economies, so we expect demand for them will always be strong.

### **Q: How integral to your investment approach are environmental and social considerations?**

ESG is fully integrated into the Company's Investment Policy. Our approach includes ESG standards on Green Building Certifications, high energy efficiency and opportunities to add ESG value to assets. Labour is also a critical consideration. Our investment in logistics creates significant employment and social value in the communities surrounding the assets, and our sustainability strategy includes ensuring our buildings support the welfare of the people who work there, and are decent places to work.

The effectiveness of our approach is demonstrated by the portfolio's ESG credentials, with 87% by floorspace having Green Building Certifications and 100% of the assets being more energy efficient than their country best practice benchmarks. This was further evidenced by the recent GRESB scores of 82% (64% as at 30 September 2020).



# Looking to the future with confidence

We operate in a highly attractive market. While each European country is different, there are several common themes:

- occupational demand in prime logistics markets is strong and growing, driven by powerful long-term trends;
- there is a highly constrained supply of assets that are available to occupy in the right locations, and a similarly constrained supply of land on which to build new buildings;
- this demand-supply imbalance is driving rental growth and improving lease terms; and
- the favourable dynamics of the occupational market are driving record levels of interest from investors.

## Powerful long-term trends driving occupational demand

We have identified a number of powerful structural trends driving occupier demand, with three in particular which we expect to sustain this demand over the long-term:

- the rapid growth of e-commerce, which requires companies to have large and often highly automated logistics facilities, close to major population centres and strong transport links;
- the need to optimise, reinforce and de-risk supply chains, for example by consolidating into fewer, larger and more efficient buildings, which makes the supply chain more resilient and reduces costs; and
- the growing necessity for businesses to operate from sustainable properties, with lower environmental impacts and workspace that promotes employee wellbeing, and that will remain fit for purpose for years to come.

## The continued growth of e-commerce

The move to online shopping is one of the key drivers of occupational demand for large logistics assets. Faced with the high costs of occupying shops and rising online spending, retailers are consolidating their physical store operations and creating a combined in-store and online “omnichannel” presence.

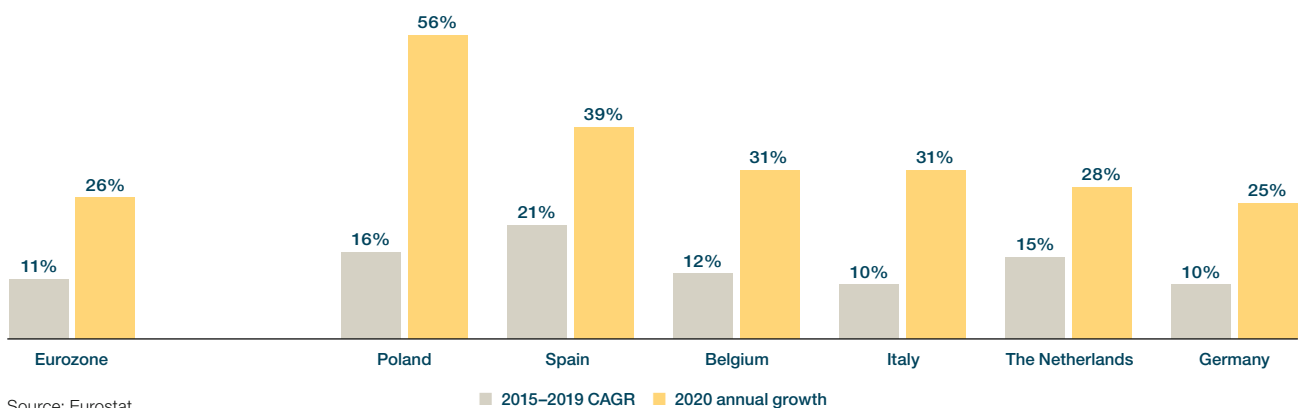
The pandemic has accelerated this trend by changing consumer behaviour, as many people shopped online for the first-time during lockdowns. Across Europe, 72% of people shopped online in 2020, up from 56% in 2013<sup>1</sup>. 2020 saw the biggest single year jump in online shopping penetration as measures taken to combat Covid-19 forced individuals to reconsider how they transact.

The percentage of individuals shopping online varies significantly across Europe. Penetration rates in countries such as the Netherlands, Sweden and Germany are high and have grown further through Covid-19. Large, wealthy populations in these markets are driving strong demand for e-commerce. CBRE report online retailers see expansion in urban locations in these markets as a high priority. Elsewhere in Europe, markets such as Italy and Spain are seeing ecommerce penetration grow rapidly but from a much lower base. 54% of Italians and 66% of Spaniards shopped online in 2020, up from 32% and 43% respectively in 2013<sup>1</sup>.

We expect many of these new users will continue to buy online, resulting in a step change in e-commerce activity. Research from RetailX shows that across Europe as a whole, nearly 80% of consumers expect to maintain or increase their level of online shopping when the world returns to normal.

A successful omnichannel model increasingly relies on large, flexible, modern, well-located logistics properties, enabling retailers to offer consumers access to their entire product range and then quickly, flexibly and cheaply deliver those orders and manage returns, while also having the ability to add capacity as they grow.

## Online retail sales: 2020 annual growth vs 2015-2019 compound annual growth rate



Source: Eurostat.

## Optimising supply chains

Even before Covid-19, many businesses faced persistent pressure on their supply chains. As a result, occupiers are consolidating into fewer, larger, and more modern distribution assets. This provides them with economies of scale and the opportunity to automate processes which would not be possible in smaller, disparate properties, helping them to improve their systems, reduce costs and have the flexibility to meet growing demand. Larger units also tend to be taller, allowing for mezzanine floors and more efficient automated racking and storage systems.

The impact of the pandemic and events such as the Suez Canal blockage and the recent spike in shipping costs have shown occupiers the vulnerability of their supply chains. Research suggests<sup>2</sup> occupiers are looking to minimise the risk of future disruption by increasing inventories, diversifying and/or re-shoring, and adding back-up storage space. They are also accelerating long-term plans to ensure facilities can cope with increased online business. Automation is an important part of this process which also improves resilience against Covid-19 and potential future pandemics, in part by reducing the reliance on close human interaction.

## Occupying sustainable assets

Sustainability is increasingly central to our tenants' corporate strategies, not only reflecting the potential cost savings of energy efficiency, but also by being responsible corporate citizens and demonstrating the need to respond to growing consumer awareness of sustainability issues. By occupying assets built with state-of-the-art design and materials, and which incorporate low-carbon technologies and energy efficiency, they can minimise their environmental footprint and optimise their use of natural resources.

Sustainable assets are also more attractive investments for us, offering lower obsolescence, lower capital expenditure and greater long-term appeal to occupiers and investors. Importantly, this accords with our aim to continue to lower our carbon footprint, to align with the Paris Agreement to limit global warming.

1 Source: Eurostat.

2 Source: CBRE 2021 European Logistics Occupier Survey.



# Real estate market fundamentals and investment markets

## Continued strong take-up

Occupier demand has been consistently strong for many years, driven by the structural demand drivers mentioned above, with take-up across Europe averaging 22 million sqm per annum since Q3 2016. 12-months take-up to end of Q3 2021 totalled 25 million sqm; 24% above the corresponding figure in 2020. Net absorption (which is the change in occupied space during the period), has also been growing across Europe since 2010<sup>4</sup>.

## Supply remains constrained

The location of logistics assets is fundamental. In Continental Europe, prime logistics locations are typically close to densely populated conurbations and have excellent transport links for wider distribution, a suitable labour supply and sufficient power to operate substantial automated systems.

In these locations, there are ever fewer suitable vacant buildings and little land on which to build new ones. There are even fewer sites available that can accommodate the very largest logistics facilities and municipalities are often reluctant to zone land for the construction of these assets, particularly in areas with denser populations. Companies looking for large new logistics facilities have few choices.

Recent years have seen a pick-up in new supply delivered to the market in response to high levels of take up and improving market conditions. Developers are moving speculative schemes forward, but we expect to continue to see high levels of net absorption as demand remains robust. Urban permitting, land scarcity, rising land values and construction costs remain barriers to development in many core markets. This will add further pressure to an already constrained logistics market.

## Vacancy at or near its lowest level since 2010

Logistics vacancy rates for Continental Europe are at or near their lowest since 2010. Vacancy rates in Belgium and Germany reached new lows of 0.5% and 2.2% respectively in Q3 2021. Available space in both markets is extremely tight with most of the buildings under

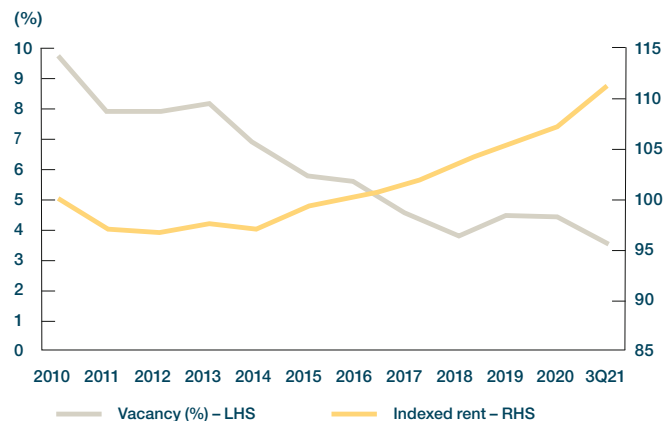
construction or due to complete already pre-let. Current vacant space in the seven main European logistics markets is around 38% of the average five-year annual take-up<sup>4</sup>.

Supply and demand dynamics provide attractive prospects for rental growth and improving lease terms.

## Rental growth increasingly prevalent across Europe

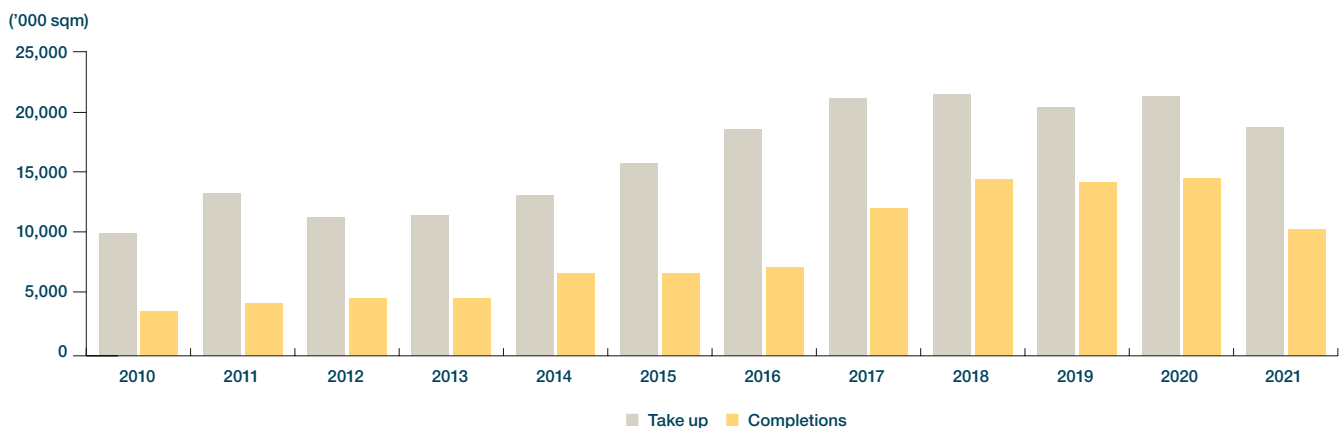
Since 2017, the supply-demand imbalance in prime European logistics locations has contributed to rising rental levels. During the year to Q3 2021, prime headline rents grew by 9.1% in Belgium, 4.9% in Germany and 3.6% in Spain<sup>3</sup>. Rental growth is becoming increasingly widespread as market fundamentals tighten across the continent. Headline prime rents in all seven core European markets are now higher than 2 years ago.

## European logistics rent index and vacancy 2010 – Q3 2021



\* Calculated using unweighted averages.  
Source: CBRE.

## European logistics: completions and take up, 2010 – 3Q 2021



Note: Belgium completions only included from 2017.  
Source: CBRE.



The Manager's focus on asset selection positions us well for future rental growth, with 14 out of the Group's 15 assets located in markets where vacancy rates are below 5%<sup>6</sup>. Another important effect now evident in some European markets is the potential to improve lease terms in favour of the property owner. Leases in Europe have typically been relatively short at an average of five years and often contain occupier-friendly clauses, such as restricted indexation provisions, and tenant only extension options. However, the dynamics described above mean that occupiers are increasingly keen to retain long-term control of their properties, particularly given their often-substantial investment in fitting out and automation, and the ever-greater importance of an efficient supply chain in the wake of Covid-19. They are therefore signing longer leases to secure their occupation and amortise these costs over a longer period. Longer leases also suit international companies who want to harmonise their lease obligations across geographies.

The trend to longer leases is evidenced by our portfolio, which has a WAULT of 9.3 years at 30 September 2021.

### Investment demand remains robust

The dynamics of the occupational market make the logistics subsector highly appealing to investors, who are attracted by the robust income streams and the potential for income and capital growth.

The investment market for logistics real estate assets is therefore competitive. Year-to-date through Q3 2021, investment volumes totalled €18.4 billion<sup>5</sup>, up 29% on the same period in 2020<sup>4</sup>. Spain and Italy have seen large year-on-year increases as investors look to

capitalise on market fundamentals that while improving, have somewhat lagged more northern parts of Europe. Conversely, investment volumes in Belgium remain relatively muted, despite a record low vacancy rate and robust rental growth. New entrants continue to seek investment opportunities, which remain very limited.

Strong investment demand contributed to further yield compression, with prime yields across Europe declining by 57 basis points since Q4 2020 to 3.75% at Q3 2021<sup>4</sup>. The weight of capital looking to source attractive logistics investments in Spain and Italy has helped push yields in both countries down by around 60 basis points to 4.15% and 4.35% respectively. Core European logistics markets such as Germany, France, the Netherlands, and Belgium also saw yields compress further. Prime assets in these markets are currently trading at between 3.2% and 3.5%<sup>4</sup>.

While we expect investment demand for logistics properties to remain strong, particularly in the core markets we are targeting, we also anticipate that investor attention will at some stage return to sectors such as offices and retail, as clarity increases about rental values and Total Return prospects in a post-Covid-19 environment.

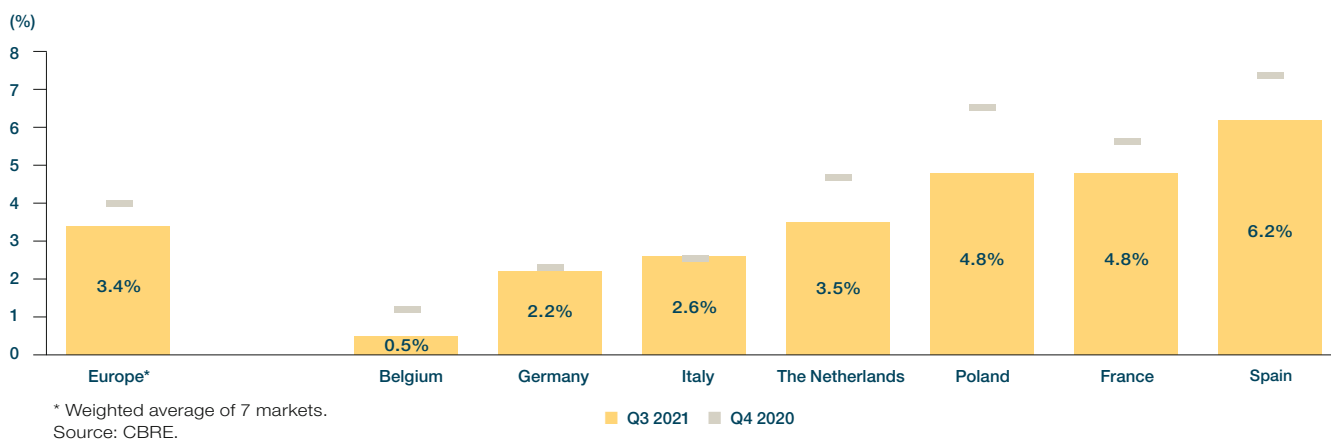
3 European data used in this report considers the following markets: Belgium, France, Germany, Italy, the Netherlands, Poland & Spain unless otherwise stated.

4 Source: CBRE.

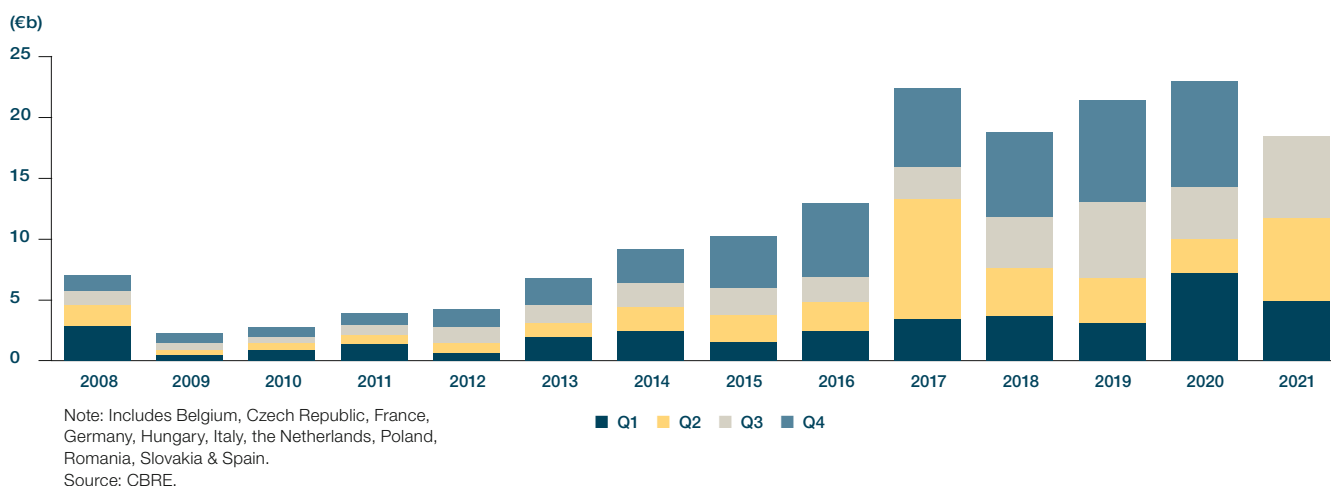
5 European market data used, covers the following markets: Germany, France, Poland, Czech Republic, Italy, the Netherlands, Spain, Belgium, Hungary, Romania & Slovakia.

6 Vacancy as per CBRE data, Q3 2021.

### European vacancy rates: Q3 2021 vs Q4 2020



### European logistics investment volumes by quarter: 2010 – Q3 2021



# Our Business Model



We acquire, lease and manage large logistics assets across strategic locations in core countries in Continental Europe. Our target markets are shown in the map on page 7.

We aim to deliver consistent returns to Shareholders over the medium to long term, through investing in properties that deliver secure and rising rental income and capital growth.

## Our advantages

### The Manager and the Board

The Manager and the Board together are responsible for devising, implementing and evolving our strategy.

The Manager's logistics sector specialism provides exceptional focus and understanding of the dynamics of the sector to enable this. It benefits from a deep pool of resource with many years of combined experience in the European logistics real estate market, providing Shareholders with unrivalled execution capability. The Manager's expertise and reputation make us an attractive partner for occupiers and for sellers looking to dispose of their assets.

The Manager's skills include strategy formulation; portfolio construction; sourcing and acquisition of assets; management, in conjunction with our retained asset managers, to unlock value from assets; development; implementation of hold/sell strategies; and disposal. Layered throughout these disciplines is market-leading in-house tax, legal and accounting knowledge.

### Developer relationships

The relationships with our development and asset management partners Dietz, Logistics Capital Partners (LCP) and Verdion are key advantages for us. They give us access to competitively priced, top-flight investment opportunities in the key European logistics markets.

As well as these relationships, the Manager has a wide contact base of other investors, developers and occupiers in the market, which also provide reliable and attractive investment opportunities.

► Read more on pages 60 to 62

## How we create value

### Source high-quality investments

The Manager uses its experience and relationships to acquire properties for us which are not being openly marketed, thereby reducing competition for them. We can also expand our portfolio by extending properties and building on our existing sites, enabling us to invest at more advantageous rates than in the open market.

### Buy and sell for value

Before acquiring an asset, the Manager assesses its fit with our investment criteria (see pages 26 and 27) and with the existing portfolio, to ensure good diversification and avoid concentration of risk. All acquisitions are analysed for future performance prospects, based on a wide range of different metrics including location, building layout and design and current and future leasing characteristics.

### Develop on a risk-controlled basis

We may invest in forward funded developments, which have either been pre-let to a tenant or benefit from a rent guarantee. This enables us to invest in well located, brand new, environmentally friendly buildings, substantially reducing any development risk.

We can also acquire land already zoned for logistics use, either as part of an asset acquisition or as a discrete parcel of land. This allows us to capture a greater share of the development profit.

### Proactively and responsibly manage assets

The Manager works with our tenant partners to maximise the building's usefulness to their operations and to adapt it as their needs change. Close contact with tenants and other local stakeholders helps unlock value for the long term.

### Sustainability

Sustainability is at the heart of this approach, helping to ensure we acquire and invest in sustainable assets, to future-proof our portfolio and ensure it generates long-term returns for Shareholders, while protecting the environment and benefiting local communities, creating financial and non-financial value.

We carry out Sustainability Risk Assessments on acquisition of assets, giving us valuable information about the sustainability risks and opportunities. We then create Sustainability Action Plans ("SAPs"), which identify asset management and operational initiatives. We use these to engage our tenant partners and collaborate on sustainability projects. The SAPs are updated annually.

► Read more on pages 44 to 48





## The value we create

### For our tenant partners

Our tenant partners benefit from large, modern, flexible, sustainable and well-located logistics space, owned by a landlord who is an expert in the sector and committed to understanding and supporting their operations in the long term. We also aim to provide decent workplaces for tenant's employees.

### For society

Our assets are integral to the surrounding communities. They support local employment and generate tax revenues which support local and national government spending. Our assets also enable modern lifestyles, particularly in online shopping, allowing rapid, low cost delivery and wide consumer choice.

### For the environment

Our approach to sustainability (see pages 34 to 43) aims to transition our portfolio to net zero carbon, while enhancing biodiversity on our sites. This protects us from the extreme impacts of climate change and environmental damage.

### For shareholders

We look to offer good investment returns through paying a progressive, secure and sustainable dividend and capital value growth. Our dividend and Total Return targets are set out on pages 27 and 28.

### For lenders

Our lenders benefit from having interest serviced from diverse, regular and stable cash flows, generated by financially strong tenants occupying top quality real estate.

## How we generate returns

A large proportion of our Total Return is generated from the rents which our tenant partners are contracted to pay to us under mostly multi-year lease contracts. We typically receive inflation-linked rental increases each year and capture market rental growth through asset management. Around two-thirds of our rental payments are received monthly in advance, with the remainder being received quarterly in advance, meaning our highly visible revenue converts quickly into cash.

Our cost base enables us to convert a significant proportion of our rental income into profit. A number of our costs are partially or largely fixed, which will result in increasing profitability as the portfolio expands.

This growth in income is directly converted into capital growth. Additional capital growth may come through asset management, our acquisition processes and development activities, as well as yield compression across the market.

► Read more on pages 45 to 49



# Engaging with our stakeholders

By considering the Company's purpose and values, together with its strategic priorities we aim to balance stakeholders different perspectives. For more information on the impact of key decisions of the Board on our stakeholders, please refer to our "Key Board Decisions" table on page 69.

## Section 172 statement

The Directors have had regard for the matters set out in section 172(1) (a)-(f) of the Companies Act 2006 when performing their duty under section 172. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have considered (amongst other matters):

- The likely consequences of any decision in the long term;
- Interest of the Manager and its employees, as the Company does not have any employees;
- The need to foster the Company's business relationships with suppliers, tenants partners and others;
- The impact of the Company's operations on the community and environment;
- The Company's reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

The table on the right indicates where the relevant information is in this Annual Report that demonstrates how we act in accordance with the requirements of s172.

Further information on how we have engaged with our key stakeholders and considered their interests during the last reporting period can be found on pages 67 to 69.

## Our stakeholders



**The Manager and its employees**



**Our Shareholders**



**Our suppliers**



**Our tenants**



**Our lenders**



**Government, regulators and local councils**



**Our communities**

► Read more on pages 67 to 69



## The Manager and its employees

### What they care about

The long-term success of the Company is of key importance to the Manager. In order to achieve this, as well as establishing and maintaining lasting relationships, the Manager takes a keen interest in the wellbeing and satisfaction of its employees. Being able to attract and retain high-calibre talent and then support those individuals in their professional development is a high priority for the Manager. The Board and the Manager maintain a positive and transparent relationship to ensure alignment of values and business objectives.

### How we engage

- Quarterly reporting to the Board
- External Board evaluations
- Informal meetings including Board lunches
- Professional and executive development programmes
- Employee surveys

### Topics

- Employee satisfaction and resourcing
- Remote working and staff wellbeing
- Business updates

### Outcomes

- Updated software and systems for remote working
- Continued workforce productivity with minimal operational impact
- Implementation of a Working from Home Policy for the Manager
- Employee social events

### Further information

- Pages 44 to 48 in the Manager's Report
- Page 69 in Key decisions of the Board 2020
- Pages 70 to 72 in Division of Responsibilities
- Pages 81 to 83 in the MEC Report



## Our Shareholders

### What they care about

Delivering sustainable, profitable growth over the longer term. Our investors take a keen interest in strong corporate governance, as well as a transparent reporting framework and the ESG initiatives of the Company.

### How we engage

- Regular market updates on strategy and performance
- Virtual meetings with the Board and the Manager to aid understanding and decision making
- Roadshows
- Quarterly update reports to the Board from Investor Relations
- Annual General Meeting
- Lunches held between Shareholders and key personnel from the Board and the Manager

### Topics

- Strategic plans and long-term value and returns
- Governance
- Sustainability

### Outcomes

- Deployment of capital
- Engagement with key representatives to ensure our purpose and strategy remain in line with expectations
- Update on financial impact of Covid-19
- Update on operations during Covid-19

### Further information

- Pages 20 and 21 in the Business model
- Pages 66 to 68 in Board leadership and company purpose
- Page 69 in Key decisions of the Board 2020





## Our suppliers

### What they care about

Our suppliers care about having collaborative and transparent working relationships with us, including responsive communication and being able to deliver to their service level agreements at a competitive fee.

### How we engage

- Invited key suppliers to attend Board and Committee meetings
- Informal, one-to-one virtual meetings
- Review of supplier performance by the Management Engagement Committee
- Externally facilitated advisor reports

### Topics

- Service levels and annual performance
- Fee structure
- Relationship management
- Processes and procedures

### Outcomes

- Continued good, and in some cases, exceptional, levels of service
- Appointment of IQ-EQ as the Company's preferred European corporate secretarial service provider
- Appointment of Design Portfolio as the Company's Annual Report design agency

### Further information

- Key Decisions of the Board 2020 page 69
- Management Engagement Committee Report pages 81 to 83



## Our tenants

### What they care about

Quality assets, including buildings with strong EPC, BREEAM and sustainability ratings that enable them to succeed. A knowledgeable and committed landlord that supports their strategy, with a current focus on fulfilling their rapidly growing e-commerce sales. Our tenants want efficient supply chain logistics and attractive cost price labour pools.

### How we engage

- Regular face-to-face meetings both virtual and on site, when able
- Review of published data, such as annual accounts, trading updates and analysts' reports to identify mutually beneficial opportunities
- Greater discussion over cash flow and rental collection in the current climate
- Stakeholder surveys
- Engagement on "green" initiatives
- Ensured buildings comply with the necessary safety regulations and insurance
- Liaison with tenants in respect of insurance procurement

### Topics

- Impact of Covid-19 and lockdown restrictions
- Sustainability initiatives
- Cash management
- Supporting e-commerce initiatives

### Outcomes

- Payment plans and rent deferrals to help manage cash flow and resources
- Greater clarity for the business on rent collection
- Strengthening of business relationships

### Further information

- Manager's Report starting pages 44 to 48
- Sustainability section pages 34 to 43

Section 172 matter Further information incorporated into this statement by reference

<b>Long term</b>	<ul style="list-style-type: none"> <li>▶ Our Market pages <b>16 to 19</b></li> <li>▶ Our Business Model pages <b>20 and 21</b></li> <li>▶ Manager's Report pages <b>44 to 48</b></li> <li>▶ Key Board Decisions page <b>69</b></li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>▶ Strategic Report pages <b>1 to 57</b></li> <li>▶ Key Board Decisions page <b>69</b></li> <li>▶ Governance Report pages <b>58 to 88</b></li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>▶ For information on the pages <b>23, 62 and 67</b></li> </ul>
<b>Community and environment</b>	<ul style="list-style-type: none"> <li>▶ Strategic Report pages <b>12 and 13, 34 to 43</b></li> <li>▶ Manager's Report pages <b>44 to 48</b></li> <li>▶ Sustainability pages <b>34 to 43</b></li> <li>▶ Key Board Decisions page <b>69</b></li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>▶ Strategic Report pages <b>1 to 57</b></li> <li>▶ Manager's Report pages <b>44 to 48</b></li> <li>▶ Key Board Decisions page <b>69</b></li> </ul>
<b>High business conduct</b>	<ul style="list-style-type: none"> <li>▶ Stakeholder Engagement pages <b>22 to 24 and 67 to 69</b></li> <li>▶ Strategic Report pages <b>1 to 57</b></li> </ul>





# A clear strategy for value creation

Our strategy is to create value at the point of asset acquisition and throughout the life cycle of the asset, through careful asset selection, proactive asset management, a robust focus on sustainability and appropriate financing. We will continue to construct a portfolio which is diversified by geography and tenant and that generates a high and secure level of inflation linked income, as well as capital growth, which will in turn support the Total Returns and dividends we are targeting.

## Investment Policy

The Company's Investment Policy determines the type of assets we acquire. We also make strategic choices about the countries we want to invest in, recognising that European logistics is not a single market.

We have four investment pillars:

- **Foundation:** modern, sustainable buildings in prime locations, let on long leases to institutional-grade tenants.
- **Value-add:** offering opportunities to enhance returns through asset management or forward funding developments.
- **Growth covenant:** fully let and well located, with asset value expected to be driven by improvements in tenant credit quality.
- **Strategic land:** offering opportunities to deliver enhanced returns through the development process.

## Our strategy

### Disciplined asset selection

We increasingly focus on value-add assets, which offer us value-creation opportunities more economically than fully let, stabilised assets. Value-creation opportunities range from acquiring sites with a development agreement to completed assets with unlet space or unused land.

### Progress in 2021

Completed the acquisitions of prime logistics assets in Belgium, Germany (two assets) and Sweden and agreed the forward funding of assets in Italy, Germany and Sweden.

### Future focus

Deploy the capital raised in September 2021 into assets that will meet the strategic criteria and deliver our return objectives.

### Proactive asset management

We drive value from our assets through, for example, restructuring leases; funding tenant fit out; funding new buildings or extensions on spare land; and disposing of assets where we have completed the business plan, allowing us to recycle capital.

### Progress in 2021

Disposed of the asset at Lodz, Poland, for €65.5 million.

Started construction of the Barcelona extension.

Reached practical completion of the speculatively developed asset at Bornem, Belgium.

Let the vacant units at Breda, the Netherlands, and Strykow, Poland.

### Future focus

Continue to exploit the value-add opportunities from the portfolio, including developing unused land, and continually review the portfolio for the potential to sell and recycle capital.

## Our objectives

In pursuing this strategy, we aim to deliver:

- **Total Return:** our target is a 9.0% Total Return per annum over the medium term.

# 9.0%

- **Dividends:** we aim to pay out 90%–100% of our Adjusted Earnings each year, with a minimum payout of 85% of Adjusted Earnings.

# 90%–100%

### Forward-looking focus on sustainability

Our approach to sustainability is embedded in the way we manage our assets and create non-financial value. More information on our sustainability strategy can be found on pages 34 to 43.

#### Progress in 2021

Introduced ESG acquisition due diligence reports.

Implemented 4 green leases.

Continued with a range of initiatives to improve environmental performance.

Achieved a GRESB score of 82/100, up from 64/100 in 2020.

#### Future focus

Continue to embed sustainability considerations in our operations, to ensure our assets remain fit for purpose into the future.

### Intelligent capital management

We actively manage our capital, which can include recycling capital through asset disposals, effective debt management and, where supported by a clear rationale, raising new equity.

#### Progress in 2021

Raised €480 million of new equity through two successful issues, in March and September 2021.

Received an investment grade credit rating.

Issued €500 million debut Green Bond.

#### Future focus

Continue to expand and diversify the Company's sources of borrowing and extend the average maturity of debt.



# Measuring our performance

Set out below are the key performance indicators we use to track our strategic progress.

## 1. Dividend

Dividends paid to Shareholders and declared in relation to the period.

# 5.00 cents

2020: 4.40 cents

2021	5.00 cents
2020	4.40 cents
2019	3.40 cents

### Comments

The dividend reflects our ability to deliver a growing income stream from our portfolio and is a key element of our Total Return. Our policy is to pay an attractive and progressive dividend, with the intent to pay out 90%–100% of our Adjusted Earnings each year, with a minimum payout of 85% of Adjusted Earnings.

### 2021 performance

5.00 cents/share for the 12 months ended 30 September 2021 (2020: 4.40 cents/share)

## 2. Total Return (“TR”)<sup>1</sup>

Total Return measures the change in the EPRA Net Tangible Assets (“EPRA NTA”) over the period plus dividends paid.

# 14.3%

2020: 11.0%

2021	14.3%
2020 <sup>1</sup>	11.0%
2019 <sup>2</sup>	9.5%

### Comments

The Total Return measures the ultimate outcome of our strategy, which is to create value for our Shareholders through our portfolio and to deliver a secure and growing income stream. The Company’s medium-term Total Return target set at IPO is 9% per annum by reference to the IPO issue price.

The Company decided to change its primary metrics from EPRA NRV to EPRA NTA.

Please refer to page 126 for more details.

### 2021 performance

14.3% for the 12 months ended 30 September 2021 (2020: 11.0%)

1 Comparative for 2020 has been prepared using EPRA NTA.

2 Comparative for 2019 has been prepared using EPRA NAV.

## 3. Basic Net Asset Value

Net asset value in IFRS GAAP.

# €1,053.5m

2020: €503.9m

2021	€1.31 per share
2020	€1.19 per share
2019	€1.13 per share

### Comments

Basic Net Asset Value measures the net value of the Company under IFRS.

### 2021 performance

€1,053.5m/€1.31 per share as at 30 September 2021 (€503.9m/€1.19 per share as at 30 September 2020)



## 4. Adjusted Earnings<sup>1</sup>

Post-tax Adjusted Earnings Per Share attributable to Shareholders, adjusted for other earnings not supported by cash flows.

► See note 12 to the financial statements

# €24.7m

2020: €17.6m

2021	4.61 cents/share
2020	4.16 cents/share
2019	3.25 cents/share

### Comments

Adjusted Earnings Per Share reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.

### 2021 performance

€24.7m/4.61 cents per share for the 12 months ended 30 September 2021 (2020: €17.6m/4.16 cents per share)

## 5. Loan to value ratio (“LTV”)<sup>1</sup>

The proportion of our gross asset value that is funded by net borrowings (excluding cash).

# 13.3%

2020: 41.1%

2021	13.3%
2020 <sup>1</sup>	41.1%
2019 <sup>1</sup>	40.8%

### Comments

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. The Company will maintain a conservative level of aggregate borrowings, with a medium-term target of 45% of gross asset value and a maximum limit of 50% (in each case, calculated at the time of borrowing).

The definition of LTV has changed during the year, aligning reporting LTV and lenders LTV. Please refer to Glossary.

### 2021 performance

13.3% at 30 September 2021 (30 September 2020: 41.1%)

<sup>1</sup> Comparatives for 30 September 2020 and 30 September 2019 were 39.9% and 33.3% respectively using the previous LTV definition.

## 6. Weighted average unexpired lease term (“WAULT”)<sup>1</sup>

The average unexpired lease term of the property portfolio weighted by annual passing rents.

# 9.3 years

2020: 9.1 years

2021	9.3 years
2020	9.1 years
2019	11.0 years

### Comments

The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security of our income stream. The Company seeks to maintain a WAULT of greater than five years across the portfolio, in accordance with typical lease lengths prevalent in Continental Europe.

### 2021 performance

9.3 years at 30 September 2021 (30 September 2020: 9.1 years)

<sup>1</sup> See Glossary for further details.



## 7. Dividend cover<sup>1</sup>

Dividends paid and proposed to Shareholders in relation to the financial period.

# 80.2%

2020: 94.4%

2021	80.2%
2020	94.4%
2019	85.3%

### Comments

The dividend cover helps to indicate how sustainable a dividend is. It measures the proportion of dividends which is supported by Adjusted Earnings.

The level of cover this year is explained by the two large equity raises and the time to deploy the geared proceeds.

### 2021 performance

80.2% for the 12 months to 30 September 2021 (2020: 94.4%)

## 8. Interest cover<sup>1</sup>

The ratio of net property income to the interest incurred in the period.

# 6.28 times

2020: 4.63 times

2021	6.28 times
2020	4.63 times
2019	6.0 times

### Comments

Interest cover is a measure of a company's ability to meet its interest payments.

### 2021 performance

6.28 times for the 12 months to 30 September 2021 (2020: 4.63 times)

## 9. Like-for-like rental growth

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

# 2.4%

2020: 0.5%

2021	€0.9m
2020	€0.2m
2019	€0.3m

### Comments

This measures the Company's ability to grow its rental income over time. Rental growth will not be linear during the hold period, with different mechanisms in each lease agreement.

Like-for-like rental growth includes rental guarantees. Growth during the year was mainly driven by the Bornem extension which was completed in September 2021, as well as the letting in Strykow. Excluding these asset management initiatives, like-for-like rental growth was 0.80%.

### 2021 performance

2.4%/€0.9m for the 12 months to 30 September 2021 (2020: 0.5%/€0.2m)

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 the new EPRA NAV measures, please see the Notes to the EPRA and Other Key Performance Indicators.

1. EPRA Net Reinstatement Value (“EPRA NRV”)	2. EPRA Net Tangible Assets (“EPRA NTA”)	3. EPRA Net Disposal Value (“EPRA NDV”)																		
<p>Basic NAV adjusted for mark-to-market valuation of derivatives, deferred tax and transaction costs (Real Estate Transfer Tax and purchaser’s costs).</p>	<p>Basic NAV adjusted to remove the fair values of financial instruments and deferred taxes. This excludes transaction costs.</p>	<p>Equivalent to IFRS NAV, as this includes the fair values of financial instruments and deferred taxes.</p>																		
<h2>€1,147.4m</h2> <p>2020: €550.5m</p> <table border="1"> <tr> <td>2021</td> <td style="text-align: right;">€1.42/share</td> </tr> <tr> <td>2020</td> <td style="text-align: right;">€1.30/share</td> </tr> <tr> <td>2019</td> <td style="text-align: right;">€1.21/share</td> </tr> </table>	2021	€1.42/share	2020	€1.30/share	2019	€1.21/share	<h2>€1,086.5m</h2> <p>2020: €516.3m</p> <table border="1"> <tr> <td>2021</td> <td style="text-align: right;">€1.35/share</td> </tr> <tr> <td>2020</td> <td style="text-align: right;">€1.22/share</td> </tr> <tr> <td>2019</td> <td style="text-align: right;">€1.14/share</td> </tr> </table>	2021	€1.35/share	2020	€1.22/share	2019	€1.14/share	<h2>€1,053.5m</h2> <p>2020: €503.9m</p> <table border="1"> <tr> <td>2021</td> <td style="text-align: right;">€1.31/share</td> </tr> <tr> <td>2020</td> <td style="text-align: right;">€1.19/share</td> </tr> <tr> <td>2019</td> <td style="text-align: right;">€1.13/share</td> </tr> </table>	2021	€1.31/share	2020	€1.19/share	2019	€1.13/share
2021	€1.42/share																			
2020	€1.30/share																			
2019	€1.21/share																			
2021	€1.35/share																			
2020	€1.22/share																			
2019	€1.14/share																			
2021	€1.31/share																			
2020	€1.19/share																			
2019	€1.13/share																			
<p><b>Comments</b></p> <p>A key measure to highlight the value of net assets on a long-term basis. The metric reflects what would be needed to recreate the current portfolio of the Company.</p>	<p><b>Comments</b></p> <p>Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.</p>	<p><b>Comments</b></p> <p>Represents the Shareholders’ value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.</p>																		
<p><b>2021 performance</b></p> <p>€1,147.4m/€1.42 per share as at 30 September 2021 (30 September 2020: €550.5m/€1.30 per share)</p>	<p><b>2021 performance</b></p> <p>€1,086.5m/€1.35 per share as at 30 September 2021 (30 September 2020: €516.3m/€1.22 per share)</p>	<p><b>2021 performance</b></p> <p>€1,053.5m/€1.31 per share as at 30 September 2021 (30 September 2020: €503.9m/€1.19 per share)</p>																		



#### 4. EPRA Earnings

Earnings from operational activities.

# €14.7m

2020: €13.8m

2021	2.75 cents
2020	3.26 cents
2019	2.96 cents

##### Comments

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

##### 2021 performance

€14.7m/2.75 cents per share for the 12 months to 30 September 2021 (30 September 2020: €13.8m/3.26 cents per share)

#### 5. 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) purchaser's costs.

# 3.7%

2020: 4.4%

2021	3.7%
2020	4.4%
2019	4.5%

##### Comments

This measure should make it easier for investors to judge how the valuations of portfolios compare.

##### 2021 performance

3.7% as at 30 September 2021 (30 September 2020: 4.4%)

#### 6. 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).

# 3.8%

2020: 4.6%

2021	3.8%
2020	4.6%
2019	4.8%

##### Comments

This measure should make it easier for investors to judge how the valuations of portfolios compare.

##### 2021 performance

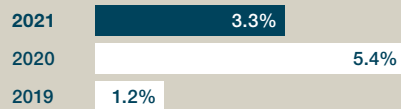
3.8% as at 30 September 2021 (30 September 2020: 4.6%)

## 7. EPRA Vacancy Rate

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

# 3.3%

2020: 5.4%



### Comments

A “pure” (%) measure of investment property space that is vacant, based on ERV, and includes natural guarantees.

### 2021 performance

3.3% for the 12 months to 30 September 2021 (30 September 2020: 5.4%)

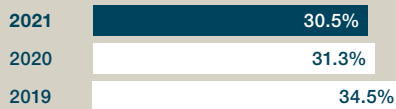
During the year, all vacant space was covered by rental guarantees

## 8. EPRA Cost Ratio

Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.

# 30.5%

2020: 31.3%



### Comments

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

### 2021 performance

30.5%<sup>1</sup> for the 12 months to 30 September 2021 (2020: 31.3%<sup>1</sup>)

29.6%<sup>2</sup> for the 12 months to 30 September 2021 (2020: 31.0%<sup>2</sup>)

- 1 Inclusive of vacant property costs.
- 2 Exclusive of vacant property costs.
- 3 Adjusted EPRA Cost Ratio inclusive of vacant property costs for the 12 months to 30 September 2021 was 28.5% (2020: 27.8%).
- 4 Adjusted EPRA Cost Ratio exclusive of vacant property costs for the 12 months to 30 September 2021 was 27.6% (2020: 27.6%).





# Successfully implementing our ESG strategy

Sustainability is fundamental to the Company's ability to create long-term value for Shareholders and other stakeholders and to manage risk while doing so.

We continued to successfully implement our sustainability strategy during the year and made further progress towards our targets for 2023. More information on each of these achievements can be found in the Manager's Report on pages 44 to 48. The strategy aligns with the following UN Sustainable Development Goals: Sustainable Cities and Communities, Climate Action, Life on Land and Decent Work and Economic Growth.



## Environment: healthy and sustainable buildings

### Objective

Ensure and demonstrate the sustainability of our assets

### 2020–23 targets

- Ensure all acquisitions and standing investments align with environmental, social and governance ("ESG") investment principles
- Improve GRESB score to four Green Stars
- Implement green leases on all new leases
- Provide recommendation reports and sustainable operations guides to tenants

### Progress in the year

- Issued a Green Bond to fund sustainable acquisitions and improve the sustainability of the investment portfolio
- Green leases signed with Samsung at Breda, HAVI at Wunstorf, Alcon at Bornem and Puma at Geiselwind
- Used the proceeds of the Green Bond to fund acquisitions of Geiselwind, Lich and Gothenburg

- Increased the number of Green Building Certifications through acquisitions of Lich, Geiselwind and Nivelles, and obtained BREEAM In-Use Certifications at Rumst, Bornem, Hammersbach and Bochum
- Commenced the certification process for the Gothenburg asset to achieve LEED Gold
- Agreed to acquire a brownfield site in Oberhausen, Germany, for redevelopment

The Company issued a debut €500 million Green Bond in June 2021 to fund sustainable acquisitions and improve the sustainability of the investment portfolio. The proceeds have been used to fund sustainable acquisitions as part of our ESG strategy, including the acquisitions of Geiselwind, Lich and Gothenburg.

This year we also signed our first green lease with Samsung in Breda, and we are working with tenants in Wunstorf, Bornem and Geiselwind to agree further green leases.

We have increased the sustainability credentials of the portfolio with a focus on attaining Green Building Certifications for Rumst, Bornem, Hammersbach and Bochum. The Green Building Certification coverage has increased from 65% in 2020 to 87% in 2021.

As a key performance metric, the Company has increased its GRESB performance, achieving 4 out of 5 Green Stars in 2021, and ranking second in its peer group. The Company has improved its score from 53/100 in 2019 to 82/100 in 2021.



## Environment: energy and carbon

### Objective

Achieve net carbon zero

### 2020–23 targets

- Ensure all assets have LED lighting and Building Management Systems installed
- Install renewable energy generation projects
- Ensure assets have climate resilience measures installed

### Progress in the year

- Switched to renewable energy for landlord supplies, reducing our carbon intensity by 69%
- Completed solar PV installations at Barcelona and Peine
- Switched the asset at Lodz to renewable energy supplies before it was disposed of, saving 2,773 tonnes of carbon in operations
- Acquired a low carbon building, with Geiselwind designed to be net zero carbon in operations
- Assessed climate change risks on standing investments using the Carbon Risk Real Estate Monitor (CRREM) Tool

This year the Company has taken several steps to support its net zero carbon objective, such as switching its landlord supplies to reduce its carbon emissions by 69%. This has reduced the direct carbon emissions (Scopes 1 and 2) to 1,256 tonnes of carbon, down from 3,993 tonnes of carbon in 2020.

The Company has also supported tenants to reduce their carbon emissions through on-site renewable energy generation. 2,259 MW of renewable energy was generated on site.

The Company has used the TCFD framework and CRREM assessment tool to understand the potential risks and opportunities of climate change. It will conduct 'scenario analysis' to understand the severity of these risks depending on the extremity of global warming.



## Social: social value

### Objective

Create a positive socio-economic impact through our investment

### 2020–23 targets

- Measure social value to demonstrate impact of the Company's investment
- Support local community causes, in alignment with tenants
- Support employment and skills initiatives for the five assets with the highest levels of deprivation

### Progress in the year

- Agreed a three-year partnership with The Mission to Seafarers, which supports workers in the global logistics supply chain
- Invested €27,000 in the Mission to Seafarers and through the Local Community Investment Fund

The Local Community Investment Fund was created in 2020 to support the local community causes important to our tenants. In the year, the Company supported two community initiatives in Belgium and Poland.

Supporting our tenant Cummins in Rumst, the Local Community Investment Fund provided an additional €2,000 towards Cummins' partnership with a local food poverty charity De Welzijnsschakel, and in Poland, we provided an additional €10,000.

The Company established a new community investment partnership with a global seafaring charity, The Mission to Seafarers, to support those working in global sea freight. During the pandemic, over 250,000 workers were left stranded and unable to return home. Our initial emergency relief donation of €15,000 supported those stranded seafarers with key supplies and mental health support.

The Company has now created a three-year partnership with the charity to support those working in global logistics. In 2022 we will fund The Mission to Seafarers €20,000 to purchase and run a minibus in Myanmar, where the bus will be used to transport seafarers to vaccination centres and provide critical supplies to families of seafarers including essential items such as food and hygiene products.

Through these projects we have invested €27,500 in 2021 to create social value for our local communities and value chain.



## Social: nature and wellbeing

### Objective

Enhance biodiversity on the Company's land

### 2020–23 targets

- Implement at least one biodiversity, climate and wellbeing measure on each asset
- Install electric vehicle charging and cycle facilities, where feasible

### Progress in the year

- Completed a Fitwel pre-assessment at Breda
- Introduced beehives and meadows at Rumst and Wunstorf
- Installed cycle parking and EV chargers at Bornem and EV chargers at Wunstorf

As well as acquiring new assets with strong biodiversity and wellbeing features – such as Geiselwind which includes a 22,500 sqm green roof and 500 newly planted trees – the Company has implemented a number of initiatives to improve nature and wellbeing on its standing portfolio.

At Rumst in Belgium and Wunstorf in Germany, the Company funded the installation of beehives and pollinating meadows to support the local ecosystem. The Fund now has 4 biodiversity projects in its portfolio.

We have funded the installation of EV charging and cycle facilities in Wunstorf, Germany, and Bornem, Belgium, to reduce the reliance on fossil fuel powered transport and to support the wellbeing of the employees through increased cycling opportunities.

We progressed a Fitwel Certification at Breda, the Netherlands, to demonstrate the health and wellbeing of the facility.



# Environment: healthy and sustainable buildings

## Overview

- Board ESG training in October 2020 and July 2021 covering ESG investment and regulations.
- Green Bond in June to support the delivery of our ESG strategy.
- GRESB score improved to 4 Green Stars, increasing 18 points demonstrating the progress in achieving our 2023 targets.
- Engaged with tenants throughout the year to understand their sustainability needs and made strong progress in obtaining tenant operational performance data (89% by floorspace) to measure and manage their environmental impacts from the Fund.
- As part of our membership of the German Green Building Council and our commitment to net zero carbon, we have signed up to the World Green Building Council's Advancing Net Zero Carbon Commitment, which confirms our commitment to achieving net zero carbon for our direct activities by 2030 and for all direct and indirect activities by 2050.

ESG is integrated into our investment and asset management activities. Identifying potential sustainability risks and opportunities helps us to understand the actions that may be required to bring the assets in line with our ESG policy and investment principles.

## Key activity in the year

The Company issued a debut €500 million Green Bond in June 2021 to fund sustainable acquisitions and improve the sustainability of the investment portfolio. The proceeds have been used to fund sustainable acquisitions as part of our ESG strategy, including the acquisitions of Geiselwind, Lich and Gothenburg.

This year we also signed our first green leases with Samsung in Breda, HAVI in Wunstorf, and Alcon in Bornem. We are working with tenants in Geiselwind and Nivelles to agree further green leases.

We have increased the sustainability credentials of the portfolio with a focus on attaining Green Building Certifications for Rumst, Bornem, Hammersbach and Bochum. The Green Building Certification coverage has increased from 65% in 2020 to 87% in 2021.

As a key performance metric, the Company has increased its GRESB performance, achieving 4 out of 5 Green Stars in 2021, and ranking second in its peer group. The Company has improved its score from 53/100 in 2019 to 82/100 in 2021.

## Evolving our strategy

In 2022, the Company will:

1. embed ESG into its forward funded developments, including low carbon construction and high health and safety standards;
2. continue to engage our supply chain to embed these standards; and
3. further improve our green credentials through improved ESG ratings and Green Building Certification coverage.





## Target table

Commitment	Objective	2023 target	Activity in 2021	2022 target
<b>Ensure and demonstrate the sustainability, resilience and safety of our assets</b>	Embed ESG into investment practices and ensure any new acquisitions and investments align with ESG investment principles	Ensure all acquisitions and standing investments align with ESG investment principles  Use Green Finance to support sustainable growth for the Fund	ESG policy details minimum standards for green buildings  ESG Due Diligence enhanced to cover all material issues and costs  Raised 500m Green Bond aligned with our Green Finance Framework	Ensure all acquisitions met the ESG investment standards
	Leading ESG ratings	To achieve 3 Green Stars in GRESB	Improved score to 4 Green Stars, achieving 82/100	Target 5 Green Stars
	Green leases with tenants	Implement green leases on new leases	4 green leases signed with tenants	Target green leases with new acquisitions
	Ensure all new assets in the portfolio have a Green Building Certification	All new acquisitions to have or achieve a minimum of BREEAM Very Good or equivalent	Increased Green Building Certification coverage to 87% of the portfolio (2020: 65%)	Increase Green Building Certification coverage to 100% of portfolio
	Ensure all new developments have high Green Building Certifications	All developments meet the Sustainable Construction Brief	Included ESG objectives in forward funded development activities at Nivelles and Bornem C	Explore opportunities for low carbon design for new developments
	Ensure the highest standards to protect health and safety		Creation of Supplier Code of Conduct	Work with supplier partners to ensure health safety systems and policies in place to maintain high standards
	Demonstrate strong tenant engagement	Improve satisfaction score	73% satisfaction score	Conduct a new tenant satisfaction survey



# Environment: energy and carbon

Climate change is a critical risk. In response we have set a target to achieve net zero carbon for our areas of direct control by 2030. We are focused on reducing our carbon footprint, using energy more efficiently to make our assets more resilient in the long term, and reducing operating costs for our customers.

Given the growing importance of understanding the risks and opportunities climate change has on the Company's business strategy, the Company has utilised industry tools and frameworks to assess the potential risks that climate change may pose on the business. It has assessed potential investment risks using the Carbon Risk Real Estate Monitor (CRREM) tool and has begun to align with the Taskforce for Climate-Related Financial Disclosures (TCFD) reporting recommendations ahead of the regulatory compliance date for the Company of September 2022.

## Activity in the year

With an increased focus on engaging and working with our tenants, we have been able to map our full carbon footprint, shown on page 43. As occupiers have operational control, the landlords operational emissions are negligible in comparison to emissions from tenant operations.

This year the Company has taken several steps to support its net zero carbon objective, such as switching its landlord supplies to reduce its carbon emissions by 69%. This has reduced the direct carbon emissions (Scopes 1 and 2) to 1,256 tonnes of carbon, down from 3,993 tonnes of carbon in 2020.

## Target table

Commitment	Objective	2023 target	Activity in 2021	2022 target
<b>To achieve net zero carbon across all direct activities by 2030</b>	To achieve net zero carbon for direct activities	To switch landlord electricity supplies to 100% renewable energy	Reduced carbon emissions from landlord energy consumption by 69%	Switch to 100% renewable electricity for landlord supplies
<b>To achieve net zero carbon across the whole portfolio (inc. Scope 3 tenant emissions by 2050, in line with the 1.5°C warming pathways set out in the Paris Agreement)</b>	To ensure all assets perform better than their country best practice EPC benchmark	Ensure all assets have LED lighting and BMS, where feasible	100% of assets exceed their country best practice EPC range  95% of assets have energy efficiency measures in place	Ensure new acquisitions energy use per m <sup>2</sup> performs better than the best practice country benchmark
	To install all feasible on-site renewable energy opportunities	Install renewable energy generation projects with highest feasibility	Generated 2,259 MWh in 2021  Switched Castorama in Poland to 100% energy supplies	Install solar PV at 4 assets
	To retrofit assets/facilitate low carbon operations for customers in line with 1.5°C warming pathways	Assess the assets that need investment to achieve 1.5°C warming pathways and develop action plans to retrofit assets to align with 1.5°C warming pathway	Assessed assets using the CRREM tool – 16 assets already aligned to Paris Agreed 1.5°C Pathway	Identify net zero carbon pathway plans for assets that do not align with the 1.5°C pathway
	To align with TCFD recommendations  To ensure assets are resilient to physical climate change risks	Fully report against TCFD reporting requirements	Assessed Company activity against the reporting recommendations, aligning with reporting for qualitative aspects	Conduct scenario analysis to quantify the potential risks of different global warming scenarios on the assets in the portfolio



The Company is working tenants to reduce their carbon emissions. It switched the energy supplies for Castorama in Poland to renewable supplies, saving 2,773 tonnes of carbon. In addition to the rooftop mounted solar PV – installed at Amazon, Rome, Breda, the Netherlands, Bornem and Rumst in Belgium, generating 2,259 MW of renewable energy a year – the Company is working with tenants to install further solar PV. We are working tenants in Spain and Germany to invest in on-site renewable energy generation for their benefit.

The Company acquired its first net zero carbon in operations assets at Geiselwind, which adds a further 1.5 MW of solar PV generation to the portfolio. This state-of-the-art logistics facility was developed with a number of highly sustainable features, including electrical reversible heat pumps to provide heating, cooling and ventilation, LED lighting throughout, and building management technologies. Any surplus energy requirements are met using certified green electricity purchased from the national grid.

The Company has used the TCFD framework and CRREM assessment tool to understand the potential risks and opportunities of climate change. It will conduct 'scenario analysis' to understand the severity of these risks depending the extremity of global warming.

### Evolving our strategy

In 2022, the Company will:

1. embed low carbon design standards in its forward funded development criteria;
2. reduce its landlord supplies to 100% renewable energy to bring its Scope 1 and 2 emissions to net zero carbon;
3. progress solar PV installation with tenants;
4. collect and report on construction carbon emissions; and
5. fully align with TCFD recommendations and conduct a scenario analysis and create net zero carbon operations plans for assets that do not align with the 1.5°C pathways and subject to stranding risks.

### SECR disclosure

#### Streamlined Energy and Carbon Reporting ("SECR")

##### Tonnes of carbon emitted (tCO<sub>2</sub>e)

##### Energy consumption used to calculate emissions (MWh) 8,144

	Location-based emissions
Total Scope 1 – direct emissions	205
Total Scope 2 – indirect emissions	1,256
Scope 3 – other indirect emissions	20
Scope 3 – tenant emissions	2,338,073
<b>Total GHG emissions</b>	<b>2,338,093</b>

### SECR supporting narrative

In line with the Streamlined Energy and Carbon Reporting Regulations, the Company is disclosing its energy use and Scope 1, 2 and 3 emissions for the 2021 financial reporting year.

### Methodology

The GHG emissions data was compiled in accordance with the GHG Protocol methodology and the 2021 HM Government Environmental Reporting Guidelines.

The Company takes the operational control approach, which covers the head office and seven assets with landlord supplies for external areas ("managed assets"): Mango, Barcelona; Bornem, Belgium; Bochum, Germany; Castorama, Poland; Bremen I and II, Germany; and Strykow, Poland.

Scope 1, 2 and 3 emissions for managed assets are calculated using country-specific conversion factors sourced from the European Commission.

The services provided for the common parts of the managed assets are external so no floor area intensity is provided.





# Social: social value

Our assets are well located for local employment opportunities, meaning our direct investment in developments creates jobs and associated tax revenues and local spend. These jobs often provide skills training, improving the economic opportunities for those employed. We seek to create a positive social impact by supporting our local communities and our tenants' value chains.

## Activity in the year

The Local Community Investment Fund was created in 2020 to support the local community causes important to our tenants. In the year, the Company supported two community initiatives in Belgium and Poland.

Supporting our tenant Cummins in Rumst, the Local Community Investment Fund provided an additional €2,000 towards Cummins' and in Poland, we provided an additional €10,000 for local community engagement.

The Company established a new community investment partnership with a global seafaring charity, The Mission to Seafarers, to support those working in global sea freight. During the pandemic, over 250,000 workers were left stranded and unable to return home. Our initial emergency relief donation of €15,000 supported those most affected by Covid-19.

The Company has now created a three-year partnership with the charity to support those working in global logistics. In 2022 we will fund The Mission to Seafarers €25,000 to purchase and run a minibus in Myanmar, where the bus will be used to transport seafarers to vaccination centres and provide critical supplies to families of seafarers including essential items such as food and hygiene products.

Through these projects we have invested €27,500 in 2021 to create social value for our local communities and value chain.

## Evolving our strategy

In 2022, the Company will:

- fund The Mission to Seafarers to purchase and run a minibus to support the global supply chain of vaccinated workers;
- extend the Local Community Investment Fund to new assets in the portfolio; and
- establish a project to support the skills and employment in logistics in Europe. We will establish a pilot in the region with the greatest need, and look to roll this out further from 2023.

## Target table

Commitment	Objective	2023 target	Activity in 2021	2022 target
<b>Create a positive socio-economic impact through our investment</b>	The Mission to Seafarers	Support The Mission to Seafarers until 2024	Provided €15,000 emergency relief donation to support seafarers critically affected by Covid-19	Fund The Mission to Seafarers with €25,000 to purchase and run a minibus in Myanmar to support seafarers to get vaccinated and provide critical supplies
	Local Community Investment Fund	Support local community causes in alignment with tenants	Invested €12,000 in local community causes important to our tenants	Continue to invest in local community causes important to our tenants, with a focus on supporting communities where there are new acquisitions



# Social: nature and wellbeing

Biodiversity is in decline in the UK, with one million species at risk of extinction and a decline in public sector spending on conservation of 33% over the past five years. Through our investment in logistics assets in Europe, we have a responsibility to ensure our activities mitigate impacts on the environment and actively enhance biodiversity to ensure that we create a positive impact.

We seek to improve the biodiversity on our land and support health and wellbeing for our tenants. Doing so adds value and improves the experience of our buildings for our tenants. It can also improve productivity and staff retention.

## Activity in the year

As well as acquiring new assets with strong biodiversity and wellbeing features – such as Geiselwind which includes a 22,500 sqm green roof and 500 newly planted trees – the Company has implemented a number of initiatives to improve nature and wellbeing on its standing portfolio.

At Rumst in Belgium and Wunstorf in Germany, the Company funded the installation of beehives and pollinating meadows to support the local ecosystem. The Fund now has four biodiversity projects in its portfolio.

We have funded the installation of EV charging and cycle facilities in Wunstorf, Germany, and Bornem, Belgium, to reduce the reliance on fossil fuel powered transport and to support the wellbeing of the employees through increased cycling opportunities.

We progressed a Fitwel Certification at Breda, the Netherlands, to demonstrate the health and wellbeing of the facility.

## Evolving our strategy

In 2022, the Company will:

1. work with tenants to identify further opportunities to improve nature and wellbeing.

## Target table

Commitment	Objective	2023 target	Activity in 2021	2022 target
<b>Enhance biodiversity on the Company's land</b>	Enhance biodiversity on assets – bee hives, pollinating meadows and green space	Implement at least one biodiversity, climate and wellbeing measure on each asset	Installed four biodiversity and wellbeing measures	Install a further three measures
	Tenant wellbeing amenities			
	Sustainable transport (EV, cycling and walkability)	Install EV charging and cycle facilities, where feasible	Installed two EV charging and cycle facilities	Install a further four facilities



# Task Force on Climate-Related Financial Disclosures (“TCFD”)

## Overview of disclosure needs

The Company supports the recommendations of the TCFD and has begun to align itself with the reporting recommendations. It recognises the scale of climate change and its potential impact on real estate, and therefore the urgent need to take mitigating action. With the built environment accounting for c.40% of all greenhouse gas emissions, we also recognise our responsibility to do what we can to minimise our carbon footprint and encourage our tenants to do the same.

Below provides signposting for the Company’s disclosure on its current alignment with the recommendations throughout this report. A fuller response can be found on the Company’s website: <https://www.tritaxeurobox.co.uk/sustainability/policies-reports/>. It intends to fully comply with the recommendations by 2023.

Recommended disclosures	Page reference
<b>Governance</b>	
a) Describe the board’s oversight of climate-related risks and opportunities.	See section pages 56, 68 and 70 to 71
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	
<b>Strategy</b>	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	See Risk section page 56
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.	
c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
<b>Risk management</b>	
a) Describe the organisation’s processes for identifying and assessing climate-related risks.	See Risk section page 56
b) Describe the organisation’s processes for managing climate-related risks.	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.	
<b>Metrics and targets</b>	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	See Net Zero Carbon Commitments on page 43
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	See Streamlined Energy and Carbon Reporting on page 39
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	See Our Targets on page 43

# Net zero carbon commitments

## Our targets

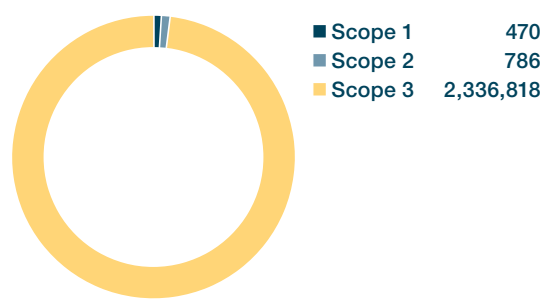
We are aligned with the Paris Agreement to achieve net zero carbon for all the Fund's direct and indirect activities by 2050, following a 1.5°C reduction pathway:

1. reduce direct landlord impacts (Scopes 1 and 2) to net zero carbon by 2030;
2. reduce construction impacts to net zero carbon by 2040; and
3. reduce tenant operational impacts to net zero carbon by 2050.

## Our carbon footprint

We have mapped our full carbon footprint in 2021:

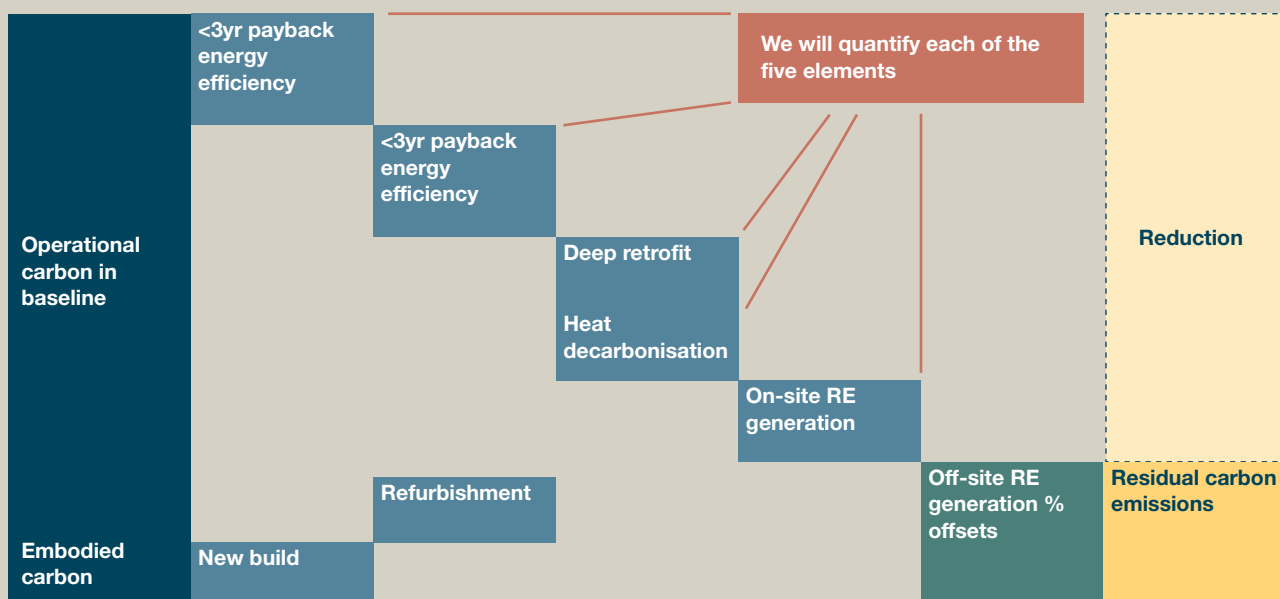
- our direct landlord emissions account for 0.01%; and
- the majority of the Fund's carbon emissions come from tenant operations, making up 99.99%.



## Ways to reduce carbon in operation

We have identified opportunities to improve energy efficiency and reduce carbon emissions in tenant operations. We will work with tenants to support them to achieve low carbon operations.

We model five key elements for operational “decarbonisation”.







# A clear strategy for value creation



**Nick Preston**  
Fund Manager

“The greater scale and diversification of the portfolio allows us to invest in higher returning assets, with a focus on development and land strategies.”



The Company's strategy is designed to create value at the point of asset acquisition and throughout the life cycle of an asset, through:

- careful asset selection, following our four-pillar investment philosophy;
- proactive asset management, to drive value from the existing portfolio;
- a robust focus on sustainability; and
- appropriate financing, including a progressive and active capital management programme.

The Company made good progress with all elements of its strategy during the year, as set out below.

### Further strengthening the portfolio

We continue to construct a portfolio which is diversified by geography and tenant and that generates a high and secure level of inflation-linked income, as well as capital growth, which will in turn support and deliver the Total Returns and dividends we are targeting.

The Company's investment strategy tilts towards increased weighting in new investment in assets with value-add opportunities where we can maximise value creation, either by acquiring assets at an earlier stage in their development cycle (including buying land or forward funding developments), buying assets with vacancy so we can control the leasing, or developing unutilised land purchased with an asset. This approach will generate new Foundation assets for the portfolio, as well as including shorter-term projects where we can extract value and then sell. We will also continue to acquire Foundation and Growth Covenant assets, where we can source attractive opportunities.

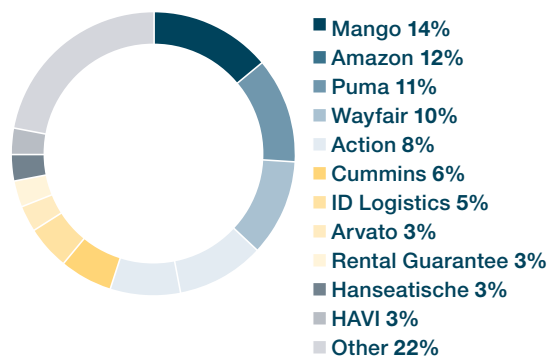
We continued to add to the Company's portfolio during the year, making the acquisitions set out below:

- **Nivelles, Belgium.** In January 2021, the Company acquired a newly built 34,125 sqm logistics facility for €31.2 million, reflecting a net initial yield of 4.8%. The asset comprises two units, one of which is let to Medi-Market Group SA on a new nine-year lease, subject to annual indexation. The second, slightly smaller unit was vacant on acquisition and had a 12-month rental guarantee. We have recently signed a new lease on 16 November 2021 to a leading Belgian supermarket for 9 years, with a break option at six years at €793,553 rent per annum, reflecting €44.8 per sqm.
- **Geiselwind, Germany.** In April 2021, the Company purchased a highly sustainable 70,353 sqm asset, located between Nuremberg and Frankfurt. The highly specified logistics building is the European distribution headquarters of Puma SE, the Germany-based global sportswear manufacturer and retailer. It has been developed to be carbon neutral in its operations and exhibits a full range of ESG credentials. The property is leased until 2035 and benefits from indexation to 100% of the German CPI index, following a four-year indexation holiday from the start of the lease but recovering the full indexation uplift since the start of the lease at the end of the holiday. The 20-hectare site comes with extension potential for an additional 42,000 sqm of floorspace.

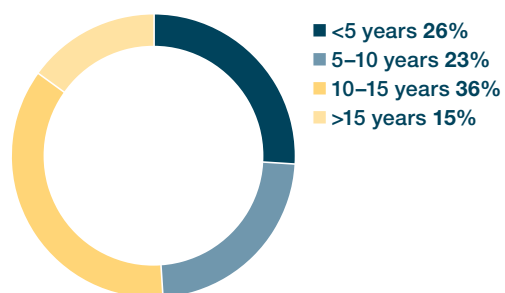
- **Lich, Germany.** In June 2021, the Company completed the acquisition of a 94,429 sqm Growth Covenant asset, leased for 15 years to Wayfair GmbH. The asset is in a prime location north of Frankfurt. The lease is annually indexed to 100% of German CPI, following a three-year indexation holiday at the commencement of the lease. The high-specification construction also allows for the building to be subdivided into nine units.

The total consideration for the two assets in Germany was €290.9 million, excluding acquisition costs, reflecting a combined net initial yield of 3.9%. The rental income of the two assets is €11.38 million per annum. Both have been constructed to high sustainability standards (see the Implementing Our ESG Strategy section) and were developed by Dietz AG, one of the Company's retained development partners. Dietz AG remains a minority Shareholder in the assets.

### Tenants (by rental income)<sup>1</sup>



### Lease expiry (by rental income)<sup>1</sup>



<sup>1</sup> By annualised rental income.



### Further strengthening the portfolio continued

- Gothenburg, Sweden.** On 16 June 2021, the Company announced its first investment in the Nordic region. The Port of Gothenburg is one of the most attractive logistics locations in the Nordics and has very low levels of logistics vacancy in the area. The asset comprises two purpose-built logistics facilities totalling 28,900 sqm. Importantly, the asset is held freehold which is unusual in the Port of Gothenburg, hence giving the Company unfettered control of the site in the future. The buildings are fully let to Agility AB, Nordicon AB and Vink Essåplast Group AB, generating a total annual rent of €1.79 million on leases with a WAULT of six years. All leases are annually indexed to 100% of Swedish CPI. NCAP has been appointed as asset manager for this asset. The acquisition price of €47 million reflects a net initial yield of 3.6% based on the income from the existing leases, with the opportunity to increase the yield to around 4.25% as the rental levels on the buildings are marked to market levels.
- Turin, Italy.** In August 2021, the Company announced the forward funding acquisition of a 28,249 sqm asset in Settimo Torinese near Turin, for a total consideration of €24.4 million. The property will be developed by LCP under a fixed-price development contract. LCP will provide a rental guarantee of €1.277 million from completion, based on 12 months' estimated rental value. The Italian logistics market is currently characterised by record levels of occupational take up, particularly in the northern part of the country, as well as vacancy rates for logistics buildings of only 2.6%. As at 30 September 2021, the deal was signed but not yet completed. The acquisition closed on 25 November 2021.
- Oberhausen, Germany.** In September 2021, the Company announced the forward funding acquisition of a 23,346 sqm logistics asset, its eighth in the key German market. The fixed purchase price is €29.9 million and the Company will benefit from a 12-month rental guarantee from the developer, Verdion, of €1.313 million from completion of construction. The associated land purchase is conditional on receiving the building permit and access rights, which are both expected in the near term. As at 30 September 2021, the deal was signed but not yet completed.
- Rosersberg, Sweden.** In September 2021, the Company announced the forward funding acquisition of its second asset in Sweden. The 13,181 sqm facility is in a prime location north of Stockholm and is being developed by Verdion, which is expanding into the Nordic countries. The total cost is capped at €27.9 million and the Company will receive an income return equivalent to the net initial yield from completion of the land purchase (which is conditional on receiving the building permit), as well as a 12-month rental guarantee of €1.18 million from completion of construction. As at 30 September 2021, the deal was signed but not yet completed. The acquisition closed on 30 November 2021.

The Company continues to actively manage the portfolio and announced in February 2021 that it had agreed the sale of its asset in Lodz, Poland. This was one of the earlier asset purchases for the Company and having completed the forward funding pre-let development opportunity at the site in 2019, there were no imminent asset management opportunities remaining. The sale price of €65.5 million was 15% above the most recent valuation and delivered an attractive geared internal rate of return of 16.5% to Shareholders.

We will continue to actively review the portfolio for further opportunities to add value in this way.

### Portfolio composition

As a result of these transactions, at the year end the portfolio comprised 15 assets, which were well diversified by building size and tenant, and situated in the core European countries of Belgium, Germany, Italy, the Netherlands, Poland, Spain and Sweden. These assets are key to our tenant partners' logistics and distribution supply chain needs, and are:

- modern, with 84% (by area) of the portfolio having been built in the last five years, helping to ensure that the buildings meet the latest operational and sustainability needs of occupiers;
- large, with nearly 55% of the portfolio (by income) being in excess of 50,000 sqm and an average size of 70,000 sqm;
- sustainable, with nearly 87% of the portfolio by floor area covered by Green Building Certifications and highly energy efficient, with 100% performing higher than their best practice benchmarks against their Energy Performance Certificates;
- income generating, with the portfolio having been constructed to deliver secure and growing income and around 76% of the Company's tenant partners being multi-billion Euro businesses, including some of the world's best known companies; and
- secured on long leases, resulting in a WAULT at the year end of 9.3 years, well ahead of the Company's target minimum of five years. The unexpired lease terms at the year end ranged between 0.3 and 15.3 years. The portfolio is deliberately constructed with a range of lease expiries, with the longer leases offering security of income, and the shorter leases providing opportunities to add value through capturing market rental growth.

The portfolio also delivers inherent income growth, with some 95% of the Company's rent including an element of annual indexation. Rental uplifts are either fixed or indexed to local inflation, thus offering the regular compounding of income that supports the Company's dividend policy, as well as providing protection if European economies experience higher inflation. We also look for opportunities to capture market rental growth, which we expect to exceed indexation, through asset management initiatives.

### Asset management: capturing embedded value

As the portfolio matures, we continue to unlock opportunities to add value. This requires us to maintain close relationships with the Company's tenant partners, so we understand their businesses and how we can support their growth plans through proactive asset management.

### Leasing activity

In December 2020, we agreed a new green lease at the Company's property in Breda, the Netherlands, letting the two vacant units to a new high-quality tenant, Samsung SDS. The letting was secured before the expiry of the 12-month rental guarantee. The lease runs for three years from 15 December 2020 at an initial annual headline rent 6% above the rental guarantee. The rent is subject to annual uplifts reflecting 100% of the Dutch Consumer Price Index. The lease agreement contains green clauses to ensure the tenant's commitment



to using the building in a sustainable way, including sharing data with us on energy and water consumption, waste management and recycling.

The Company also signed a new short-term lease at the vacant unit in Strykow, Poland, with the lease commencing in May 2021 for ten months. This forms part of the wider strategy on this building to extend the occupancy on the adjacent development land and secures cash flow while we consider the next steps.

Since the period end we have made progress on the letting of the vacant unit in Nivelles, Belgium, where a new lease to a Belgian supermarket operator was signed on 16 November 2021.

#### Expansion opportunities

In November 2019, the Company agreed an option to fund an extension to the Mango global distribution centre in Barcelona. Construction of the 93,931 sqm extension began in June 2021, following receipt of the necessary permissions. The Company is financing the construction at a highly attractive yield on cost of 8.8%, on an estimated capital commitment of €31.5 million. The extension will increase the facility's gross internal area to approximately 280,000 sqm, including mezzanine floors. Practical completion is targeted for September 2022, at which point the extension will be incorporated into the existing lease, which runs until December 2046.

The extension will be constructed to a BREEAM Very Good standard, in line with the Company's ESG standards. We are working with Mango to install solar panels, to optimise and reduce energy consumption within both the existing building and the extension. The Company will commission an updated EPC on completion.

#### Development opportunities

When the Company acquired the asset at Bornem, Belgium, it included zoned land with the potential to develop around 15,000 sqm of warehouse space; the Company started the development of the site in January 2021, in conjunction with our partner LCP, with practical completion achieved on 3 September 2021. The building will achieve a BREEAM In-Use certificate once it is in operation. The Company has been actively marketing the property and has received good levels of interest. The yield on cost is expected to be circa 9%.

The portfolio includes a number of other plots of land, including at the assets in Strykow, Wunstorf and Geiselwind.

#### Implementing our ESG strategy

The Company's ESG strategy encompasses owning healthy and sustainable buildings, improving the portfolio's energy and carbon performance, enhancing nature and wellbeing, and creating social value. We made further progress with this strategy throughout the year. Highlights included:

- the issuance of our first Green Bond (see the Financial Review);
- an improvement of 18 points in our GRESB score, demonstrating progress towards achieving our sustainability targets for 2023;
- engaging with our tenant partners throughout the year to understand their sustainability needs and making good progress with obtaining operational performance data (89% by floorspace) to help measure and manage their environmental impacts; and

- signing up to the World Green Building Council's Advancing Net Zero Carbon Commitment, which confirms our commitment to achieving net zero carbon by 2030.

#### Healthy and sustainable buildings

Our acquisition due diligence now explicitly integrates ESG considerations. This includes assessing risks such as changes to legislation, contaminated land or flooding, as well as opportunities to improve environmental performance or wellbeing for tenants' employees. We also consider the area surrounding the asset, including how well it is served by public transport, a "walkability" score and the distance to green space or amenities. Other considerations include internal and external air quality, electric vehicle charging and cycle facilities. Opportunities for improvement are included in our asset management plans and sustainability action plans, which we create for every asset and deliver in conjunction with tenant partners.

All the Company's new developments will obtain Green Building Certifications and have strong sustainability credentials. We set ESG standards with our development partners, including a sustainable construction brief and a supplier code of conduct.

Specific achievements in the year included signing four green leases, including the new lease with Samsung at Breda (see Asset Management above) and with HAVI at Wunstorf, as well as lease regear on the asset at Bornem, incentivised by investment in green initiatives for the tenant partners. Our long-term ambition is to have all assets let on green leases. The assets acquired in the year have strong sustainability credentials. In particular:

- **Geiselwind, Germany.** The property is one of the most sustainable logistics buildings in Germany. It is CO<sub>2</sub> neutral and built to LEED Gold standard, benefits from certified green energy procurement, has a roof mounted photovoltaic system generating up to 1.5 MW of electricity and has a 22,500 sqm green roof.
- **Lich, Germany.** The property has been built to high sustainability standards and certified to DGNB Gold standard, and benefits from a range of operational energy reduction measures. The roof has the capacity to support the installation of solar PV panels.
- **Nivelles, Belgium.** The asset has roof mounted PV panels and a power purchase agreement is in place with one of the tenants, Medi-Market. Additionally, the asset benefits from sustainability features including LED lights, energy efficient heating and rainwater recycling.
- **Turin, Italy.** The development targets a BREEAM Very Good rating and looks to benefit from roof mounted photovoltaic panels.
- **Oberhausen, Germany.** The asset will be constructed to a minimum of BREEAM Very Good and DGNB Gold certification, and will include a range of energy saving initiatives and staff wellbeing measures.
- **Rosersberg, Sweden.** As is standard in the Nordic markets, the ESG credentials of the development will be strong. The development is targeting a minimum BREEAM Very Good certification and will include energy saving and staff wellbeing measures.





## Implementing our ESG strategy continued

### Healthy and sustainable buildings continued

Our ESG due diligence assessed the asset in Gothenburg as LEED Gold standard and we have begun the certification process to obtain this.

The acquisition of Geiselwind, Lich and Nivelles has increased the number of assets with Green Building Certifications, and we have also obtained BREEAM In-Use certifications at Rumst, Bornem, Hammersbach and Bochum.

### Energy and carbon

We aim to achieve net zero carbon for our direct activities by 2030. During the year, we switched to renewable sources for some of its landlord energy supplies, reducing our carbon emissions by 69%. The Company consumed 8,143 MWh of landlord procured electricity and gas (2020: 9,038 MWh) and generated carbon emissions totalling 1,256 tonnes (2020: 3,993 tonnes) (tCO<sub>2</sub>e). The Company will aim to switch all landlord supplies to REGO certified renewable energy in 2022.

We acquire assets for the portfolio with low carbon designs, such as Geiselwind, or which have opportunities to support energy efficiency and carbon reduction in operation, for example through investing in solar PV energy generation. As noted above, we are working with Mango at the asset in Barcelona to install solar PV and we are also discussing a solar PV project at Peine, Germany. Together, these schemes will generate 2.2 MW of electricity a year.

Prior to the sale of the asset in Lodz, Poland, we switched the facility to renewable energy supplies.

In support of our ambition to achieve net zero carbon, we have assessed the portfolio against the Carbon Risk Real Estate Monitor (CRREM) Tool, which sets out decarbonisation pathways to keep within global warming of 1.5°C by 2050.

We are working with our retained development partners on influencing their future construction methods to ensure ever improving ESG measures on their new developments which will feed into our portfolio.

### Nature and wellbeing

We seek to improve biodiversity on the Company's land and support health and wellbeing for tenant partners and their employees. Doing so adds value and improves the experience of our buildings for our tenants, aiding their productivity and staff retention.

At the Company's asset at Wunstorf, Germany, we have installed electric vehicle charging points for both lorries and cars. We have also introduced beehives and meadows at Wunstorf and Rumst, to support the local habitat through plant pollination. At Bornem, we have fitted electric vehicle chargers and cycle parking.

At Breda, we completed a pre-assessment in preparation for obtaining a Fitwel certification. Fitwel is the world's leading certification system committed to building health.

### Social value

We seek to create a positive social impact by supporting our local communities and our tenant partners' value chains. We created a Community Investment Fund in 2020, which supports our tenants' investment in their local communities. During the year, the fund invested approximately €22,000 to support projects around the Rumst and Lodz assets.

This year, we have also created a new partnership with The Mission to Seafarers, a global charity supporting those working in sea freight. Sea freight has an indirect link to virtually all of the operations of the Company's assets. During the Covid-19 pandemic, almost 400,000 seafarers were stranded at sea, unable to come into port due to lockdown restrictions. This has recently reduced to 150,000 but it remains a serious humanitarian crisis. This results in distress and potential health issues, and also has a significant economic impact by those affected not being able to take on new work. During the year we therefore made a €15,000 emergency relief donation to support seafarers most affected by the pandemic.

In addition to the emergency relief funding provided in 2021, we have created a three-year partnership with The Mission to Seafarers to benefit workers in the global logistics supply chain, and we aim to contribute €75,000 over the three-year partnership. In 2022, we are funding the Mission's operations in Myanmar, where there is a critical effort to vaccinate seafarers to enable them to continue their work. We have funded a bus that will be used to transport workers to be vaccinated.

### An attractive pipeline

At the year end, we had identified a near-term investment pipeline of over €500 million of prime big box logistics assets in key locations in Continental Europe. These comprised:

- two German assets which were in exclusivity and the final stages of due diligence; as well as Piacenza, for total consideration of €200 million; and
- six further assets for an aggregate investment of c.€350 million, including zoned development land and forward funding developments.

Progress with acquiring the assets in the pipeline since the year end is discussed in the Post-Year-End Activity section on page 51.

## Portfolio valuation

The portfolio was independently valued by JLL as at 30 September 2021, in accordance with the RICS Valuation – Global Standards. The portfolio's total value at the year end was €1,282.6 million (30 September 2020: €839.3 million). This reflected a like-for-like valuation increase of 11.9% during the year, driven primarily by yield compression, as well as other factors such as our ability to access properties at attractive pricing through our development partners, rental value growth, the ongoing indexation of income and the benefits of our asset management initiatives.

## Financial results

### Rental income

Gross rental income for the year was €43.9 million (2020: €36.0 million), up 21.9%. The growth was primarily the result of acquisitions during the year, as well as the benefit of rental indexation.

In the financial year ended 30 September 2020, the Group deferred €1.6 million of rent from a single tenant. The deferred rent was repaid in full, in line with the agreement made with the tenant, during the year to 30 September 2021. Under IFRS, rental income from each lease is smoothed over the term of the lease and hence there was no impact on reported IFRS revenue in this financial year. However, Adjusted Earnings in the year were increased by €1.6 million as a result.

During the year, the Group achieved 100% rent collection.

### Costs

The Group's operating and administrative costs were €12.2 million (2020: €10.7 million), which primarily comprised:

- the Management Fee payable to the Manager of €5.5 million (2020: €4.1 million);
- a fee for running an Italian REIT ("SGR") with tax efficient features similar to the UK REIT regime;
- the Company's running costs, including accounting, tax and audit; and
- the Directors' fees.

The EPRA Cost Ratio (inclusive of vacancy cost) has decreased slightly to 30.5% (2020: 31.3%), whilst Adjusted EPRA Cost Ratio was 28.5%. The Group expects its EPRA Cost Ratio to drop during next financial year. It is flagged as a key priority and will be addressed by the Group shortly.

### Interest expense and commitment fees

The total cost of debt for the year was €7.1 million (2020: €7.7 million), with interest cover of 6.28 times (2020: 4.6 times). The interest expense benefited from lower average debt levels, following the equity raise in March 2021, and a reduction in the weighted average

cost of debt in the year to 1.9% (2020: 2.3%). This reduction was driven by the following events:

On 12 March 2021, the Company announced that it was awarded an investment grade credit rating of BBB- from Fitch Ratings Limited. This resulted in a reduction of approximately 30 basis points in the cost of the existing Revolving Credit Facility.

As detailed further below, the Company issued its first Green Bond in June 2021, which has an annual fixed coupon of 0.95%. The full benefit of the reduction in the cost of debt will come through in the 2021/22 financial year.

The Group expects the average cost of debt to drop significantly in the next financial year, yielding the benefit of the new sources of debt.

### Gain on revaluation

The fair value gain on the revaluation of the Group's investment properties was €106.5 million (2020: €38.6 million). The drivers of the valuation increase are discussed in the Valuation section above.

### Profit on disposal

On 15 February 2021, the Group announced that it had agreed the sale of its asset in Lodz, Poland, for €65.5 million. This represented a premium of 15% above its book value at 30 September 2020 and resulted in a net profit on disposal (post fees and post capital gains taxes) of €4.3 million in the period (2020: €0.8 million).

### Profit before tax

Profit before tax for the period was €129.0 million (2020: €53.6 million).

### Taxation

The current income taxation charge for the period was 8.6% of the Company's net property income (2020: 1.2%). 82.4% of the tax charge relates to the disposal of the asset in Lodz, with the realised capital gain taxes being accounted for during the year.

The taxation charge is primarily incurred in the local jurisdictions in which the Company invests. As an HMRC-approved investment trust, the Company is exempt from UK corporation tax on its chargeable gains. The Company is also exempt from UK corporation tax on dividend income received, whether from UK or non-UK companies, provided the dividends fall within one of the exempt classes under the Corporation Tax Act 2009.

The corporation tax rate in future periods will depend primarily on the jurisdictions where the Company acquires assets, given the differing tax rates across Continental Europe. The Company does not use any structures designed to artificially reduce its tax liabilities and looks to pay the appropriate level of tax where it is due.



## Financial results continued

### Earnings

As discussed under Equity Financing below, the Company's share issues in March and September 2021 increased its issued share capital by 91%, resulting in short-term EPS dilution in the second half of the year. The proceeds of the March equity raise were deployed by the year end and we expect the proceeds from the September raise to be fully deployed shortly.

Basic EPS for the year was 19.59 cents (2020: 10.60 cents). EPRA EPS, which primarily excludes the valuation movement, was 2.75 cents (2020: 3.26 cents).

The Board has adopted Adjusted EPS as a key performance indicator. This adjusts the income shown in the Group Statement of Comprehensive Income to reflect the underlying cash movements and/or earnings that do not go through the IFRS comprehensive income, including rental guarantees or licence fees and the €1.6 million in rent received that was deferred from the previous financial year, as noted above.

Adjusted Earnings for the year were €24.7 million (2020: €17.6 million), resulting in Adjusted EPS of 4.61 cents (2020: 4.16 cents). More information about the calculation of basic, EPRA and adjusted EPS can be found in note 12 to the financial statements.

### Dividends

The Company has declared the following dividends in respect of the year:

Declared	Amount per share	In respect of	Paid/to be paid
10 February 2021	1.25 cents	1 October to 31 December 2020	12 March 2021
18 May 2021	1.25 cents	1 January to 31 March 2021	18 June 2021
9 August 2021	1.25 cents	1 April to 30 June 2021	10 September 2021
7 December 2021	1.25 cents	1 July to 30 September 2021	14 January 2022

The total dividend for the year was €30.8 million (2020: €18.6 million), or 5.0 cents per share, and was 80.2% covered by Adjusted Earnings (2020: 94.4%), reflecting the short-term dilution from the issuance of equity noted above.

### Cash flow

The Group benefits from stable, growing and long-term cash flows. Cash from operations in the period was a net inflow of €30.3 million (2020: €32.3 million).

### Net assets

The IFRS NAV per share at the year end was €1.31 (30 September 2020: €1.19). Information on EPRA's net asset valuation metrics can be found in the EPRA Performance Measures section.

### Equity financing

During the year the Company issued equity on two occasions, raising €230 million and €250 million on 10 March 2021 and 22 September 2021 respectively. The respective issue prices were 103 pence (€1.19) and 115 pence (€1.31) and significant investor demand resulted in both raises being significantly oversubscribed. In total, 383,862,043 of new Ordinary Shares in the Company were issued in the year.

### Debt financing

On 27 May 2021, the Company announced the pricing of €500 million senior unsecured green bonds maturing on 2 June 2026. The notes were significantly oversubscribed and are rated BBB- (Stable) by Fitch Ratings. The notes were issued on 2 June 2021 and were admitted to the Irish Stock Exchange's Official List and to trading on the Global Exchange Market of the Irish Stock Exchange.

The issue significantly reduced the Company's average cost of debt, with a coupon of 0.95% per annum. It represents the Company's first step in diversifying its funding sources into the debt capital markets and will support the Company in making a significant and positive contribution to improving the environmental impact of the logistics real estate and construction sectors, through best-in-class asset acquisitions and developments.

Since issuing the notes, the Group has allocated all the proceeds to refinancing a number of existing green assets in the portfolio as well as acquiring new green assets.

At the start of the year, the Company had a €425 million Revolving Credit Facility ("RCF") provided by a group of five lenders – HSBC, BNP Paribas, Bank of America Merrill Lynch, Bank of China and Banco de Sabadell. During the year, four of the five lenders agreed to a one-year extension of the facility. Following the issue of the Green Bond, the Company reduced the RCF to €250 million. The facility is unsecured, providing operational flexibility for the Company.

At the year end, the RCF was fully undrawn (30 September 2020: €344.0 million was drawn). Combining with the proceeds of the Bond, this resulted in an LTV ratio of 13.3% (30 September 2020: 41.1%). This compares with the medium-term target of 45% and the maximum permitted by the Company's Investment Policy of 50%.

## Post-year-end activity

Since the end of the financial year, the Company is progressing well in the deployment of the proceeds of the September 2021 equity raise, agreeing the acquisitions of two further prime logistics assets in Germany, as well as Piacenza, for total consideration of €200 million.

On 1 December 2021, the Company issued its first private placement of €200 million, further diversifying its sources of debt funding and extending the weighted average maturity of the debt facilities. The notes have an average maturity term of 9 years and an average coupon of 1.37%.

## Related party transactions

Transactions with related parties in the period included the Management Fee paid to the Manager, and the Directors' fees. More information can be found in note 26 to the financial statements.

Under the Listing Rules, the forward funding acquisition in Italy discussed above was classed as a related party transaction. Shareholders approved the transaction at a general meeting of the Company on 27 August 2021.

The Group has identified an area of non-compliance in regards to its treatment of a related party under the Listing Rules in connection with certain of its acquisitions from Dietz AG (the "Geiselwind" and "Lich" acquisitions). The Company has voluntarily sought feedback from the FCA and is expecting feedback.

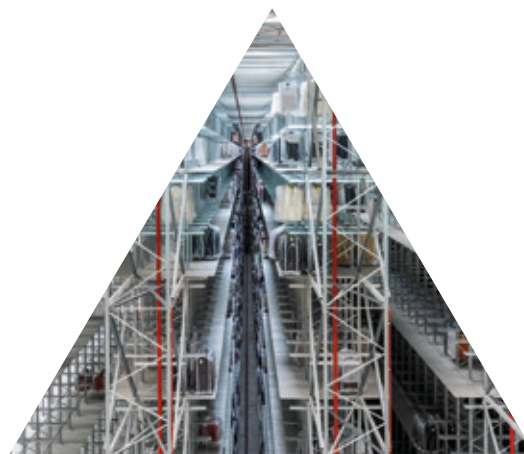
Since then, the Group addressed the issue on new acquisitions, by issuing a Circular for Shareholders vote on the "Settimo" acquisition and "Bornem" extension, as well as on the "Bonen" and "Gelsenkirchen" acquisitions.

## Alternative Investment Fund Manager ("AIFM")

The Company is an Alternative Investment Fund within the meaning of the AIFMD and has appointed the Manager as its AIFM. The Manager is authorised and regulated by the Financial Conduct Authority as a full scope AIFM.

### Mehdi Bourassi

Finance Director  
6 December 2021





# Principal Risks and Uncertainties



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

We aim to operate in a low-risk environment, focusing on the Continental European logistics real estate sector to deliver an attractive capital return and secure income for Shareholders. 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, understand 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. The Manager has established its own Risk Committee which ensures consistency and transfer of best practice in reporting, monitoring and controlling risk.

At least three times 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

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

Our risk appetite is low and, in particular, we do not undertake any fully speculative development. We have high-quality tenant partners, 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 four years, all subject to interest rate derivative caps.

## Principal risks and uncertainties

Further details of our principal risks and uncertainties are set out below. They have the potential to affect our business materially, 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. The Board also continually reviews and assesses emerging risks, and has a process in place to decide their inclusion as principal risks.

## Principal risks

The matrix below illustrates our assessment of the impact and probability of the principal risks identified, the rationale for which is contained within the commentary for each risk category.



### Covid-19 risks

1. The Covid-19 pandemic severely impacting the global economy and financial market may cause loss to the Company.

### Property risks

2. Tenants may default.
3. The value of the property portfolio may fluctuate.
4. Portfolio growth may slow.
5. Lack of diversification may amplify local risks.
6. Development activities may not be profitable.

### Operational risks

7. The Company is reliant on the continuing services provided by the Manager.
8. Insurance at appropriate premiums may not be available.

### Financial risks

9. Interest rates may fluctuate.
10. Debt funding at appropriate rates may not be available.
11. Debt covenants may be breached.

### Taxation risks

12. A change in the Company's investment trust status may cause loss.
13. Changes to local tax legislation in countries in which the Company is invested may cause loss.

### Political risks

14. General political and/or economic uncertainty may disrupt the Company's business.

### ESG risks

15. ESG risks and inability to capitalise on the opportunities could lead to loss of competitive advantage, higher vacancies and higher operating costs for the Company and its tenants.

## Emerging risks

As well as the principal risks, the Directors have identified a number of emerging risks which are considered as part of the formal risk review. Emerging risks encompass those that are rapidly evolving, for which the probability or severity is not yet fully understood. As a result, any appropriate mitigations are also still evolving; however, these emerging risks are not considered to pose a material threat to the Company in the short term. These emerging risks are raised as part of the biannual risk assessment where the effects on the Group are considered. The emerging risks that could impact the Company's performance cover a range of subjects which include but are not restricted to climate change, sustainability and technological advancement. The Audit Committee has also considered emerging risks following Covid-19 such as changes in the regulatory environment or tax regimes as a result of the pandemic.

## COVID-19 RISKS

1. The Covid-19 pandemic severely impacting the global economy and financial market may cause loss to the Company.

Probability	Impact	Mitigation
<b>Medium</b>	<p><b>Low</b></p> <p>The global economy and financial markets have been impacted by the Covid-19 pandemic. This has had an adverse effect on the magnitude and/or likelihood of several of the principal risks, with the following potential consequences:</p> <ul style="list-style-type: none"> <li>• a potential impact on the short-term operations of the business due to staff working remotely or potential absences because of the virus. This includes the operation of both our asset managers and tenants whose staff could be at a health and safety risk through the continued operation of the warehouses. There is also an increased risk in cyber-crime due to remote working;</li> <li>• an overall reduction in revenue due to the default of one or more of our tenant partners, which could affect our ability to pay dividends to Shareholders and/or lead to a breach in our banking covenants;</li> <li>• tenants requesting rent deferrals and therefore impacting the capacity of the Company to pay target dividend in the current period; and</li> <li>• an adverse change in our property valuations which may lead to a decrease in our Net Asset Value and affect our ability to meet our target returns. The significant volatility in equity markets could cause a decrease in the share price, potentially causing a breach in banking covenants, which may force us to sell assets to repay loan commitments.</li> </ul>	<p>Health and safety guidelines have been issued by the Manager of the Company, our asset managers and tenants to all employees to ensure they are in a safe working environment and that they are aware of all symptoms of the virus. All staff conducted checks to confirm they were able to work from home remotely to safeguard the undisrupted continued operation of the business and training has been undertaken by all employees to make them aware of the potential increased risk in cyber-crime.</p> <p>Over the previous 12 months the Company has collected 100% of contracted rents.</p> <p>Property valuations continue to increase, as the European logistics market remains strong, in part aided by the focus on the sector as a result of Covid-19.</p>

## PROPERTY RISKS

2. Tenants may default.

Probability	Impact	Mitigation
<b>Low to medium</b>	<p><b>Low to medium</b></p> <p>The default of one or more of our tenant partners would reduce revenue from the relevant asset(s). There may be a continuing reduction in revenues until we find a suitable replacement tenant, which may affect our ability to pay dividends to Shareholders and/or lead to a breach in our banking covenants.</p>	<p>We select assets with strong property fundamentals (location close to population centres, access to infrastructure and energy supply), which should be attractive to other tenants if the current tenant partner fails. In addition, while we focus on tenant partners with strong financial covenants, we also negotiate various guarantees or deposits, to enable us to cover income while looking for a new tenant.</p> <p>While the Group has a restriction on the exposure to any one tenant of 25% of total rental income calculated at the time of investment, our Investment Policy requires us to deliver a high-quality, diversified portfolio; hence, it is not expected that this limit will be breached. The current highest tenant exposure is to Mango at 14% of rent.</p>

3. The value of the property portfolio may fluctuate.

Probability	Impact	Mitigation
<b>Low to medium</b>	<p><b>Medium</b></p> <p>Property valuation is inherently subjective and uncertain, and the appraised value of our properties may not accurately reflect the current or future value of the Group's assets.</p> <p>In addition, our due diligence may not identify all risks and liabilities in respect of a property acquired, leading to, among other things, an adverse change in the future valuation of that asset.</p> <p>An adverse change in our property valuation may lead to a decrease in our Net Asset Value and affect our ability to meet our target returns. In an extreme scenario, it could also lead to a breach of our banking covenants, which may force us to sell assets to repay loan commitments.</p>	<p>As at 30 September 2021, our property portfolio was 100% cash generating from leases, and rental guarantees, with long unexpired weighted average lease terms of 9.3 years and a strong tenant partner base. 95% of leases (by income) include indexation uplifts (with different features in each country). Combined with the fact that we focus on the best locations, where land supply is tight, and undertake significant due diligence using the services of relevant third parties, we believe these factors reduce the risk of significant adverse property valuation movements.</p>

## Principal Risks and Uncertainties continued



## PROPERTY RISKS continued

## 4. Portfolio growth may slow.

Probability	Impact	Mitigation
<b>Medium</b>	<p><b>Medium</b></p> <p>The fundamentals of the prime logistics locations in Continental Europe mean that the availability of land suitable for large logistics properties is limited. In addition, the European logistics sector currently attracts a range of investors. This results in acquisition yields that are currently at record lows.</p> <p>This may restrict our ability to secure suitable logistics real estate assets in targeted countries in Continental Europe, in order to grow our portfolio while maintaining our target returns.</p>	<p>Our business model is based on undertaking predominantly off-market transactions, sourced through the Manager's network of contacts across Europe, and through our partnership with local development companies.</p> <p>The Manager has also developed strong relationships with a number of vendors and tenants in the industry. Our reliability, experience and speed of execution give us an edge over many other potential investors.</p> <p>In addition, the increase in the capital value of our portfolio, as a result of both the market dynamics and our asset management initiatives, is expected to have a positive impact on returns for Shareholders.</p>

## 5. Lack of diversification may amplify local risks.

Probability	Impact	Mitigation
<b>Low</b>	<p><b>Low</b></p> <p>Our Investment Policy includes restrictions relating to the Group's exposure to individual assets or tenant partners and includes limited restrictions relating to our exposure to individual countries. Significant economic and/or political changes affecting a country the Group has invested in, or the Eurozone generally, could have an adverse impact on the income derived from investments within said country and, hence, on the valuation of those assets. This could lead to weaker overall portfolio performance, both in terms of revenue generation and value.</p>	<p>Our Investment Policy requires us to deliver a high-quality, diversified portfolio of assets. While we adopt a "bottom up" approach in the selection of real estate investments, we also consider the impact on the concentration of risk within our portfolio, including the Group's exposure to any single country (considering its economic and political stability) at the time of investment. Specifically, the Investment Policy restricts our ability to invest more than 20% of Gross Assets (in aggregate) in Austria, the Czech Republic, Portugal and Slovakia, and restricts any single asset from comprising more than 25% of Gross Assets at the time of investment.</p>

## 6. Development activities may not be profitable.

Probability	Impact	Mitigation
<b>Low</b>	<p><b>Low</b></p> <p>Any 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.</p> <p>If any of the risks associated with our developments materialised, this could reduce the value of these assets and our portfolio.</p>	<p>As at 30 September 2021, there are three forward funding developments in the portfolio. Any risk of investment into these forward funded projects is low, as the developer takes on the construction risk and the risk of cost overruns. Funds for forward funded 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.</p>

## OPERATIONAL RISKS

## 7. The Company is reliant on the continuing services provided by the Manager.

Probability	Impact	Mitigation
<b>Low</b>	<p><b>High</b></p> <p>We continue to rely on the Manager's services and its reputation in the property market, as well as the performance and reputation of the asset managers appointed by the Manager (currently LCP, Dietz, Verdion and NCAP).</p> <p>As a result, the Group's performance will, to a large extent, depend on the Manager's abilities to source adequate assets, and to actively manage these assets, relying on the local knowledge of the asset managers, where necessary. Termination of the Investment Management Agreement would severely affect the Company's ability to manage its operations and may have a negative impact on the Company's share price.</p>	<p>Unless there is a default, either party may terminate the Investment Management Agreement by giving not less than 24 months' written notice.</p> <p>The Management Engagement Committee monitors and regularly reviews the Manager's performance, as well as the performance of the key third-party service providers to the Group. In addition, the Board meets regularly with the Manager to ensure it maintains a positive working relationship.</p>

## 8. Insurance at appropriate premiums may not be available.

Probability	Impact	Mitigation
<b>Medium</b>	<b>High</b> The Company relies on the Manager's experience in sourcing insurance in order to ensure assets are covered to the adequate level.  Through both the impacts of Covid-19 and the dynamics of the insurance market, it has become harder to secure insurance for the Company's assets at appropriate pricing levels.  The rising cost of insurance may impact upon Shareholder returns. In an extreme scenario, the Company may not be able to insure its assets at all which would create significant financial and operational risk.	The Manager uses an established broker in order to secure insurance for the Company's assets. The broker has relationships with a range of insurers which supports both the ability to source insurance, and the competitiveness of pricing.  The most recent renewal was completed in October 2021; this cover is in place until October 2022.  The Manager uses a block policy which covers all of the assets under its management, and therefore insures a significant scale of assets which assists in competitive pricing.  If insurance was unobtainable for a particular asset, there may be opportunity for the Manager to obtain cover on a limited cover basis or potentially the tenant may be able to procure the insurance cover, or alternatively a sale strategy could be explored in order to manage risk.

**FINANCIAL RISKS**

## 9. Interest rates may fluctuate.

Probability	Impact	Mitigation
<b>Medium to high</b>	<b>Low</b> Interest on our Revolving Credit Facility ("RCF") is payable based on a margin over Euribor. Any adverse movement in Euribor could affect 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 Euribor. These derivatives cap our exposure to the level to which Euribor can rise and have terms coterminous with the loans. We aim to minimise the level of unhedged debt whilst also considering the average level of drawdown on the RCF.  During 2021, the Company issued a Green Bond for €500m. Bond debt carries a fixed coupon which does not expose the Company to interest rate fluctuation.

## 10. Debt funding at appropriate rates may not be available.

Probability	Impact	Mitigation
<b>Low</b>	<b>Medium</b> Without sufficient debt funding, we may be unable to pursue suitable investment opportunities in line with our Investment Objectives. This may impair our ability to reach our targeted returns and our ability to grow.	The Company has in place long-term unsecured debt with five major financial institutions, and has recently issued a €500m bond on the debt capital market. This demonstrates the capacity of the Manager to source adequate debt, and the appetite from lenders to lend to the Company.  During the year, the Group obtained an investment grade credit rating which provides access to a wider range of financing options.

## 11. Debt covenants may be breached.

Probability	Impact	Mitigation
<b>Low to medium</b>	<b>Medium</b> If we were unable to operate within our debt covenants, this could lead to a default and our debt funding being recalled. This may result in us selling assets to repay loan commitments.	We continually monitor our debt covenant compliance and perform stress tests. We have significant headroom before there is a risk of a breach and our covenants have a soft breach feature, which enables the Manager to act and remedy in case of breach.



## Principal Risks and Uncertainties continued



## TAXATION RISKS

12. A change in the Company's investment trust status may cause loss.

Probability	Impact	Mitigation
<b>Low to medium</b>	<b>Medium</b> If the Company fails to maintain approval as an Investment Trust, its income and gains will be subject to UK corporation tax and it will be unable to designate dividends as interest distributions.	The Board is ultimately responsible for ensuring we adhere to the UK Investment Trust regime and we monitor strict adherence to the relevant regulations. We have also engaged top-tier third-party tax advisers to help monitor our compliance requirements.

13. Changes to local tax legislation in countries in which the Company is invested may cause loss.

Probability	Impact	Mitigation
<b>Medium</b>	<b>Low</b> A change in local taxation status or tax legislation in any of the countries we invest in may lead to increased taxation of the Group and have a negative impact on the Company's profits and returns to Shareholders.	The Board relies on top-tier third-party providers to advise on any tax matters in every country in which we invest. In addition, the Group has been structured on a conservative basis, with reasonable internal debt ratios, in line with international transfer pricing requirements.

## POLITICAL RISKS

14. General political and/or economic uncertainty may disrupt the Company's business.

Probability	Impact	Mitigation
<b>Low</b>	<b>Low</b> Political and economic uncertainty can lead to weakened economic growth which can lead to reduced demand for logistics warehouse and/or have an impact on the Group's tenants.	The Group currently has investment properties in seven different countries within the EU. This diversification reduces the risk of significant political and/or economic uncertainties materially impacting the Group.

## ESG RISKS

15. ESG risks and inability to capitalise on the opportunities could lead to loss of competitive advantage, higher vacancies and higher operating costs for the Company and its tenants.

Probability	Impact	Mitigation
<b>High</b>	<b>Medium</b> The World Economic Forum ("WEF") listed ESG risks as four out of seven of its top risks in 2021. There are several ESG risks potentially impacting the Company: <ul style="list-style-type: none"> <li>• climate change and biodiversity loss are the principal environmental risks affecting the Company's long-term ability to operate in its markets.</li> <li>• the ability for our tenants to source and retain the right labour skills and mitigating modern slavery in our supply chains are the key social risks.</li> <li>• the ability to be transparent and agile in managing evolving governance risks, such as diversity and human capital management.</li> </ul>	The Company's sustainability strategy addresses all the key risks for the Company in its operations. It provides guidance to the Board and Manager to reduce ESG risks to create value for all its stakeholders, including investing in more ESG focused assets, delivering lower operating costs for tenants and more secure returns for investors. We ensure the assets we invest in are well located for labour supply and the Company is developing initiatives to support local employment opportunities. The Board of Directors and the Manager have undertaken ESG training to ensure they have the right awareness and skills to manage ESG risks and opportunities.

The Group's cash balance as at 30 September 2021 was €329.7 million. It also had undrawn amounts under its debt facilities of a further €250.0 million. Of the Group's total facilities (both RCF and the Green Bond), €58.8 million matures in 2023, €191.2 million in 2025 and €500 million in 2026. The higher than usual cash balance as at the year end is a result of the Group's successful equity raise of €250 million in September 2021.

The Group currently has substantial headroom against its borrowing covenants, with an LTV of 13% as at 30 September 2021 against a borrowing covenant limit of 65%. The Group's borrowings are unsecured, providing it with a deeper pool of liquidity and with more flexibility over its arrangements.

The Group also benefits from a secure income stream from leases with long average unexpired terms, which are not overly reliant on any one tenant. This diversification mitigates the risk of tenant default. As a result, the Directors believe that the Group is well placed to manage its current and future financial commitments and other business risks.

Having reviewed the Group's cash flow forecasts, which show that liabilities can be met as they fall due, the Directors believe that there are currently no material uncertainties in relation to the Group's ability to continue for a period of at least 12 months from the date of approval of the financial statements. The Board is, therefore, of the opinion that the going concern basis adopted in preparing the Annual Report is appropriate.

## Assessment of viability

The period over which the Directors consider it feasible and appropriate to report on the Group's viability is the three-year period to December 2024. There was no change to the period over which the Directors assess viability.

The period for this assessment is the same three-year time horizon as covered by the Group's financial forecasts and plans. This is considered to be the optimum balance given the age of the Group as well as the long-term nature of investment in property. The Directors confirm that they have no reason to expect any change in the Group's viability immediately following the period assessed.

The assumptions underpinning these forecast cash flows and covenant compliance forecasts were sensitised, to explore the Group's resilience to the potential impact of its significant risks, or a combination of those risks. The principal risks summarise those matters that could have a significant impact on the Group's ability to remain in operation and meet its current obligations.

While the principal risks assessed by the Directors could affect the Group's business model, the Directors do not consider that they have a reasonable likelihood of impacting the Group's viability over the three-year period to December 2024.

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 to the forecast cash flows. In the modelling, the Group also considered the likely future capital expenditures, as well as the extensions on our Spanish and Polish assets. The key risks considered, separately and in combination, include:

1. an increase in Euribor;
2. a decrease in the value of the portfolio; and
3. two key tenants defaulting and not being replaced.

## Viability Statement

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

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 three-year period of their assessment to December 2024.



# Promoting long-term sustainable success



**Robert Orr**  
Independent Chairman

## Governance highlights for 2020/2021

- Conducted a comprehensive externally facilitated Board evaluation exercise.
- Complied with all of the principles and provisions of the 2019 AIC Code applicable to the Company. Please see pages 64 and 65.
- Met all of the requirements set out in the Financial Reporting Council's Guidance on Risk, Internal Control and Related Financial and Business Reporting. Please see pages 52 to 56 and 76 and 77.
- Further developed and enhanced the Board's composition and succession planning.
- Further enhanced processes and procedures across the business and its supply chain in compliance with the Modern Slavery Act 2015 and published our third annual statement on our website. Please see page 77.
- Embedded a sustainability strategy framework and undertook refresher sustainability training for the Board and the Manager.
- Entered the FTSE 250 on 1 October 2021.

This report seeks to demonstrate and explain the core governance-related processes and procedures that are in place, and highlights the key governance actions which have taken place during the period.

I am pleased to present the Company's Corporate Governance Report for the year ended 30 September 2021.

Strong and effective corporate governance has been at the core of our business since the Company's launch in 2018 and the Board continues to believe that sound corporate governance plays a key role in shaping the long-term success of the Company. The Board's culture encourages open, honest and robust debate within a challenging yet supportive environment. We believe this remains integral to the continuing growth and development of the Company going forward.

## Board priorities

One of the Board's key priorities is to oversee the successful implementation of the business strategy and ensure it is positioned for long-term success. We recognise the critical importance of engaging with our wider stakeholders on issues that are important to them such as sustainability as well as the Group's strategic direction.

The Company has seen rapid growth during the period, driven by the rise in e-commerce and the accompanying demand for logistics assets. We raised €230 million of equity in March 2021, issued a €500 million debut Green Bond in June 2021, and raised a further €250 million of equity in September 2021. As a result, the Company entered the FTSE 250 on 1 October 2021, which will see us grow into the next phase of our development.

We continue to make good progress on our sustainability actions which form part of our sustainability strategy. The sustainability strategy provides a formal framework for the Company to monitor and track sustainability targets. The Manager's CSR Committee regularly reports up to the Board with recommendations and progress reports on its ESG initiatives. Eva-Lotta Sjöstedt is our "ESG Champion" on the Board and engages directly with the Manager's Sustainability Lead on various sustainability topics. A focus for the period has been understanding the risks and opportunities presented by climate change and the impacts it could have on our business operations. For more information on steps the Group is taking in relation to climate change please refer to page 35 and 42.

During the period, the Board conducted its first externally facilitated Board and Committee evaluation. Further information can be found on page 75.



During the period Abrdn acquired a 60% interest in the Manager. We believe that this acquisition will strengthen the Manager, by giving it access to the resources of a global financial institution benefiting the Company in the long term. We look forward to the continued high quality of service and performance of the Manager.

The Board continued to monitor the impact of the Covid-19 pandemic on the business as well as the wider macroenvironment. As discussed in last year's report, although the impact of the pandemic has been challenging for society, it has reinforced the importance of the logistics sector as a whole.

### Board and Committee composition

The Company has a strong and fully independent Board with a diverse range of skills and extensive European real estate and supply chain experience. During the period the Nomination Committee reviewed the Board and Committee composition and recommended the Board commence a search for a new Director. Further details can be found on pages 73 to 75.

### Board development

The Board continues to receive regular updates and briefings on corporate governance as well as wider regulatory changes within the market to ensure we are fully conversant with and comply with all applicable laws and regulations. This year's training included an ESG refresher session, along with a session on construction undertaken by Hollis Global Limited, one of our technical advisors.

As a Board, we continue to benefit from our professional development programme, further details of which can be found on pages 63 and 75.

### Board engagement

We believe that our positive engagement and working relationship with the Manager is key to enhancing the Company's governance arrangements and ensuring that they are robust and fit for purpose. We work closely with the Manager to identify areas for improvement and best practice which promotes an open and collaborative culture. This year, we reviewed a number of our policies and procedures, including refreshing the Disclosure Policy and enhancing formalities around inside information and related parties.

We also regularly engage with the Company's advisers, Jefferies, Kempen and Akur Limited, to discuss investor feedback they have received and/or gauge their views on corporate strategy and performance. We also provide investors with regular updates on significant business events, specifically financial performance and investment activity, through announcements via the Regulatory News Service of the London Stock Exchange ("RNS").

### Outlook for 2021/2022

Looking ahead, the Board is focused on succession and diversity as well as implementing the actions from the Board evaluation. We will also continue to monitor our governance arrangements to ensure that they are aligned with FTSE 250 best practice.

#### Robert Orr

Chairman

6 December 2021

## Statement of compliance

The Board of Tritax EuroBox plc has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance (the "AIC Code"). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code (the "UK Code"), and sets out additional provisions on issues that are of specific relevance to investment companies.

The Board considers that reporting against the Principles and Provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders, and by reporting against the AIC Code, the Company is meeting its obligations under the 2018 UK Corporate Governance Code ("UK Code") and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules.

The Company has fully complied with the Principles and Provisions of the AIC Code throughout the period.

The AIC Code is available on the AIC website ([www.theaic.co.uk](http://www.theaic.co.uk)).

It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

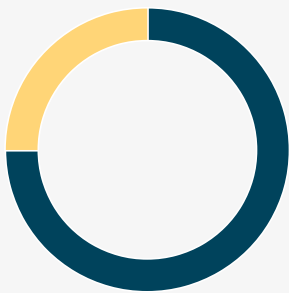
For further details please see pages 64 and 65.





# The right leadership

## Gender split



► Male 75%

► Female 25%

## Non-Executive Director tenure



### Robert Orr MRICS BSc

Independent Chairman

#### Appointed

5 June 2018

#### Committee memberships

- Chairman of the Nomination Committee
- Member of the Management Engagement Committee

#### Relevant skills and experience

- Extensive board experience at a strategic and operational level in the real estate industry, most significantly as JLL Inc.'s European CEO and currently as a Non-Executive Director of M&G European Property Fund SICAV
- Chartered surveyor with an in-depth knowledge of the real estate industry, in particular the European real estate markets
- Founded the International Capital Group for JLL in 2005, establishing strong relationships with international investors seeking real estate investment opportunities

#### Significant previous external experience

- JLL Inc.'s European CEO
- Non-Executive Director of RDI REIT P.L.C.
- Non-Executive Director of Tishman Speyer Properties UK Limited
- Senior Adviser to Canaccord Genuity Limited

#### Principal external appointments

- Non-Executive Director of M&G European Property Fund SICAV and Non-Executive Manager of M&G Real Estate Funds Management S.a.r.l.
- Chairman of the advisory board of APCOA Parking Holdings GmbH
- Member of the Investment Advisory Committees of EQT Real Estate
- Senior Adviser to Blue Coast Capital | (Lewis Trust Group)
- IC Member of ESAS Holding



### Keith Mansfield

Senior Independent Director

#### Appointed

5 June 2018

#### Committee memberships

- Chairman of the Audit Committee
- Member of the Management Engagement Committee
- Member of the Nomination Committee

#### Relevant skills and experience

- Chartered accountant with extensive experience of leading significant international transactions
- Partner at PricewaterhouseCoopers ("PwC"), where he developed a specialisation in the real estate industry, serving as regional Chairman of PwC in London for seven years

#### Significant previous external experience

- Partner at PwC for 22 years
- Non-Executive Director and Chairman of the Audit Committee of Tarsus Group plc

#### Principal external appointments

- Chairman of Albemarle Fairoaks Airport Limited
- Non-Executive Director and Chairman of the Audit Committee of Motorpoint Group plc
- Senior Independent Director and Chairman of the Audit Committee of Digital 9 Infrastructure plc



A M N

**Taco de Groot MRE MRICS**

Independent Non-Executive Director

**Appointment date:**

5 June 2018

**Committee memberships**

- Chairman of the Management Engagement Committee
- Member of the Audit Committee
- Member of the Nomination Committee

**Relevant skills and experience**

- Chartered surveyor with significant experience in the real estate and investment funds markets
- Experienced Non-Executive Director, CEO and Partner across a number of pan-European real estate and investment companies

**Significant previous external experience**

- One of the founding partners of M7 Real Estate LLP in the UK
- One of the founding partners of GPT/ Halverton LLP, Heston Real Estate B.V. and Rubens Capital Partners
- CEO of Cortona Holdings BV, Amsterdam
- CEO of Vastned Retail NV, a European retail property company listed on Euronext Amsterdam

**Principal external appointments**

- CEO of UrbanInterest, a large family business with a real estate portfolio of residential, office and retail assets
- Visiting Lecturer at the University of Amsterdam and Hogeschool of Rotterdam
- Non-Executive Director of EPP NV, a real estate investment company that operates throughout Poland



A M

**Eva-Lotta Sjöstedt**

Independent Non-Executive Director

**Appointment date:**

10 December 2019

**Committee memberships**

- Member of the Audit Committee
- Member of the Management Engagement Committee

**Relevant skills and experience**

- Global senior executive with an in-depth knowledge of global retail, supply chain and digital transformation strategy

**Significant previous external experience**

- CEO of Georg Jensen, a Scandinavian luxury jewellery and home design brand
- CEO of Karstadt, a German premium luxury department store chain
- Various senior roles at IKEA, the Swedish home furnishing brand, over a 10-year period including:
  - Deputy Global Retail Manager, responsible for the development and implementation of IKEA's global omnichannel strategy
  - CEO of IKEA Holland
  - Deputy Retail Manager at IKEA Japan, responsible for developing and growing the IKEA brand across Japan

**Principal external appointments**

- Supervisory Board Member at METRO AG, a leading international wholesale and food service company
- Non-Executive Director of Elisa Corporation, a telecommunications company registered on the Nasdaq Helsinki
- Founder and Senior Adviser of KUNO Leadership Community

- A** Audit Committee
- M** Management Engagement Committee
- N** Nomination Committee
- Chairman

**Board relevant sector experience**

The Board has a complementary range of skills which are relevant to the Group's medium and longer-term objectives.

**Financial\***

**Retail**

**E-commerce**

**Strategy**

**Risk management**

**Governance**

**PLC**

**Property**

**ESG**


\* The Board considers Keith Mansfield to have the recent and relevant financial expertise to chair the Audit Committee.



# An entrepreneurial spirit

Tritax provides a dedicated team of property experts to manage EuroBox.

Tritax Management LLP (the “Manager”) acts as the Company’s Alternative Investment Fund Manager (“AIFM”) for the purposes of the Alternative Investment Fund Manager Directive (“AIFMD”) and as such the Board has delegated authority to the Manager to conduct portfolio and risk management services on behalf of the Company. Whilst the Manager has the ultimate responsibility to make the final decision over portfolio and risk management services, the Board actively discusses potential investments and divestments with the Manager and ensures ongoing compliance with the Company’s Investment Policy and Investment Objectives. This complies with the European Securities and Markets Authority (“ESMA”) guidelines published on 13 August 2013 in respect of the AIFMD and ensures that the Company continues to adopt best governance practice.



**Nick Preston**

Fund Manager

**Relevant skills and experience**

Nick has over 30 years’ experience in the real estate investment management field. He has worked across all sectors of the market, throughout the UK and Europe, on a variety of different fund structures and investment strategies. He joined Tritax in 2017, and was promoted to equity partner in 2020. Prior to joining Tritax he worked at Grosvenor Europe and CBRE Global Investors.



**Mehdi Bourassi**

Finance Director

**Relevant skills and experience**

Mehdi joined the Tritax Group in May 2019. Mehdi has over 10 years’ experience in pan-European real estate finance, including roles for PwC Luxembourg, Abu Dhabi Investment Authority and Savills Investment Management. Mehdi holds an MSc in Management from IESEG School of Management and an MBA from London Business School.



**James Dunlop**

CEO – Investment

**Relevant skills and experience**

James is responsible for identifying, sourcing and structuring suitable investment assets for the Company. James started his career at Weatherall Green and Smith (now BNP Paribas Real Estate) where he qualified as a chartered surveyor in its Investment Development and Agency division in 1991. In 2000, James formed SG Commercial, then became a partner in the Tritax Group in 2005.



**Henry Franklin**

Chief Operating Officer

**Relevant skills and experience**

Henry is responsible for tax, legal and compliance activities, working closely with the Board, management team and external advisers to ensure the robustness of the tax and legal structure. Henry is a qualified solicitor who completed his articles with Ashurst LLP in 2001, qualifying as a chartered tax adviser in 2004 before moving to Fladgate LLP in 2005. Henry joined the Tritax Group in 2008.



**Phil Redding**

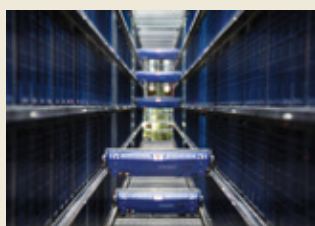
Director of Investment Strategy

**Relevant skills and experience**

Phil is responsible for providing strategic investment advice for the Company and is Chairman of the Investment Committee. Phil started his career at King & Co (now JLL) where he qualified as a chartered surveyor in their Industrial Agency and Development division in 1992. In 1995, Phil joined SEGRO plc holding a number of management positions before becoming Chief Investment Officer and member of the Board in 2013. Phil joined Tritax Group in 2020.

► To read more about our colleagues please go to [tritaxeurobox.co.uk/about/people-and-culture/](https://tritaxeurobox.co.uk/about/people-and-culture/)

# Key activities of the Board



## October–December 2020

- Approved the Annual Report and Accounts 2020.
- Declared an interim dividend of 1.10 cents per share, in respect of the three months to 30 September 2020.
- ESG training (November 2020).



## January–March 2021

- Held the Company's Annual General Meeting.
- Declared an interim dividend of 1.25 cents per share, in respect of the three months to 31 December 2020.
- Raised €230 million through a successful equity raise.
- Training on the duties and responsibilities of directors of a premium listed closed-ended investment fund (February 2021).



## April–June 2021

- Approved the Interim Report 2021.
- Declared an interim dividend of 1.25 cents per share, in respect of the three months to 31 March 2021.
- Conducted a successful €500 million debut Green Bond issuance.
- Listing Rules training by Ashurst (May 2021).
- Insurance training with a focus on cyber risk in European real estate (April 2021).
- EU logistics sector dynamics training (April 2021).



## July–September 2021

- Strategy Review.
- Raised further €250 million through a placing pursuant to Placement Programme.
- Conducted an external Board and Committee evaluation.
- Conducted performance review of the Manager and key suppliers.
- Declared an interim dividend of 1.25 cents per share, in respect of the three months to 30 June 2021.
- Held General Meeting for the approval of Settimo Torinese Land Sale and Purchase Agreement and Construction Agreement and the Bornem Development Management Agreement.
- ESG refresher training by CEN-ESG (July 2021).

## Post year end

- Agreed action plan following the external Board and Committee evaluation.
  - Declared an interim dividend of 1.25 cents per share, in respect of the three months to 30 September 2021.
  - Approved the Annual Report and Accounts 2021.
  - Plan to hold General Meeting for the approval of Gelsenkirchen, Bönen and RCF guarantor amendment proposals.
- For the key investment, operational and financial activities please see pages 1 to 57



**Application of AIC Code Principles**

The AIC Code, and the underlying UK Code, have placed increased emphasis on “comply and explain” with regard to the Principles of the Codes. Our explanations of how we have applied the main Principles of the AIC Code can be found below.

**Board leadership and purpose**

Principle A. A successful company is led by an effective board, whose role is to promote the long-term sustainable success of the company, generating value for Shareholders and contributing to wider society.

- Strategic Report pages 1 to 57
- Board Leadership and Company Purpose pages 66 to 68

Principle B. The board should establish the company’s purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

- Strategic Report pages 1 to 57
- Board Leadership and Company Purpose pages 66 to 68
- Division of Responsibilities pages 70 to 72

Principle C. The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

- Principal Risks and Uncertainties pages 52 to 56
- s.172 statement pages 22 to 24
- Audit, Risk and Internal Control pages 76 and 77
- Audit Committee Report pages 78 to 80

Principle D. In order for the company to meet its responsibilities to Shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

- Stakeholders pages 22 to 24 and 67 to 69
- s.172 statement pages 22 to 24
- Shareholder Relations page 67 to 69

**Division of responsibilities**

Principle F. The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

- Board Leadership and Company Purpose pages 66 to 68
- Division of Responsibilities pages 70 to 72

Principle G. The board should consist of an appropriate combination of directors (and, in particular, independent non-executive directors) such that no one individual or small group of individuals dominates the board’s decision-making.

- Division of Responsibilities pages 70 to 72
- Composition, Succession and Evaluation pages 60 to 62

Principle H. Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account.

- Board Leadership and Company Purpose pages 66 to 68
- Division of Responsibilities pages 70 to 72
- Audit Committee Report pages 78 to 80
- Management Engagement Committee Report pages 81 to 83

Principle I. The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

- How we govern the Company page 66

**Composition, succession and evaluation**

Principle J. Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

- Nomination Committee Report pages 73 to 75

Principle K. The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

- Board Biographies pages 60 to 62

Principle L. Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

- Nomination Committee Report pages 73 to 75

### Audit, risk and internal control

Principle M. The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	<ul style="list-style-type: none"> <li>• Audit, Risk and Internal Control pages 76 and 77</li> <li>• Audit Committee Report pages 78 to 80</li> </ul>
Principle N. The board should present a fair, balanced and understandable assessment of the company's position and prospects.	<ul style="list-style-type: none"> <li>• Going concern page 57</li> <li>• Statement of Director's Responsibility page 89</li> </ul>
Principle O. The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	<ul style="list-style-type: none"> <li>• Principal Risks and Uncertainties pages 52 to 56</li> <li>• Viability Statement page 57</li> <li>• Audit, Risk and Internal Control pages 76 and 77</li> <li>• Audit Committee Report pages 78 to 80</li> <li>• Notes to the Financial Statements pages 100 to 119</li> </ul>

### Remuneration

Principle P. Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	<ul style="list-style-type: none"> <li>• Board Leadership and Company Purpose pages 66 to 68</li> <li>• Directors' Remuneration Report pages 84 to 86</li> <li>• Management Engagement Report pages 81 to 83</li> </ul>
Principle Q. A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.	<ul style="list-style-type: none"> <li>• Directors' Remuneration Report pages 84 to 86</li> </ul>
Principle R. Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	<ul style="list-style-type: none"> <li>• Directors' Remuneration Report pages 84 to 86</li> </ul>

### Key Board statements

Requirement	Board statement	Where to find further information
<b>Going concern basis</b>	The Board is of the opinion that the going concern basis adopted in the preparation of the Annual Report is appropriate.	Further details are set out on page 57 of the Strategic Report.
<b>Viability Statement</b>	The Board is of the opinion that the Viability Statement adopted in the preparation of the Annual Report is appropriate.	Further details are set out on page 57 of the Strategic Report.
<b>Annual review of systems of risk management and internal control</b>	A continuing process for identifying, evaluating and managing the risks the Company faces has been established and the Board has reviewed the effectiveness of the internal control systems.	Further details are set out in Audit, Risk and Internal Controls on pages 76 and 77 of this Governance Report.
<b>Robust assessment of the Company's emerging and principal risks to the business model, future performance, solvency and liquidity of the Company</b>	The Audit Committee and the Board undertake a full risk review twice a year where all the emerging and principal risks and uncertainties facing the Company and the Group are considered.	Further details can be found in Principal Risks and Uncertainties on pages 52 to 56 of the Strategic Report.
<b>Fair, balanced and understandable</b>	The Directors confirm that to the best of their knowledge 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.	Further details of the fair, balanced and understandable statement can be found on pages 70 to 89.
<b>Appointment of the Manager</b>	The Directors consider the continuing appointment of the Manager on the terms agreed in the Investment Management Agreement dated 14 June 2018 to be in the best interests of the Company.	Further details are set out in the Management Engagement Committee Report on pages 81 to 83.
<b>Section 172</b>	The Directors have considered the requirements of Section 172 when making strategic decisions.	Further details are set out on pages 22 to 24 of the Strategic Report.

# Board Leadership and Company Purpose



## How we govern the Company

The Board is responsible for promoting the long-term sustainable success of the Company and generating value for its Shareholders and other stakeholders through effective leadership. The Board and the Manager work closely together to maintain the highest standards of corporate governance and which is central to every Board decision.

The Company's purpose is to open up new futures in sustainable commercial real estate, creating compelling opportunities for our stakeholders and giving the world's most ambitious companies the space to succeed. In order to achieve this, the Board has determined the Company's Investment Objectives and Investment Policy. The Board has overall responsibility for the Company's activities, including reviewing investment activity, performance, business conduct and strategy, in compliance with the principles of good corporate governance. The Board has delegated the day-to-day operational aspects of running the Company to the Manager and approved a schedule of matters reserved for its consideration and approval, which is set out on this page. Although the Board does not approve investment proposals or decisions, as this is a matter delegated to the Manager, the Board is kept fully informed and notified of investment proposals/decisions to enable the Directors to undertake their responsibilities and duties appropriately.

As well as regular Board meetings, the Board also meets for dedicated strategy meetings, in which it discusses the Company's immediate and long-term strategy, and holds ad hoc meetings to consider specific issues facing the Company, the market generally and its stakeholders.

A typical Board agenda includes:

- a review of investments, divestments and asset management initiatives;
- an update on investment performance and opportunities available in the market and how they fit within the Company's strategy;
- a report on the property market;
- a review of the Company's financial performance;
- a review of the Company's financial forecast, cash flow and ability to meet targets;
- an update on investor relations, including Shareholder and stakeholder relations;
- an update on the Company's capital market activity;
- regulatory, compliance and/or corporate governance updates;
- an update on sustainability and targets;
- a biannual risk management review; and
- a marketing and communications update.



## Strategy – July 2021

The 2021 strategy meeting focused on reviewing the two key strategic changes made in the prior year, which included a refinement of the dividend policy and an adjustment of the investment strategy, and considered whether any further adjustments should be made going into 2022. The Board also discussed the Company's strategy around equity, debt and investment deployment. The updates to strategy in 2020 have been well received by investors and analysts as is evidenced by the Company's ability to raise new equity and debt during the year. Outcomes from the meeting included consideration of how the business could support and add value to tenants through the use of technology, arranging a Board site visit in 2022 and further refinement of the Manager's strategic direction on asset types.

- ▶ Further details of the Company's strategy can be found on pages 1, 26 and 27 of the Strategic Report

Board reserved matters include:

- reviewing and approving Board composition and powers, including the appointment of Directors;
- approving and implementing the Company's strategy;
- approving the budget, financial plans and annual and interim financial reports;
- approving the dividend policy;
- reviewing property valuations and valuations of its interest rate derivatives;
- overseeing treasury functions and managing the Company's capital structure;
- reviewing and monitoring the Manager's ongoing compliance with the Company's Investment Objectives and Investment Policy;
- overseeing the services provided by the Manager and, in conjunction with the Manager, the Company's principal service providers; and
- reviewing and approving all compliance and governance matters.

## Relations with Shareholders and other stakeholders

A supportive and growing base of informed Shareholders is vital to the Company's business, in particular now that we have joined the FTSE 250. Communication with Shareholders is a high priority for both the Manager and the Board. During the year the Manager together with the Company's Joint Brokers, Kempen and Jefferies, continued to be in regular contact with existing Shareholders and prospective new investors in the UK, Continental Europe, North America, South Africa and the Middle East.

Regular virtual roadshows, conferences, webinars and ongoing ad hoc meetings upon request, both virtually due to the Covid-19 restrictions and then face to face as these restrictions started to alleviate, have enabled the Manager to listen to and understand the views of Shareholders and other stakeholders and to share those views with the Board. The Board is committed to maintaining open channels of communication with Shareholders, and plans to host a combination of face-to-face meetings with investors, and a more informal series of lunches with the Chairman and Shareholders in the first quarter of 2022.

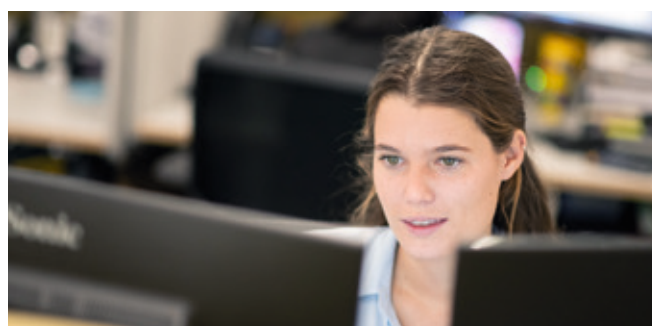
Open dialogue with our Shareholders and with the wider market has highlighted the areas of material interest such as the structural drivers which have been accelerated against the backdrop of the Covid-19 pandemic, the robustness of rental receipts, operational and financial performance, dividends and Total Returns. There has been an increasing focus on our ESG strategy and performance with requests from Shareholders to meet with the Manager's Sustainability Lead highlighting the increasing importance of all elements of environmental, social and governance issues in Shareholders' investment decisions.

- Further details of the Company's engagement with our other key stakeholders can be found on page 69 and in our Section 172 Statement on pages 22 to 24

## Our Board and stakeholders

The Board recognises the importance of stakeholder engagement in order to deliver its strategic objectives and we believe that our stakeholders are vital to the continued success of our business. We are mindful of stakeholder interests and keep them at the forefront of our business and strategic decisions.

We believe that regular engagement with our stakeholders is fundamental to understanding their views. The below section aims to highlight how we engage with our key stakeholders, why they are important to us and the impact they have on our business and therefore the long-term success of the Company, which we believe helps to demonstrate the Board's duties under Section 172; for further detail please see pages 22 to 24 and 69.



## Culture

The culture and ethos of the Company are integral to its success. The Board promotes open dialogue and frequent, honest and open communication between the Manager and other key providers and advisers to the Company. Whilst the Company is externally managed, the Board is confident that the culture within the Manager is aligned with that of the Board. The Board believes that its positive engagement and working relationship with the Manager helps the business achieve its objectives by creating an open and collaborative culture, whilst allowing for constructive challenge. The Non-Executive Directors meet regularly with members of the Manager outside of Board meetings to discuss various key issues relating to Company matters.

The Company's success is based upon the effective implementation of its strategy by the Manager and third-party providers under the leadership of the Board. The Board's culture provides a forum for constructive and robust debate, and the Board believes that this has been fundamental to the success of the Company to date.

## Site visits

There is continued demand from Shareholders and prospective investors to visit our asset sites. As travel restrictions are relaxed the Manager and Investor Relations team will host a programme of site visits as requested by investors and analysts. The German assets are prime examples of the strength of the German market where market evidence for rental growth is prevalent. The Manager plans to hold a site visit in Germany in 2022 and we will continue to organise site visits, where permitted, so that we are able to continue to provide Shareholders and other stakeholders with a better insight into the nature of the assets we invest in as well as our strong relationships with developers and deep understanding of the markets we invest in.





### Sustainability

Managing sustainability is core to how we do business. In 2019 the Manager established a CSR Committee which regularly reports to and engages with the Board on its sustainability activities. During the period, the Board monitored the embedding of the sustainability strategy, and undertook a refresher ESG training session held by Hillbreak Consultants, a sustainability training and consultancy specialist. The Company received a GRESB score of 82/100 which represents an increase of 18 points since 2020, and 29 points since 2019. The Board also approved the funding of a partnership with The Mission to Seafarers, including a €15,000 emergency relief one-off donation which was used by the charity to provide critical care for seafarers affected by Covid-19. Please see page 40 for more details on sustainability activities during the year. The Company has made a commitment to achieve net zero carbon for its direct activities by 2030 and for its total Scope 3 emissions by 2050. For further information on how the Company reports against TCFD please see page 42.

The Board ESG Champion meets regularly with the Manager's Sustainability Lead to discuss progress of the sustainability strategy and have deep dives into key sustainability issues relevant for the Board. This year, key matters discussed included:

- data management and how the Company can improve collection of ESG data to support the management of its assets;
- climate change risk and how the Company will align itself with reporting on the TCFD recommendations; and
- the creation of a social value project with The Mission to Seafarers.

In 2022, climate change risk will be a continued focus and the Company will undertake detailed climate-related scenario analysis to fully understand the future risks of climate change on the business.

We encourage Shareholders to attend and vote at the AGM and take the opportunity to engage with the Board and the Manager. In line with the UK Government's restrictions at the time and being mindful of the health and safety of our stakeholders and the wider community, Shareholders were not permitted to attend this year's AGM in person. Notwithstanding the format of the AGM this year, the Board considers it important that Shareholders continue to have opportunities to engage with them and Shareholders were encouraged to ask questions or raise matters of concern by emailing the Company Secretary.

The Chairman and the Senior Independent Director as well as other Directors can be contacted by emailing the Company Secretary on [cosec@eurobox.co.uk](mailto:cosec@eurobox.co.uk), who will pass the communication directly to the relevant person, or by post at the Company's registered office.

### General Meeting

The Company held two General Meetings during the period. The meeting held on 8 March 2021 was to consider and approve certain proposals in connection with the share issue pursuant to the Placing and Open Offer, Offer for Subscription and Intermediaries Offer and Placing Programme. Due to ongoing Government guidelines at the time, Shareholders were not permitted to attend but were encouraged to submit any questions or raise matters of concern by emailing the Company Secretary. The meeting held on 27 August 2021 was to consider and approve the related party transactions relating to the Settimo Torinese Proposal and the Bornem Proposal. Due to the lifting of the Government restrictions, this meeting was held as an open meeting where Shareholders were able to attend.

### Public communications

The Company ensures that any price sensitive information is released to all Shareholders at the same time and in accordance with regulatory requirements. All Company announcements which are released through the London Stock Exchange are also made available on the Company's website. The website also holds the quarterly fact sheets, share price and dividend information, investor presentations, the Key Information Document required by PRIIPS regulations and the Annual and Interim Reports which are available for download. The Company's Annual and Interim Reports are dispatched to Shareholders upon request.

### Annual General Meeting ("AGM")

The Company's General Meetings provide us and the Manager with a valuable opportunity to engage with our Shareholders on governance and strategy. All the Directors usually attend the AGM and we make ourselves available to answer Shareholders' questions at all general meetings of the Company and are contactable as necessary. The Chairman also makes himself available outside of these meetings to speak to Shareholders. The Senior Independent Director is available for Shareholders to contact if other channels of communication with the Company are not available or are inappropriate. Various Directors also regularly attend the biannual financial results presentations.



# Key decisions of the Board

## Our stakeholders

- The Manager and its employees
- Our Shareholders
- Our suppliers
- Our tenants
- Our lenders
- Government, regulators and local councils
- Our communities



### Governance processes

#### Stakeholder



#### How were stakeholders' views taken into account?

In preparation for entering the FTSE 250 and scheduled General Meetings to approve related party transactions, the Company worked with its brokers and lawyers on refreshing the Company's Disclosure Policy and governance frameworks.

#### Impact – what actions were taken as a result of this engagement/taking concerns into account?

As a result, the Company has established more robust processes surrounding the channels of information flow and responsibility.

#### Long-term effects of the decision?

The Company has bolstered its governance processes and framework in order to meet the expectations of a growing FTSE 250 company.



### Equity raises

#### Stakeholder



#### How were stakeholders' views taken into account?

The business engaged with various Shareholders on the implications of issuing shares at a discount to IFRS NAV ("NAV") and their views on the any subsequent dilution to their shareholding. The Company discussed the potential equity raises at length with investors and explained the rationale which would seek to generate a return to Shareholders and grow the business.

#### Impact – what actions were taken as a result of this engagement/taking concerns into account?

As a result, the Board approved the decision to conduct two equity raises during the period, successfully raising approximately €480 million at NAV or at a premium to NAV through issuing new shares which allowed the Company to take advantage of an attractive investment pipeline. Each raise allowed institutional investors to participate through an accelerated book build.

#### Long-term effects of the decision?

The equity raises enabled the Company to deliver on and expand into the next phase of its development and execute its short-term strategy. It also enabled the Company to strengthen relationships with Dietz and LCP, the Company's asset managers, which will continue to provide a strong pipeline to the Company moving forward.



### Green Bond Issue

#### Stakeholder



#### How were stakeholders' views taken into account?

The Board recognises the importance of sustainability and understands that by developing a clear approach to sustainability it allows the Company to enhance assets and deliver value beyond financials to its stakeholders. In the lead up to the launch, the Company engaged its advisors in the development of a green finance framework and undertook two days of successful meetings with investors who supported the issuance of a Green Bond.

#### Impact – what actions were taken as a result of this engagement/taking concerns into account?

As a result of the Company's wider engagement in the lead up to the launch, the Company was able to develop its Green Finance framework which was drafted in alignment with Green Bond Principles as administered by ICMA and Green Loan Principles as a basis for the initiative. The Company successfully launched the Green Bond in June 2021 on favourable terms.

#### Long-term effects of the decision?

The issuance of the Green Bond creates long-term value for stakeholders and bond holders alike. The proceeds of the Green Bond will be used to acquire, fund or refinance new or existing Eligible Green Projects ("EGPs") within the Group's real estate portfolio. The access to the pool of capital allocated solely in green projects will also contribute towards being carbon neutral in operation. This will in turn create more attractive assets for occupiers and benefit the environment. In addition, the issue significantly reduced the Company's cost of debt and represented the first step in diversifying its funding sources into the debt capital markets.

# Division of Responsibilities



## The Chairman and the Senior Independent Director

Our Independent Chairman, Robert Orr, has no relationships that may create a conflict of interest between his interest and those of Shareholders or the Manager.

As we are subject to the AIC Code, there is no requirement for a limitation on the length of tenure of the Chairman, as approved by the FRC. However, we recognise that there is a significant body of opinion that tenure should be limited to nine years and bear this in mind in our succession planning. The Board has adopted a policy on tenure and re-election; for more information please refer to page 73. The Chairman has been in post for three and a half years since IPO. The Chairman's other significant commitments include being a Non-Executive Director of M&G Property Fund SICAV and Chairman on the Advisory Board of APCOA Parking Holdings. For the Chairman's full biography please refer to page 60 and the Company website. The Board believes he continues to dedicate sufficient time to his chairmanship of the Company.

The Senior Independent Director ("SID"), Keith Mansfield, and the other Directors met during the year, without the Chairman, to appraise his performance.

## The Board and its Committees

The Board currently consists of four Non-Executive Directors, all independent of the Manager. We believe that the Board is well balanced and possesses a sufficient breadth of skills, variety of backgrounds, relevant experience and knowledge to ensure it functions effectively and promotes the long-term sustainable success of the Company, whilst generating Shareholder value and keeping in mind wider stakeholder interests. The Board is, however, mindful of succession planning and the need to support a growing business now in the FTSE 250 and will shortly be taking steps to begin a search for an additional Non-Executive Director.

Directors' biographies are set out on pages 60 and 61. In accordance with the requirements of the AIC Code, all of the Directors will stand for re-election at the Company's AGM which we plan to hold on 10 February 2022.

We have not established a Remuneration Committee as the Board has no Executive Directors and the Company has no employees. The Board as a whole is responsible for reviewing the scale and structure of the Directors' remuneration. Details of the Directors' remuneration for the year ended 30 September 2021 are included in the Directors' Remuneration Report on page 84.

The Board establishes sub-committees to take operational responsibility on specific matters either following "in principle" approval from or with subsequent ratification by the Board. These sub-committees ensure that key matters are dealt with efficiently by the Director(s) and representatives of the Manager best qualified for the specific role.

## The Board

The Board is responsible for promoting the long-term sustainable success of the Company, working towards strategic objectives and generating value for Shareholders and other stakeholders.

► To read more see pages 1 to 57

## The Manager

Day-to-day running of the Company has been delegated to Tritax Management LLP. Nick Preston, as the Fund Manager of the Company, Mehdi Bourassi, as the Finance Director of the Company, Henry Franklin, as COO of the Manager, Phil Redding as Director of Investment Strategy and James Dunlop, as CEO of Investments, oversee the Manager's relationship with the Company.

► To read more see pages 44 to 48

## Board Committees

The Board has delegated some of its responsibilities to its three formal Committees: the Nomination, Audit and Management Engagement Committees. The Board has also established a Disclosure Committee which meets as and when required. The Company ensures that all of the Board Committees have sufficient resources and skills to carry out their obligations.

These Committees are each chaired by a different Non-Executive Director and have their own Terms of Reference which can be found on the Company's website (or copies are available on request from the Company Secretary).

The Terms of Reference are reviewed as necessary by the Board as a whole. The Company Secretary acts as secretary to these Committees and each Committee Chair reports the outcome of the meetings to the Board.

► To read more see pages 70 to 83

## Manager Committees

The Company's investment manager has delegated some of its responsibility to three Committees: the Investment, Risk and CSR Committees. The CSR Committee has also established a Sub-Committee, the Green Finance Committee, further to the issuance of the Company's Green Bond.

► To read more see page 68



## Chairman

### Role and responsibilities

- Responsible for the leadership and effectiveness of the Board and for setting the Board agenda.
- Ensuring effective communication so that the Board is aware of the views of Shareholders and other stakeholders, and demonstrates objective judgement.
- Promoting a culture of openness and debate.

## Senior Independent Director

### Role and responsibilities

- Acting as a sounding board for the Chairman and a trusted intermediary for other Directors. Available to discuss with Shareholders any concerns that cannot be resolved through the normal channels of communication with the Chairman.
- Leading the other Directors in evaluating the performance of the Chairman.

## The Manager

### Role and responsibilities

- Making the final decisions in respect of investments and divestments.
- Financial management.
- Asset management.
- Investor relations.

► To read more see pages 44 and 48

## Company Secretariat and Compliance

### Role and responsibilities

- Overseeing the Company's governance structure and managing the Company's regulatory compliance.
- Administering the Group's subsidiaries.

## Audit Committee

- Reviewing the integrity of the Group's financial statements and any significant financial reporting judgements.
- Reviewing and monitoring the relationship with the Auditor.
- Reviewing the Manager's Administrator's (CBRE) internal controls.
- Overseeing the Company's risk management process.
- Advising the Board on whether the Annual Report and Accounts provides a fair, balanced and understandable view of the Company's performance, position and strategy.
- Considering and reviewing the Company's Viability and Going Concern Statements.

► To read more see pages 78 to 80

## Disclosure Committee

- Identifying inside information and maintaining disclosure registers in the form of insider lists.
- Determining whether delayed disclosure is appropriate on a case-by-case basis and liaising with the FCA as necessary.
- Supervising and overseeing the preparation of disclosures to the market.
- Chaired by Robert Orr and comprises various members of the Manager.

## Nomination Committee

- Reviewing the Board composition and assessing whether the balance of skills, experience, knowledge, diversity and independence is appropriate to enable the Board to operate effectively.
- Managing succession planning and ensuring that the Directors receive necessary training.
- Board and Committee evaluations.

► To read more see pages 73 to 75

## Management Engagement Committee

- Reviewing the main suppliers including the Manager, the Joint Financial Advisers, the Valuer and the Registrar to ensure that the Company is receiving a high level of performance along with value for money.
- Overseeing re-tenders and new supplier appointments.

► To read more see pages 81 to 83

## Investment Committee

- Chaired by Phil Redding (Director of Investment Strategy) and comprises Nick Preston (the Fund Manager of the Company) and various members of the Manager.
- Reviewing and recommending investments and divestments.
- Taking a lead on overall portfolio management (including asset management) with oversight from the Board.

## CSR Committee

- Chaired by Henry Franklin (Chief Operating Officer), comprising various members of the Manager.
- Overseeing of CSR and sustainability matters.
- Reviewing and making recommendations to the Manager and the Company's Board, regarding progress on integrating environmental, social and governance ("ESG") factors into business strategy and decision making.
- Overseeing of the Manager's policies in terms of performance, communication and engagement on CSR and sustainability matters, to ensure the Manager is effective in meeting its social and regulatory requirements and achieving their objective of being a socially responsible corporate entity.

## Risk Committee

- Chaired by Henry Franklin (Chief Operating Officer), comprising various members of the Manager.
- Reviewing the risks that the Manager faces in its operations and implementing procedures to mitigate such risks.
- Overseeing the risk assessments made by the Company and other funds to ensure consistency and to ensure the Company is alerted to any new risks of the Manager.

## Green Finance Committee (Sub-Committee of the CSR Committee)

- Chaired by Helen Drury (Sustainability Lead), comprising the Manager's CFO and a member of the Manager's asset management team.
- Reviewing the Green Portfolio of the Company to confirm that the assets and projects included in the Green Portfolio meet the criteria set out.
- Approving the Annual Green Finance Report ahead of circulation to investors.
- Monitoring evolution of the capital markets in terms of disclosure and reporting in order to be in line with market best practices.





## Board meetings

During the period we held seven scheduled Board meetings including a strategy meeting, plus fourteen further ad hoc meetings which dealt with transactional and other specific events such as the Green Bond, Placing Programme and related party transactions.

The Board meetings follow a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of the meeting to all Directors and other attendees. At each Board meeting, every agenda item is considered against the Company's strategy, its Investment Objectives, its Investment Policy and the Directors' duties.

Board papers are disseminated to the Directors via a secure online platform for reasons of efficiency and cyber security. In October 2020, the Manager undertook a tender to appoint a new Board portal platform which concluded with the appointment of Board Intelligence Limited. For further details please see the case study below. The online platform is also used to store relevant Company documentation as well as current and past Board papers, as it provides the Board with quick and secure access.

The Board is kept fully informed of potential investment opportunities, along with wider property market intelligence, through a comprehensive set of Board papers prepared by the Manager prior to each meeting. Included within this pack are the investment reports prepared by the Manager's Investment Committee for each acquisition and asset management opportunity. Representatives of the Manager are invited to attend the Board meetings as are representatives of the Company's other advisers as required, particularly representatives from Jefferies, Kempen, Akur Limited and Ashurst LLP ("legal adviser").

Outside the Board meetings, the Manager shares recommendations around investment opportunities and keeps the Directors fully informed on the progress of transactions. The Board also has full access to the Management team and the Company Secretarial team at all times to discuss any specific matters outside of formal meetings.

## Conflicts of interest

Each Director has a duty to avoid a situation in which he or she has a direct or indirect interest that may conflict with the interests of the Company.

The Board may authorise any potential conflicts, where appropriate, in accordance with the Articles of Association. Where a potential conflict of interest arises, a Director will declare their interest at the relevant Board meeting and not participate in the decision making in respect of the relevant business.

## Board Reporting

In July 2021, the Secretariat held a workshop with Board Intelligence to review the Board and Committee packs with the primary aim of benchmarking the packs against the Company's peers and providing recommendations on how Board papers could be further improved to align to Board Intelligence's best in class reporting template. Following the initial feedback session, Board Intelligence met with the Chairman to understand any aims or concerns faced with the Board pack and to discuss initial findings. Board Intelligence then proceeded to schedule one-to-one calls with several of the paper authors, including the Fund and Assistant Fund Managers, Chief Operating Officer, Finance Director and Sustainability Lead to discuss how the structure of each report could be improved to align with best practice. The clearer and more concise reports have been implemented across the business which has helped to further refine and focus Board reporting.

## Attendance at Board and Committee meetings during the year ended 30 September 2021

All Directors are expected to devote sufficient time to the Company's affairs to fulfil their duties as Directors and to attend all scheduled meetings of the Board and of the Committees on which they serve. Where Directors are unable to attend a meeting, they will provide their comments on the Board papers received in advance of the meeting to the Chairman, who will share such input with the rest of the Board and the Manager. The Nomination Committee is satisfied that all the Directors, including the Chairman, have sufficient time to meet their commitments.

The table below sets out the Board and Committee attendance at scheduled meetings during the year. During this period the absences shown were as a result of changes to the Board membership or pre-planned commitments.

	Robert Orr	Keith Mansfield	Taco De Groot	Eva-Lotta Sjöstedt
Board	6/6	6/6	6/6	5/6
Audit Committee	N/A	7/7	5/7	6/7
Management Engagement Committee	3/3	3/3	3/3	2/3
Nomination Committee	2/2	2/2	2/2	N/A
Strategy meeting	1/1	1/1	1/1	1/1



**Robert Orr**  
Independent Chairman

## Membership

Robert Orr (Chair)

Taco de Groot

Keith Mansfield

► For full details on Committee attendance please refer to page 72

## Key areas of focus in 2020/2021:

- the size, structure and composition of the Board;
- succession planning;
- Board and Committee performance evaluation; and
- the proposal for re-election of the Directors at the AGM which we plan to hold on 10 February 2022.

## Dear Shareholders,

I am pleased to present the Nomination Committee Report for the year ended 30 September 2021. The Nomination Committee's focus during the period was on reviewing the Board's composition, succession planning and Board evaluation output.

The Committee's role is to review the size, structure and composition of the Board, including succession planning, and to ensure that it has the right mix of skills, experience and knowledge to enable the Company to fulfil its strategic objectives. The Committee is also responsible for making recommendations for new appointments to the Board and for reviewing the performance and terms of engagement for the existing Directors. The Committee operates within defined Terms of Reference which are available on the Company's website or from the Company Secretary. We met for two scheduled meetings during the period.

**“Succession planning and addressing Board diversity will be the key focus for the coming year.”**

## Policy on tenure and succession planning

The Board has implemented a policy on tenure and re-election, and in accordance with the provisions of the AIC Code, all the Directors will offer themselves for re-election at each AGM. We considered the ongoing independence of each of the Directors, their respective skills, experience and time commitment, as well as any other external appointments held by the Directors. We believe that each Director has contributed significantly to the Board during the year. Following the advice of the Committee and in line with the AIC Code, the Board will recommend the re-election of each Director at the forthcoming AGM.

Directors are appointed for an initial period of three years and their performance evaluated at least annually during the Board evaluation.

In accordance with the principles of the AIC Code, we do not consider it necessary to replace a Director after a predetermined period of tenure. We are, however, mindful of the circumstances of each Director and implement succession planning accordingly.

## Board diversity and inclusion

The Company does not have any employees. In respect of appointments to the Board, we consider that each candidate should be appointed on merit to make sure that the best candidate for the role is appointed every time. We support diversity and inclusion at Board level and encourage candidates from all ethnic, gender and educational backgrounds. What is important to us is professional achievement and the ability to be a successful Director based on the individual's skill set and experience.

Qualifications are considered when appropriate to ensure compliance with regulation such as in relation to appointments to the Audit Committee. We regularly review the Company's Diversity and Inclusion Policy and believe that the Board has a balance of skills, qualifications and experience which are relevant to the Company. As at the date of this report the Board consisted of three male members and one female member. The Company believes in the value and importance of cognitive diversity in the boardroom and recognises that the Board will need to continue to address gender diversity in its next Non-Executive Director recruitment, as the Company grows. The Nomination Committee is committed to meeting the Hampton-Alexander review and the Parker Review, the latter by 2024, and recognises that this has become an area of even greater focus for the Company since entering the FTSE 250.



## Roadmap to diversity

### Recognising what we have

The Nomination Committee continually reviews the Directors' skills matrix ensuring that the Board and its Committees maintain the necessary skills to deliver the Company's strategic priorities.

The Board is committed to meeting the Hampton-Alexander and Parker reviews in conjunction with the Board's strategic requirements and it also recognises its broader diversity in terms of sector experience, nationality, culture and professional expertise. The Company continues to review its Diversity and Inclusion Policy, as well as its training and development programme to ensure an inclusive and well balanced Board.

### Identifying what we need

The Board recognises the need to increase female representation on the Board as well succession planning for an additional financial expert. In addition, the Board will take steps to increase its ethnic diversity in future appointments.

As at the date of this report, 25% of the Board are female. In line with the Hampton-Alexander Review and our recent entry into the FTSE 250, the intention is for this to be addressed with the next Board appointment. The Committee would like to state its commitment to attracting the best, diverse talent we can, whilst balancing the skills and experience required by the Board with its need for diversity.

### Actions to help us get there

The Nomination Committee reviewed the Board and Committee composition and recommended the Board commence a search for a new Director. The Board appointed Nurole Limited ("Nurole") to support the search and is committed to an inclusive and diverse recruitment process. Given the importance of attracting diverse talent to the Board, the Committee will take a considered approach when reviewing candidates and felt Nurole's recruitment processes will aid a wider pool of candidates.

In addition, the Committee will continue to monitor the skills and diversity of the Board with a view to meeting the expectations of the Parker review by the end of 2024.



## Board performance and evaluation

The Board's policy is to carry out an evaluation of the Board, its Committees and the performance of individual Directors every year. This year and for the first time, the Board, in accordance with the Code, appointed an external evaluator, EquityCulture Ltd, to assist in carrying out the Board evaluation which included interviewing representatives from the Manager. EquityCulture provides bespoke Board evaluation services and has no other connection with the Company or any individual Directors. EquityCulture has reviewed and agrees with this disclosure on the Board evaluation undertaken by it. The main areas considered during the evaluation were: individual skill sets and performance; Board structure and membership; strategy; operations; and Board and Committee meetings. The Board evaluation process followed was:

### A

EquityCulture and the Chairman agreed an agenda of questions specifically drafted for the Company's Board evaluation. The questions were designed to focus the evaluation by Board members in a number of key areas and to cover the performance of the Board, its Committees and individual Directors;

### B

EquityCulture used the agreed agenda as the basis for interviews with each of the Directors and representatives from the Manager and then produced a report which compiled the results of the evaluation exercise;

### C

the Chairman reviewed the results of the evaluation exercise and shared them with Board members in September 2021 at a meeting attended by EquityCulture; and

### D

in October 2021, the Chairman, using the results from the individual performance reviews, conducted one-to-one interviews with all Directors and some members of the Manager. The Chairman's review was conducted by the SID. The Manager's Chief Operating Officer also conducted one-to-one feedback meetings with the remaining members of the Manager upon the Chairman's request.

The results of the external evaluation confirmed Tritax EuroBox has created a vibrant, growing presence with a united and effective Board which has established a strong, trusted partnership with the external Manager. The culture of the Board is very good, being open and frank, whilst also supportive and collaborative. As a result of the external review, the Board is in the process of agreeing an action plan that will be implemented in the coming financial year. The plan will include continued focus on Non-Executive Director succession planning and the overall composition of the Board; deliberating whether to establish a further Board Committee to address ESG matters; and adopting recommendations to improve the Board's procedures and effectiveness, including the effectiveness of the annual strategy session whilst keeping the strategy under review and focusing on the priorities to deliver Shareholder value.

## Director training programme

We recognise that it is essential to keep abreast of regulatory and compliance requirements. All new Directors are provided with a tailored induction programme on appointment which includes an induction pack, meetings with the Company's key advisors and key representatives of the Manager. In addition, a bespoke training programme is agreed and arranged each year. During the period, the Board received regular training on corporate governance developments and financial regulatory changes, and specific ESG investment training. The Board also received formal training sessions and updates from the Company's external service providers as well as the Manager's Head of Research and Sustainability Lead.

In addition to the bespoke training programme, each Director is expected to maintain their individual professional skills and is responsible for identifying any training needs to help them ensure that they maintain the requisite knowledge to be able to consider and understand the Company's responsibilities, business and strategy. All Directors have access to the advice and services of the Company Secretary, who manages the Company's governance procedures, and the Manager. The Directors are also entitled to take independent advice at the Company's reasonable expense at any time.

For further information on training completed throughout the period please refer to page 63.

## Committee evaluation

The overall performance of the Nomination Committee was rated highly, particularly its performance in reviewing the composition of the Board. Board diversity continues to be an area of development for 2022.

## Outlook for 2021/2022

We will continue to monitor and evaluate Board composition to ensure that the Board has the right balance of skills, experience and knowledge to carry out its duties.

### Robert Orr

Chairman

6 December 2021





The Board is responsible for delivering robust and sustainable value to its Shareholders and wider stakeholders by setting and working towards strategic objectives. In order to do so we undertake robust assessments of the risks which the Group faces and ensure controls and mitigations are in place to manage those risks. The Company's key risks are set out on pages 52 to 56 of the Strategic Report. The Audit Committee reviewed the principal and emerging business risks of the Company on behalf of the Board, as described on pages 76 and 77.

The Board and Audit Committee regularly review the financial position of the Company and perform an assessment of any risks in relation to the Company's business model, the Group's future performance, liquidity and solvency as well as any risks relating to specific or proposed investments and tenants or initiatives relating to assets. To facilitate this process, the Manager produces financial reports, which include the latest management accounts, a review and report on the Company's financial forecast, a report on proposed and existing investment and asset management initiatives, substantiation of any dividend payments and a general update on the financial health of the Company.

As the Company's AIFM, the Manager is subject to reporting and ongoing compliance under the AIFMD. As part of this regulatory process, Langham Hall UK Depositary LLP has been retained by the Company and is responsible for cash monitoring, asset verification and oversight of the Company and the Manager. Langham Hall UK Depositary LLP reports quarterly to the Board and the Manager.

The Manager also employs a Head of Risk and Compliance to assist with the discharge of the Manager's obligations in accordance with the AIFMD.

### **Risk management and internal controls review and processes**

The Company's internal control and risk management systems and processes are designed to identify, manage and mitigate the financial, operational and compliance risks that are inherent to the Group and safeguard the Group's assets. These safeguards and systems in place are designed to manage (rather than eliminate) the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board and the Manager have, together, reviewed all financial performance and results notifications. Non-financial internal controls include the systems of operational and compliance controls maintained by the Company's administrator, CBRE (the "Administrator"), and by the Manager in relation to the Company's business, as well as the management of key risks referred to in the Strategic Report on pages 52 to 56.

The Board has contractually delegated responsibility for administrative and accounting services to the Administrator and for company secretarial services to the Manager. These entities have their own internal control systems relating to these matters, which we have reviewed as part of the Company's Financial Position and Prospects Procedures document, which was reviewed, updated and approved in July 2021.

The Company is managed externally by the Manager. All payments of Company funds are authorised by the Manager in accordance with the duties delegated to it pursuant to the terms of the Investment Management Agreement ("IMA") and in accordance with the provisions of the AIFMD. The Manager instructs the Administrator to make the duly authorised payment and Langham Hall UK Depositary LLP, as part of its role as Depositary, reviews each material payment in relation to the specific test areas as mentioned in the report on page 77. We consider that the internal controls in place and the function undertaken by Langham Hall UK Depositary LLP make it unnecessary for the Company to employ an internal audit function. In addition to this, the Administrator has its own internal audit performed on an annual basis by KPMG, from which the Company reviews any findings. The audit for the period did not raise any significant findings to discuss.

In accordance with the AIC Code, the Board has established a continuing process for identifying, evaluating and managing the risks the Company faces and has reviewed the effectiveness of the internal control systems.

This includes reviewing reports from the Auditor (details of which are included in the Audit Committee Report), regular reports from the Manager and the Company Secretary (outlining corporate activity within the Group and the Company's compliance with the AIC Code) and proposed future initiatives relating to the Company's governance and compliance framework. We also review the formal risk assessment conducted by the Audit Committee twice a year. Further, we actively consider investment opportunities, asset management initiatives, debt and equity fundraisings and other financial matters against the requirements of the Company's Investment Objectives and Investment Policy.

The Audit Committee also conducts a robust assessment of the emerging and principal risks to the business model, future performance, solvency and liquidity of the Company at least twice a year and reports its findings to the Board. The Manager is asked to analyse and report on the risks which the Company may encounter on specific transactions including, for example, an adverse decision regarding the development of an asset at the planning stages or a sudden change in market conditions before the launch of an equity raise or debt issue. The Audit Committee then considers each risk in turn, probing the Manager's assumptions and analysing whether the risk factors attributed to each individual risk are fair and accurate, and the effect of any mitigating factors. The Audit Committee also considers this as part of its biannual risk review and at each strategy meeting, and challenges the Manager to actively review the risks it includes. Please see pages 52 to 56 for more details on emerging and principal risks.

The Manager also reports to the Board twice a year over the Company's longer-term viability, which includes financial sensitivities and stress testing of the business to ensure that the adoption of the going concern is appropriate.

The Manager established a Risk Committee which ensures consistency and transfer of best practice in reporting, monitoring and controlling risk. The Manager also maintains a risk register, where perceived risks and associated actions are recorded, and this is regularly shared with the Board for approval. For further details of the Manager's Risk Committee please refer to page 71.

### Anti-bribery and corruption

The Board has a zero tolerance policy towards bribery and corruption 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 identified aspects of the business which may be improved to mitigate such risks. The Manager actively reviews and monitors perceived risks. The Board has overall responsibility for managing anti-bribery and corruption but has delegated day-to-day responsibility for anti-bribery and corruption to the Head of Risk and Compliance within the Manager, who reports up to the Board periodically. There have been no instances of bribery and corruption in the period.

Employees of the Manager are required to undertake certain e-training on anti-bribery and other topics such as conflicts of interests and anti-money laundering which is provided through Thistle Initiatives Limited.

### Modern slavery and human trafficking policy

The Group is committed to maintaining the highest standards of ethical behaviour and expects the same of its business partners. Slavery and human trafficking are entirely incompatible with the Group's business ethics.

We recognise that the real estate and construction sectors rank highly for modern slavery risks. We believe that every effort should be made to eliminate slavery and human trafficking in the Group's supply chain. We seek to mitigate the Group's exposure by engaging with reputable professional service firms, which adhere to the Modern Slavery Act 2015.

We also regularly request formal governance information from the Group's suppliers, to enable ongoing monitoring of business and supply chain risk and conduct due diligence and risk assessment on potential new suppliers. We will continue to monitor and collaborate with the Group's suppliers, tenants and developers, to ensure that they have systems and controls that reduce the risk of facilitating modern slavery and human trafficking.

### Depository Report

Established in 2013, Langham Hall UK Depository LLP is an FCA regulated firm that works in conjunction with the Manager and the Company to act as depository. Consisting exclusively of qualified and trainee accountants and alternative specialists, the entity represents net assets of US\$80 billion and we deploy our services to over 100 Alternative Investment Funds across various jurisdictions worldwide. Our role as depository primarily involves oversight of the control environment of the Company, in line with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD").

Our cash monitoring activity provides oversight of all the Company held bank accounts with specific testing of bank transactions triggered by share issues, property income distributions via dividend payments, acquisitions and third-party financing. We review whether cash transactions are appropriately authorised and timely. The objective of our asset verification process is to perform a review of the legal title of all properties held by the Company, and shareholding of special purpose vehicles beneath the Company. We test whether on an ongoing basis the Company is being operated by the Manager in line with the Company's prospectus, and the internal control environment of the Manager. This includes a review of the Company's and its subsidiaries' decision papers and minutes.

We work with the Manager in discharging our duties, holding formal meetings with senior staff on a quarterly basis and submit quarterly reports to the Manager and the Company, which are then presented to the Board of Directors, setting out our work performed and the corresponding findings for the period.

In the financial year to 30 September 2021 our work included the review of four investment property acquisitions, one investment property disposal, four property income dividends, one Green Bond issuance, one management share issue and two ordinary share issues. Based on the work performed during this period, we confirm that no issues came to our attention to indicate that controls are not operating appropriately.

#### Joe Hime

Head of UK

For and on behalf of

Langham Hall UK Depository LLP, London, UK

6 December 2021

Langham Hall UK Depository LLP is a limited liability partnership registered in England and Wales (with registered number OC388007).



**Keith Mansfield**  
Chair of the Audit Committee

### Membership

Keith Mansfield, Chair

Taco De Groot

Eva-Lotta Sjöstedt

► For full details on Committee attendance please refer to page 72

### Key areas of focus in 2020/2021:

- reviewed and recommended to the Board that the Annual Report 2020 and Interim Accounts 2021 be approved;
- monitored the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewed any significant financial reporting judgements contained in them;
- monitored the effectiveness of the Group's assessment of risk to ensure actions are being taken to mitigate the Group's exposure to risk;
- reviewed the robustness of the Company's internal financial controls and reviewed the efficiency of the internal control and risk management systems used by the Company;
- assessed the quality of the annual and interim property valuations prepared by the Company's independent valuer and challenged the assumptions used by the valuer in preparing the valuation;
- reviewed and considered the basis of the Viability and Going Concern Statements made by the Directors;
- reviewed and monitored the Company's relationship with its Auditor; and
- reported to the Board on how the Committee discharged its responsibilities.

**“We continued to evaluate the Company's key risks, in particular climate-related risks in preparation for TCFD reporting.”**

### Dear Shareholders,

I am pleased to present the Audit Committee Report for the year ended 30 September 2021.

The Audit Committee's role is to oversee the Company's financial reporting process, including the risk management and internal financial controls in place within the Manager, the valuation of the property portfolio, the Group's compliance with accepted accounting standards and other regulatory requirements as well as the activities of the Auditor. The Board maintains ultimate control and we report to it on a regular basis on how we have discharged our responsibilities.

We operate within defined Terms of Reference which are available on the Company's website and on request from the Company Secretary.

The Committee believes that its members have the right balance of skills and experience to be able to function effectively. I am an ACA, registered accountant with the Institute of Chartered Accountants in England and Wales, and have extensive, recent and relevant financial experience gained in my previous role as Partner at PwC where I developed a specialism in the real estate industry, serving as regional Chairman of PwC in London for seven years. Further details of each Director's experience can be found in the biographies on pages 60 and 61.

We met for seven scheduled meetings during the period, following the Company's corporate calendar, which ensures that the meetings are aligned to the Company's financial reporting timetable. The Company Secretary ensures that the meetings are of sufficient length to allow the Committee to consider all important matters and the Committee is satisfied that it receives full information in a timely manner to allow it to fulfil its obligations. These meetings are attended by the Committee members, as well as representatives of the Manager, the Company Secretary and the Auditor, KPMG LLP, and, on occasion, the Company's Chairman. We also met with the Auditor without any representative of the Manager present. The Committee also met with the Company's independent Valuer, JLL, as part of the interim and year-end audit processes. As the Committee Chair, I have had regular communications with the Company Secretary, the Company's Finance Director and the Auditor. In addition, the Committee has discussions throughout the year outside of the formal Committee meetings.

Following a review of information flow, the Committee now receives a biannual report on Compliance activities and recently also undertook a deep dive on cyber security controls.

The impact of Covid-19 on the business was discussed at length by the Committee and the Board during the period. The Board continues to include Covid-19 as a principal risk of the business which reflects the fact that, although we believe that the impact of Covid-19 on the Company has been modest, it remains a key focus for the Board and Manager in the coming year as its long-term impact remains difficult to estimate at this stage.

### Financial reporting and significant judgements

We monitor the integrity of the financial information published in the Interim and Annual Reports and consider whether suitable and appropriate estimates and judgements have been made in respect of areas which could have a material impact on the financial statements. We seek support from the Auditor to assess these significant judgements. We also consider the processes undertaken by the Manager to ensure that the financial statements are fair, balanced and understandable.

A variety of financial information and Committee reports were prepared by the Manager and provided to the Committee and to the Board over the course of the year. These included budgets, periodic re-forecasting following acquisitions or corporate activity and specific papers to assess the impact of transactions.

The Manager and the Auditor update us on changes to accounting policies, legislation and best practice and areas of significant judgement by the Manager. They pay particular attention to transactions which they deem important due to size or complexity.

The main areas where significant judgement is required include the assessment of fair values of investment property and business combinations.

### Business combinations

At the time of acquiring a subsidiary that owns investment properties, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Where an acquisition is judged not to be the acquisition of a business, it is not treated as a business combination. Of the four acquisitions in the period, all were considered to be asset acquisitions.

### Valuation of property portfolio

The property portfolio is independently valued by JLL biannually. Following production of the draft valuation by JLL, the Manager meets with JLL to discuss and challenge various elements of the property valuation, if necessary. The Auditor, in fulfilling its function as independent auditor to the Company, also meets with JLL to discuss and, where necessary, challenge the property valuations. The Committee and the Board receive a copy of the property valuation of the portfolio once it has been assessed by the Manager and meets with JLL to discuss the property valuations.

The Group has property assets valued at approximately €1,282.6 million as explained in note 14 to the financial statements; JLL has independently valued the properties in accordance with IAS 40 Investment Property. The Committee met with the Valuer in April and October 2021, to discuss and challenge the valuation and to ensure it was conducted properly and independently and could be fully supported. We have also reviewed the assumptions underlying the property valuations and discussed these with the Manager and JLL and have concluded that the valuation is appropriate.

### Fair, balanced and understandable financial statements

The production and audit of the Group's Annual Report is a comprehensive process, requiring input from a number of contributors. To reach a conclusion on whether the Annual Report is fair, balanced and understandable, as required under the AIC Code, the Board has requested that the Audit Committee advises on whether it considers that the Annual Report fulfils these requirements. In outlining our advice, we have considered the following:

- the comprehensive documentation that outlines the controls in place for the production of the Annual Report, including the verification processes to confirm the factual content;
- the detailed reviews undertaken at various stages of the production process by the Manager, the Administrator, the Joint Financial Advisers, the Auditor and the Audit Committee, which are intended to ensure consistency and overall balance;
- controls enforced by the Manager, the Administrator and other third-party service providers, to ensure complete and accurate financial records and security of the Company's assets; and
- the satisfactory ISAE 3402 control report produced by the Administrator for the year ended 30 September 2021, which has been reviewed and reported upon by the Administrator's external auditor, to verify the effectiveness of the Administrator's internal controls.

As a result of the work performed, we have concluded and reported to the Board that the Annual Report for the year ended 30 September 2021, 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.

### Internal audit

The Company does not have an internal audit function and, following an internal risk review, we do not consider it necessary for the Company to have one.





## External audit

KPMG is appointed as the Company's external Auditor as at 11 December 2018. KPMG's reappointment is approved annually by the Company's Shareholders at the AGM, and they have been in place for three years. The Audit Partner and wider team remained consistent during the period, with David Neale as Lead Audit Partner. Clason Low replaced Richard Long as Audit Director. The Auditor formally confirmed its independence for the period. The Audit Partner is subject to mandatory rotation every five years with a mandatory audit firm retender after ten years. The audit firm is subject to mandatory rotation after 20 years.

The Committee, having met with key members of the audit team, is satisfied that KPMG possesses the knowledge of the Company and continuity of team to produce a detailed, high-quality and in-depth audit. The Committee considered KPMG's internal quality control procedures and found them to be sufficient and all parties continue to ensure that the audit process is transparent and of good quality. Please refer to note 8 in the financial statements for a summary of fees paid to the Auditor.

## Audit process

We meet with the Auditor and the Manager before the preparation of each of the interim and annual results, to plan and discuss the scope of the audit or review as appropriate, and challenge where necessary to ensure its rigour. At these meetings the Auditor presents a detailed audit or review plan which is discussed and questioned by us and the Manager to ensure that all areas of the business are appropriately reviewed and that the materiality thresholds are set at the appropriate level, which varies depending on the matter in question.

We also discuss with the Auditor its views over significant risk areas and why they consider these to be risk areas. The Audit Committee, where appropriate, continues to challenge and seek comfort from the Auditor over those areas which drive audit quality.

The timescale for the delivery of the audit or review is also set at these meetings. We meet with the Auditor again just prior to the conclusion of the review or audit to consider, challenge and evaluate findings in depth.

The Committee has adopted a Non-Audit Services Policy. As a general rule, it is not expected that the Auditor will be engaged for non-audit services other than to review the half year report. In limited circumstances, it may be appropriate to use the Auditor for permitted

non-audit services subject to prior approval by the Committee above a certain threshold.

The Company paid £120,500 (£62.5k for work undertaken in relation to the issuance of the Green Bond and £58k interim review fee) in fees to the Auditor for non-audit services during the period. These fees are set out in the table below.

	2020 Actual (£'000)	2021 Proposed (£'000)
Base audit fee	242	341
One-off fee (including overruns)	33	69
<b>Total audit fee</b>	275	410
Other	3.5*	62.5
Interim review fee	40	58
<b>Total non-audit fee</b>	43.5	120.5
<b>Total fee</b>	319	531

Non-audit fees as a percentage of total fees paid to KPMG were 22.7% (2020: 13.6%).

\* £3.5k for work undertaken in relation to the statutory report for a capital increase in a Belgian subsidiary in line with local requirements.

## Outlook for 2021/2022

The Committee will continue to review and assess the work of the external Auditor, financial reporting, internal control and risk management systems and the independent property valuations.

**Keith Mansfield**  
Chairman

6 December 2021



**Taco De Groot**  
Chair of the Management Engagement Committee

## Membership

Taco De Groot (Chair)

Robert Orr

Keith Mansfield

Eva-Lotta Sjöstedt

► For full details on Committee attendance please refer to page 72

## Key areas of focus in 2020/2021:

- embedding the framework of future Committee reporting;
- annual review of each service provider to ensure the quality of service and value for money; and
- comprehensive review of the Manager's performance.

“We conducted a detailed review of the Manager's performance and the performance of our key suppliers.”

## Dear Shareholders,

I am pleased to present the Management Engagement Committee report which covers the period to 30 September 2021. During the period, the Committee reviewed the Manager's performance, as well as its key suppliers, in line with the framework established in the prior year.

The Committee's role is to review the performance of the Manager and the Company's key service providers and, if required, to recommend the re-tender of their services for consideration by the Board. The Committee is also responsible for overseeing any amendments to the Investment Management Agreement (“IMA”).

We met for two scheduled meetings in the year ended 30 September 2021. During the review period, the Committee focused on establishing a framework for future reporting. The Committee agreed to review the performance of the Manager and the Company's principal suppliers on an annual basis, or as relevant, to ensure that the services provided are in accordance with each supplier's terms of engagement, are high quality and represent fair value for money. We also take note of any added value provided, and whether additional services were provided over and above that of the previous year. I also met independently with representatives of the Manager and the Company Secretary to discuss the framework, management of suppliers and assessment of the Manager's performance.

Under the terms of the IMA and in accordance with the ESMA guidance, as to the interpretation of the rules under AIFMD, the Board has delegated the day-to-day responsibility for running the Company to the Manager. The Manager is responsible for making investment and divestment decisions in accordance with the Company's Investment Policy, asset management of the existing portfolio, negotiation of debt facilities within the parameters of the Company's policy on gearing and liaising with the Company's advisers on equity fundraisings. To ensure open and regular communication between the Manager and the Board, the Manager is invited to attend all Board meetings to update the Board on the Company's portfolio activity and discuss the general market conditions and the financial performance and strategy of the Company.

The Board continues to review all investment and divestment decisions and remains responsible for ensuring that these decisions are made in accordance with the Company's Investment Policy.



Following the completion of last year's annual reporting cycle, the Manager undertook a tender of the Annual Report design agency and Design Portfolio was appointed for the new cycle for the Tritax Group. The approach was to maximise efficiencies in the delivery and cost of the Annual Report. In addition, the Manager undertook a tender of the overseas corporate secretarial providers, which resulted in appointing IQEQ as the preferred provider across Europe. Further information of this tender is detailed below.

Following a thorough review, we agreed with the Manager that the performance of the Company's current service providers for the past year continued to be satisfactory, and in several cases exceptional, and agreed with the Manager's recommendation that each be retained until the next review, with the exception of Gather London Ltd and the overseas corporate secretarial providers. We are satisfied that the Company is benefiting from added value in respect of the services it procures and do not suggest any material changes to the engagement terms of the Company's advisers or service providers. Receipt of the tender schedule does not prevent the Committee from taking action at an earlier stage if necessary and in the interests of the Company.

Details of the Company's performance during the period are set out in the Strategic Report on pages 2 and 28 to 33.

### The Manager

The Committee also reviews the Manager's culture and organisational structure. The Manager increased the number of employees during the period to ensure that the Company is well served, including the appointment of a Trainee Company Secretarial Assistant, a Data Scientist, an Investment Analyst and a Marketing and Communications Director.

The Manager appointed three new equity partners and two salaried partners on 1 October 2020, followed by a further two new equity partners on 1 February 2021 to further strengthen the Partnership. Following the completion of Abrdn's acquisition of a 60% interest in the Manager in April 2021, Mark Shaw retired from the Partnership.

### IMA terms

The IMA has an initial term of five years from 8 July 2018. The Company or the Manager may terminate the IMA for any reason by giving to the other party not less than 24 months' written notice, provided such notice is served after 8 July 2021. The IMA contains provisions allowing the parties to terminate without notice in certain circumstances which include material breach and/or loss of key personnel.

### Conflict management

The IMA contains robust conflict provisions and the Manager is not permitted in any circumstance to manage or advise another fund with an investment policy, objective and/or strategy similar to that of the Company or that focuses on distribution and/or logistics assets in any or all of the countries targeted by the Company. In addition, the Manager may not acquire any distribution or logistics assets located in such countries for or on behalf of itself, its affiliates or any entity other than the Company unless it has consulted with and obtained the prior written consent of the Board and followed the procedure specified in the IMA.

### Management fee

Under the terms of the IMA, the Manager is entitled to a management fee in consideration for its services. This is payable in cash by the Company to the Manager each quarter and is calculated based on a percentage of the Company's net asset value ("NAV"). The fee is payable quarterly in arrears and the Manager is obliged to apply 10% of the fee in shares of the Company ("Management Shares") (see below for further detail). If the Group buys or sells any assets after the date at which the relevant NAV is calculated, the NAV is adjusted pro rata for the net purchase or sale price, less any third-party debt drawn or repaid whilst remaining capped at NAV.

The management fee as a percentage of NAV is as set out below:

NAV	Annual management fee (percentage of Basic NAV)
Up to and including €500 million*	1.30%
Above €500 million and up to and including €2 billion	1.15%
Above €2 billion	1.00%

\* Fee changed from €1 billion to €500 million effective from 19 February 2021.

On a semi-annual basis, once the Company's Basic NAV has been announced, 10% of the management fee (net of any applicable tax) for the relevant six-month period will be applied by the Manager in subscribing for, or acquiring, Ordinary Shares. The Manager has agreed not to transfer, dispose of or grant any options over Management Shares subscribed for or acquired by the Manager for a period of 12 months following the date of its subscription for or acquisition of Ordinary Shares pursuant to these arrangements without the prior written consent of the Company. All costs in relation to core asset management services (which includes the fees paid to Dietz, LCP and NCAP) and non-recoverable property management services are paid by the Manager from the management fee.

On 3 December 2020, the Manager purchased shares in the market and allocated 94,777 Ordinary Shares to the Manager's Partners and its staff in respect of the net cash amount, relating to the six-month period to 30 September 2020. The purchase price was 103.82 pence per Ordinary Share compared to the prevailing and latest published NAV of €1.19 per Ordinary Share.

### Corporate secretarial services tender

In January 2021, the Secretariat undertook a tender to appoint a preferred provider for the provision of the corporate secretarial services across Europe. The aim of the tender was to appoint a central point of contact with a view to streamlining the services and obtaining local expertise which would help to strengthen the Company's governance processes. Following receipt of five competitive proposals and interviews with various candidates, it was decided to appoint IQ-EQ in September 2021 as the Company's preferred corporate secretarial provider due to its strong offering and capability across Europe.

### Key outcomes:

- efficiency of administration;
- visibility of costs; and
- enhancing local governance and internal controls.

On 1 June 2021, the Manager issued 104,062 Ordinary Shares to the Manager's Partners and its staff in respect of the net cash amount, relating to the six-month period to 31 March 2021. The issue price was 105.00 pence being the most recent published NAV per Ordinary Share as at 31 March 2021.

Following the purchase of Ordinary Shares, the Manager had the following beneficial interests as at the date of this report:

PDMR or person closely associated	Number of Ordinary Shares held*	Percentage of issued share capital*
Colin Godfrey	212,989	0.0264%
James Dunlop	212,988	0.0264%
Henry Franklin	143,830	0.0178%
Phil Redding <sup>1</sup>	3,060	0.0004%
Petrina Austin	34,104	0.0042%
Nick Preston	111,622	0.0138%
Tritax Management LLP	—	—
Staff of Tritax Management LLP <sup>2</sup>	184,128	0.0228%
<b>Total</b>	<b>902,721</b>	<b>0.1119%</b>

1 Phil Redding became a PDMR on 5 March 2021.

2 The figure comprises Ordinary Shares issued to staff of Tritax Management LLP under the terms of the IMA and at IPO, and does not include other shares that may have otherwise been acquired by staff.

\* Number of Ordinary Shares and percentage of issued share capital as at 30 September and 6 December 2021.

### AIFM Directive

The AIFMD became part of UK law in 2013, and was amended in 2019 to adjust for the UK withdrawal from the European Union. It regulates AIFMs and imposes obligations on managers who manage Alternative Investment Funds ("AIFs") in the UK. Marketing shares in UK AIFs to EU investors now requires the separate approval by the national competent authority in the target EU Member State. Under the AIFMD, the AIFM must comply with various organisational, operational and transparency obligations.

The Manager is authorised by the FCA as an AIFM and provides all relevant investment management and advisory services to the Company, including regulated activities. The Manager is responsible for making investment and divestment decisions in respect of the Company's assets as part of its regulatory responsibility for the overall portfolio and risk management of the Company. This is in line with published ESMA guidance on the application of the AIFMD.

### AIFM remuneration policy applied by the Manager

As a full scope AIFM, the Manager must apply a remuneration policy in line with its business strategy, objectives, values and interests, as well as those of the AIFs it manages or its investors. The policy must include measures to avoid conflicts of interest. This ensures that the Manager's Partners have a vested interest in ensuring the Manager remains financially sound.

The annual fee paid by the Company is based on a percentage of its NAV, as set out on page 82. In addition, the Manager's Partners are required to apply 10% of that fee (net of tax and certain other costs, as described on the previous page) to the purchase of Management Shares. Management Shares are subject to a 12-month lock-in period. This aligns the interests of the Manager's Partners with the strategy and interests of the Company and its Shareholders. The Manager's Partners are able to allocate a proportion of the Management Shares to key members of staff, which they have once again done in respect of both Management Share purchases in 2021.

The Manager's partnership board therefore meets at least twice a year to discuss the remuneration of its entire staff. Staff are remunerated in accordance with their seniority, expertise, professional qualifications, responsibilities and performance. They are paid salaries in line with market rates and, in profitable years, awarded a discretionary bonus from a bonus pool worth, in aggregate, at least 5% of the Manager's profits. The discretionary bonus may consist of cash or Ordinary Shares in the Company allocated to certain members of staff out of the Management Shares. This means that staff remuneration is predominantly fixed and the variable element is determined by the Manager's overall profitability, rather than the performance of a particular AIF.

The Manager's Partners are entitled to their partnership share of its profits and losses. None of the Partners are entitled to additional partnership drawings that depend on the performance of any AIF managed by the Partnership. The Partner's remuneration therefore depends on the Manager's overall profitability, rather than the performance of any AIF.

### Committee evaluation

The overall performance of the Management Engagement Committee for the period was positively rated, in particular its oversight of the performance and retention of key service providers.

### Outlook for 2021/2022

The Committee will continue to review and assess the performance of all key suppliers.

### Taco De Groot

Chair of the Management Engagement Committee  
6 December 2021



# Directors' Remuneration Report



## Annual statement (audited)

The Company only has Non-Executive Directors and therefore does not consider it necessary to establish a separate Remuneration Committee. The Directors' remuneration is disclosed below. The Remuneration Report will be presented at the AGM on 10 February 2022 for Shareholder consideration and approval. The only relevant remuneration decision taken in the year under review was on the level of Non-Executive Director fees. The Directors' remuneration is disclosed on page 85.

During the year, the Board made certain amendments to the fee levels for the Board of Directors of the Company. This decision followed a robust review, further details of which are set out below.

Role	Revised fee per annum in 2021 (£)	Fee agreed in 2018 (£)
Chairman	—	70,000
Non-Executive Directors	45,000	40,000
Audit Committee Chair (supplementary)	—	5,000

As the Company continues to grow, it remains key for the Board to attract suitably experienced members and offer candidates competitive levels of remuneration which recognises the commitment required for a dynamic, growing company and it is considered crucial in its succession and diversity planning. To this end, the Company commissioned a report on Non-Executive Director remuneration from FIT Remuneration Consultants LLP in order to benchmark its fee levels. The Board agreed the above fee structure as the increase was in line with the fee levels of its externally managed peers, as well as other peer companies of a similar size which are self-managed. The Company engaged with the proxy voting agencies to outline the fee increase and the rationale on behalf of the Board.

## Directors' Remuneration Policy

The Company's policy is to determine the level of Directors' fees with regard to those payable to Non-Executive Directors of the Company's peers and the time each Director dedicates to the Company's affairs. The Directors' Remuneration Policy is set out in the Company's 2019 Annual Report, which is available on the Company's website. The next time that it is intended that Shareholders will be asked to approve the Directors' Remuneration Policy will be at the Company's AGM in 2023 and the Remuneration Policy approved at the Company's 2020 AGM will continue to apply until that time.

The Directors are entitled to their annual fee and reasonable expenses. No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

Under the Company's Articles, all Directors are entitled to the remuneration determined from time to time by the Board.

Where the Board sets its own remuneration, there are inherent conflicts of interest. However, the Board seeks to minimise these through appropriate benchmarking by engaging external advisors.

## External adviser

The Board has access to sufficient resources to discharge its duties. FIT Remuneration Consultants LLP was engaged during the period to carry out a NED fee benchmarking exercise. To the best of its knowledge, FIT Remuneration Consultants LLP has no prior relationship with the Company.

## Annual report on remuneration (audited)

Each Director has been appointed pursuant to a Letter of Appointment. All Directors are appointed for a three-year term, subject to annual re-election at the Company's AGM. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the notice provisions in the Articles and, in certain circumstances, without compensation. The terms of appointment of the Directors are set out in the below table.

Director	Letter of appointment dated	Expected and actual date of expiry	Unexpired term as at 6 Dec 2021	Notice period
Robert Orr	5 June 2021	5 June 2024	32 months	3 months
Keith Mansfield	5 June 2021	5 June 2024	32 months	3 months
Taco De Groot	5 June 2021	5 June 2024	32 months	3 months
Eva-Lotta Sjöstedt	10 December 2019	10 December 2022	12 months	3 months

The fees and expenses paid to the Directors in the year to 30 September 2021, which have been audited, are set out below. In addition, each Director is entitled to recover all reasonable expenses incurred in connection with performing his or her duties as a Director. Directors' expenses for the year to 30 September 2021 totalled £2,118 (2020: £11,235). No other remuneration was paid or payable during the year to any Director. There have been no payments to past Directors.



## Annual report on remuneration (audited) continued

Director	Total Remuneration (Fee)		Taxable Benefits (Expenses)		Total Fixed Remuneration		% change in Directors remuneration
	For the period ended 30 September 2021 (£)	For the period ended 30 September 2020 (£)	For the period ended 30 September 2021 (£)	For the period ended 30 September 2020 (£)	For the period ended 30 September 2021 (£)	For the period ended 30 September 2020 (£)	
Robert Orr	70,000	70,000	1,447	281	71,447	70,281	0%
Keith Mansfield	46,250*	45,000	384	475	46,634	45,475	2.78%
Taco De Groot	41,250*	40,000	—	5,168	41,250	45,168	3.13%
Eva-Lotta Sjöstedt	41,250*	32,462	286	5,311	41,536	37,773	27.07%**
Total	198,750	187,462	2,118	11,235	200,867	198,697	

No separate columns are presented for total variable remuneration as this was nil for the year.

\* Increase due to the updated NED fee as at 1 July 2021, which was pro-rated for the period.

\*\* Eva-Lotta was appointed as at 10 December 2019. The increase is due to the pro-rated prior year, as well as the increase in the NED fee for the current period.

### Statement of voting at general meeting

The Company is committed to ongoing Shareholder dialogue and takes an active interest in voting outcomes. If there are substantial votes against any resolutions, the Company will consult with Shareholders in order to understand the reasons for any such vote. The Company will provide an update on the views received from Shareholders no later than six months after the meeting and any resulting action will be detailed in the next Annual Report.

The Directors' Remuneration Policy and the Directors' Remuneration Report were most recently approved by Shareholders at the Company's AGMs held on 13 February 2020 and 9 February 2021. The voting on the respective resolutions was as shown below:

Resolution	For %*	Against %	Votes withheld
Directors' Remuneration Policy <sup>1</sup>	100%	0%	1,455
Directors' Remuneration Report <sup>2</sup>	99.98%	0.02%	7,347

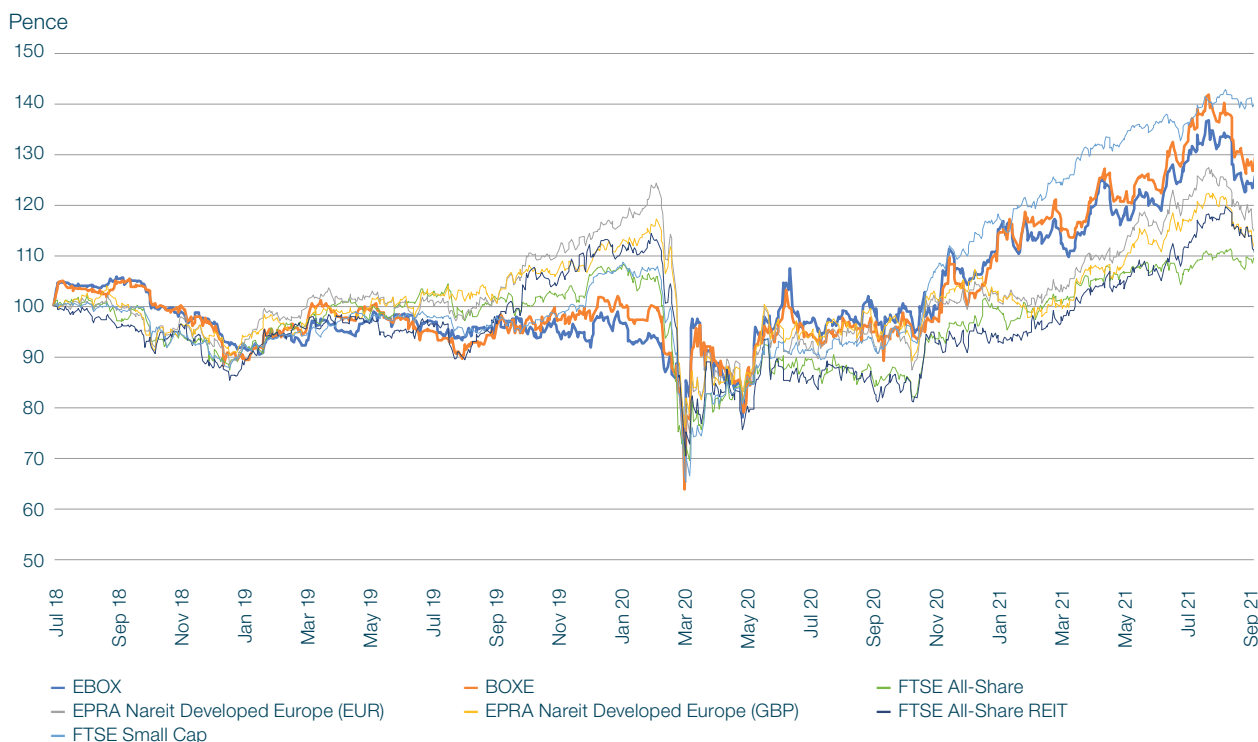
\* Including votes in favour and discretion.

1 Voting as at AGM held 13 February 2020.

2 Voting as at AGM held 9 February 2021.

### Total Shareholder Return

The graph below shows the Total Shareholder Return (as required by company law) of the Company's Ordinary Shares relative to a return on a hypothetical holding over the same period in the FTSE SmallCap and the FTSE All-Share REIT Index.



Total Shareholder Return is the measure of returns provided by a Company to Shareholders reflecting share price movements and assuming reinvestment of dividends.

# Directors' Remuneration Report continued



## Directors' shareholdings (audited)

There is no requirement for the Directors of the Company to own shares in the Company. As at 6 December 2021, the Directors and their persons closely associated held the shareholdings listed below.

Director	Number of shares held*	Percentage of issued share capital	Dividends received 30 September 2021 €
Robert Orr	30,000	0.004%	1,220
Keith Mansfield	290,000	0.036%	14,065
Taco De Groot	42,000	0.005%	1,638
Eva-Lotta Sjöstedt	6,900	0.001%	308

\* Includes shareholdings of Directors and persons closely associated (as defined by the EU Market Abuse Regulation). The shareholdings of these Directors are not significant and, therefore, do not compromise their independence.

## Relative importance of spend on pay (audited)

	2021 €m	2020 €m	Change %
Directors' remuneration	0.24	0.23	4.3
Investment management fees	7.88	6.02	30.9
Dividends paid to Shareholders	25.30	18.18	39.2

## Other items

The Company maintains Directors' and Officers' liability insurance cover, at its expense, on the Directors' behalf.

As the Company does not have any employees, the Company is not required to produce pay ratio tables.

## Robert Orr

Chairman

6 December 2021

## Introduction

The Directors are pleased to present the Annual Report, including the Company's audited financial statements as at, and for the year ended, 30 September 2021.

The Directors' Report and the Strategic Report comprise the "Management Report" for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

## Statutory information contained elsewhere in the Annual Report

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report and is incorporated into this report by reference, as indicated in the relevant section.

Information	Location in Annual Report
Directors	Pages 60 to 61
Section 172	Pages 22 to 24
Business relationships	Pages 1 to 57
Directors' interest in shares	Page 86
Future developments of the Company	Pages 26 and 27
Financial instruments	Note 4.4 on page 102
Corporate Governance Statement	Pages 59, 64 and 65
Going concern and viability	Page 57
Disclosure of information to Auditor	Page 88
Share capital	Page 87

## Incorporation by reference

The Governance Report (pages 58 to 89 of this Annual Report and Accounts for the year ended 30 September 2021) is incorporated by reference into this Directors' Report.

## Financial results and dividends

The financial results for the year can be found in the Group Statement of Comprehensive Income on page 96.

The following interim dividends amounting to, in aggregate, 4.85 pence per Ordinary share, were declared in respect of the year ended 30 September 2021.

On 10 February 2021, we declared an interim dividend in respect of the period from 1 October 2020 to 31 December 2020 of 1.25 cents per Ordinary Share, paid on 27 March 2021 to Shareholders on the register on 19 February 2021.

On 18 May 2021, we declared an interim dividend in respect of the period from 1 January 2021 to 31 March 2021 of 1.25 cents per Ordinary Share, paid on 15 June 2021 to Shareholders on the register on 28 May 2021.

On 9 August 2021, we declared an interim dividend in respect of the period from 1 April 2021 to 30 June 2021 of 1.25 cents per Ordinary Share, paid on 10 September 2021 to Shareholders on the register on 20 August 2021.

A fourth interim dividend in respect of the three months ended 30 September 2021 of 1.25 cents per Ordinary Share will be declared on 7 December 2021, payable on 14 January 2022.

## Political donations

No political donations were made during the year.

## Employees

The Group has no employees and therefore no employee share schemes or policies on equal opportunities and disabilities.

## Share capital

On 10 March 2021, the Company issued 192,633,688 Ordinary Shares at a price of 103 pence per Ordinary Shares. 57,232,790 were issued pursuant to an Open Offer, 4,386,471 were issued pursuant to an Offer for Subscription, 3,206,663 were issued pursuant to an Intermediaries Offer and 127,807,764 were issued under a Placing.

On 1 June 2021, the Company issued 104,062 Ordinary Shares in accordance with the Investment Management Agreement between the Company and the Manager.

On 22 September 2021, the Company issued 191,228,355 Ordinary Shares pursuant to the Placing.

As at 6 December 2021, there were 806,693,378 Ordinary Shares in issue.

	Number	Gross proceeds €
Balance at the start of the year	422,727,273	N/A
Shares issued in relation to further equity issuance	192,633,688	€230,000,000
Shares issued in accordance with the terms of the Investment Management Agreement	104,062	N/A
Shares issued in relation to further equity issuance	191,228,355	€250,000,000
Balance at the end of the year	806,693,378	N/A

## Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, except as a result of:

- the FCA's Listing Rules, which require certain individuals to have approval to deal in the Company's shares; and
- the Company's Articles of Association, which allow the Board to decline to register a transfer of shares or otherwise impose a restriction on shares, to prevent the Company or the Manager breaching any law or regulation.

The Company is not aware of any agreements between holders of securities that may result in restrictions on transferring securities in the Company.

## Securities carrying special rights

No person holds securities in the Company carrying special rights with regard to control of the Company.





## Substantial shareholdings

As at 15 November 2021, the Company is aware of the following substantial shareholdings, which were directly or indirectly interested in 3% or more of the total voting rights in the Company's issued share capital. As at 15 November 2021, the issued share capital remained the same as at 30 September 2021 with 806,693,378 shares in issue.

Shareholder name	15 November 2021	%
Aviva Investors	56,633,917	7.02
BlackRock	33,606,887	4.17
Hazelview Investments	32,869,121	4.07
Fidelity International	29,021,965	3.60
EFG Harris Allday, stockbrokers	27,881,981	3.46
CCLA Investment Management	27,422,434	3.40
Brookfield Asset Management	26,822,472	3.32

## Amendment of Articles of Association

The Articles may be amended by a special resolution of the Company's Shareholders.

## Powers of the Directors

The Board will manage the Company's business and may exercise all the Company's powers, subject to the Articles, the Companies Act and any directions given by the Company by special resolution.

## Powers in relation to the Company issuing its shares

At the AGM held on 9 February 2021, the Directors were granted a renewed general authority to allot Ordinary Shares in accordance with Section 551 of the Companies Act 2006 up to an aggregate nominal amount of €2,818,182. Of those Ordinary Shares, the Directors were granted authority to issue up to an aggregate nominal amount of €211,363 (which is equivalent to 5% of the Company's issued share capital as at that date) non-pre-emptively and wholly for cash and authority to issue up to an aggregate nominal amount of €211,363 to be used only for the purpose of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights. These authorities replaced the equivalent authorities given to the Directors at the 2020 AGM. These authorities expire at the next AGM in Q1 2022 or 15 months after the date of the previous AGM.

## Change of control

Under the Group's financing facilities, any change of control at the borrower or immediate Parent Company level may trigger a repayment of the outstanding amounts to the lending banks or institutions.

## Appointment and replacement of Directors

Details of the process by which Directors can be appointed or replaced are included in the Nomination Committee Report on pages 73 to 75.

## 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.

## Events subsequent to the year-end date

For details of events since the year-end date, please refer to note 28 to the consolidated financial statements.

## Independent Auditor

KPMG LLP has expressed its willingness to continue as Auditor for the financial year ending 30 September 2022.

## Manager and service providers

The Manager during the year was Tritax Management LLP.

Details of the Manager and the Investment Management Agreement are set out in the Management Engagement Committee Report on pages 81 to 83.

## Additional information

In accordance with Listing Rule ("LR") 9.8.4C R, the only disclosure requirement required under LR 9.8.4 R is the disclosure of capitalised interest, which is disclosed in note 10 on page 107.

## Annual General Meeting

It is planned for the Company's AGM to be held at the offices of Ashurst LLP at London Fruit & Wool Exchange, 1 Duval Square, London E1 6PW, on 10 February 2022.

This report was approved by the Board on 6 December 2021.

## Tritax Management LLP

Company Secretary  
6 December 2021

Company registration number: 11367705



# Statement of Directors' Responsibilities

## In respect of the Annual Report and the financial statements

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 Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibility statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, 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 taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

**Robert Orr**  
Chairman  
6 December 2021

# Independent Auditor's Report

To the members of Tritax EuroBox plc



## 1. Our opinion is unmodified

We have audited the financial statements of Tritax EuroBox plc ("the Company") for the year ended 30 September 2021 which comprise the Group Statement of Financial Position, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Cash Flow Statement, the Company Balance Sheet and the Company Statement of Changes in Equity and the related notes, including the accounting policies in note 2 to 4 and note 1 of the Group and Company financial statements respectively.



### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 11 December 2018. The period of total uninterrupted engagement is for the three financial years ended 30 September 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview	
<b>Materiality:</b> group financial statements as a whole	€12.28m (2020: €8.70m) 0.75% (2020: 1%) of total Group assets
<b>Coverage</b>	100% (2020: 100%) of total Group assets
<b>Key audit matters</b>	<b>vs 2020</b>
<b>Recurring risks</b>	<p><b>Group:</b> Valuation of investment properties </p> <p><b>Parent:</b> Recoverability of investment in subsidiaries and amounts receivable from Group companies </p>

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2020), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

## 2. Key audit matters: our assessment of risks of material misstatement continued

The risk	Our response
<p><b>Valuation of investment properties (Group)</b>                      €1,281.38 million (2020: €837.90 million)</p> <p>Refer to page 79 (Audit Committee Report), pages 101 and 102 (accounting policy) and pages 110 to 112 (financial disclosures).</p>	<p><b>Subjective valuation:</b></p> <p>Investment properties are the largest balance in the group financial statements. At the date of this report, the portfolio comprises 15 properties which are externally valued by a qualified independent valuer (JLL) and held at fair value at the balance sheet date.</p> <p>Each property is unique and the fair value includes subjective selection of assumptions, most significantly the estimated rental value and the net initial yield. These key assumptions will be impacted by a number of factors including size, building specification, location, the tenant, lease length.</p> <p>Whilst comparable market transactions, including the price paid by the Group for properties in the current year, can provide valuation evidence, the unique nature of each property means that a key factor in the property valuations are the assumptions made by the valuer.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investments properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 14) disclose the sensitivity in estimates by the Group.</p>
<p><b>Recoverability of investment in subsidiaries and amounts receivable from Group companies (Parent)</b>                      €1,093.14 million (2020:€782.83 million)</p> <p>Refer to page 79 (Audit Committee Report), page 122 (accounting policy) and page 123 (financial disclosures).</p>	<p><b>Low risk, high value</b></p> <p>The carrying amount of the parent Company's investments in and receivables from subsidiaries represents 99.9% (2020: 99%) of the Company's total assets. Their recoverability is not a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p>
<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures, assisted by our own property valuation specialist (for procedures 1,2 and 3), included:</p> <ul style="list-style-type: none"> <li>• <b>Valuer's credentials:</b> We assessed JLL's objectivity, professional qualifications and experience through discussions with them and reading their valuation report;</li> <li>• <b>Methodology choice:</b> We critically assessed the methodologies used by the valuer by considering whether the valuation report is in accordance with the RICS Valuation – Global Standards and accounting standards;</li> <li>• <b>Benchmarking assumptions:</b> We selected a sample of properties using various criteria including analysis of valuation movements, value of individual properties, movements in yield rates and country specific risks. With the assistance of our own property valuation specialist, we held discussions with the external property valuer to critically assess movements in property values for the sample selected. We evaluated and challenged the key assumptions upon which these valuations were based, by making a comparison to our own understanding of the market, comparable evidence relied on by the valuers and to industry benchmarks.</li> <li>• <b>Assessing transparency:</b> We considered adequacy of the Group's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing properties.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>• We found the valuation of investment properties to be acceptable (2020: acceptable).</li> </ul>	<p>We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included:</p> <p><b>Tests of detail:</b> We compared the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. We assessed 100% of group receivables to identify, with reference to the relevant subsidiaries' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed.</p> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>• We found the group's assessment of the recoverability of the investment in subsidiaries and recoverability of the group receivables balance from subsidiaries to be acceptable (2020: acceptable).</li> </ul>



# Independent Auditor's Report continued

To the members of Tritax EuroBox plc



### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €12.28 million (2020: €8.70 million), determined with reference to a benchmark of total Group assets of €1,637.67 million (2020: €879.47 million), of which it represents 0.75% (2020: 1.0%).

In addition, we applied materiality of €1.25 million (2020: €0.88 million) to components of Adjusted Earnings, being rental income, direct property costs, net service charge expenses, administrative and other expenses, finance expense and current taxation for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the Company's members' assessment of the financial performance of the Group.

Materiality for the parent company financial statements as a whole was set at €10.43 million (2020: €7.90 million), determined with reference to a benchmark of Company total assets of €1,396.32 million (2020: €790.83 million), of which it represents 0.75% (2020: 1.0%).

The percentage applied to our benchmark for both the Group and parent company has been reduced due to changes in the Group and

Parent's debt and capital structure in the year and the large cash surplus not yet deployed for operational purposes.

Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to €7.98 million (2020: €5.60 million) for the group and €6.78 million (2020: €5.15 million) for the parent company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies in the control environment during the prior period.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding €0.61 million (2020: €0.40 million) or €0.10 million (2020: €0.10 million) for misstatements relating to accounts to which the lower materiality was applied, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The components within the scope of our work accounted for the percentages illustrated opposite.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The Group team performed the parent company audit. The audit was performed using the materiality levels set out above.

#### Total Group assets

€1,637.67m (2020: €879.47m)



#### Group Materiality

€12.28m (2020: €8.70m)

€12.28m

Whole financial statements materiality (2020: €8.70m)

€7.98m

Whole financial statements performance materiality (2020: €5.60m)

€1.25m

Materiality applied to components of Adjusted Earnings, being rental income, direct property costs, net service charge expenses, administrative and other expenses, finance expense and current taxation (2020: €0.88m)

€0.61m

Misstatements reported to the audit committee (2020: €0.40m)

#### Group revenue

Full scope for group audit purposes 2021  
Full scope for group audit purposes 2020



#### Group profit before tax

Full scope for group audit purposes 2021  
Full scope for group audit purposes 2020



#### Group total assets

Full scope for group audit purposes 2021  
Full scope for group audit purposes 2020



■ Full scope for group audit purposes 2021  
■ Full scope for group audit purposes 2020

#### 4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period.

The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were:

- significant movements in the valuation of investment properties;
- default of one or more tenants and reduction in rent collections impacting cash flow and earnings; and
- compliance with loan covenants.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 51 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

#### 5. Fraud and breaches of laws and regulations – ability to detect

##### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit committee meeting minutes;
- Considering the susceptibility to fraud of payments to the Investment Manager;
- Assessing the segregation of duties in place between the Directors, the Administrator and the Group's Investment Manager; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as investment property valuations.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made enquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors, the Administrator and the Group's Investment Manager, no further high-risk journal entries or other adjustments were identified.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's income primarily arises from operating lease contracts with fixed, or highly predictable, periodic payments. We did not identify any additional fraud risks.

##### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

# Independent Auditor's Report continued

To the members of Tritax EuroBox plc



## 5. Fraud and breaches of laws and regulations – ability to detect continued

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations continued

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits, overseas taxation legislation and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, data protection, anti-money laundering and market abuse regulations, environmental and sustainability legislation and certain aspects of company legislation recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws or regulation.

## 6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to;

- the directors' confirmation the Going concern and viability statement page 57 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Going concern and viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether 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 of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

## 6. We have nothing to report on the other information in the Annual Report *continued*

### Disclosures of emerging and principal risks and longer-term viability *continued*

We are also required to review the Going concern and viability statement, set out on page 57 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

## 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 8. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 89, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## 9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**David Neale (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square London, E14 5GL

6 December 2021

# Group Statement of Comprehensive Income

For the year ended 30 September 2021



	Note	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Rental income	6	<b>43.89</b>	36.00
Service charge income	6	<b>7.03</b>	6.42
Other income	6	<b>0.55</b>	0.46
<b>Gross property income</b>	6	<b>51.47</b>	42.88
Direct property costs	7	<b>(8.75)</b>	(7.40)
<b>Net property income</b>		<b>42.72</b>	35.48
Fair value gain on investment properties	14	<b>106.46</b>	38.57
Gain on disposal of investment property		<b>7.33</b>	0.83
Administrative and other expenses	8	<b>(12.22)</b>	(10.73)
<b>Operating profit</b>		<b>144.29</b>	64.15
Net finance expense	10	<b>(14.54)</b>	(10.57)
Effect of foreign exchange differences	8	<b>(0.70)</b>	0.03
Changes in fair value of interest rate derivatives	20	<b>(0.05)</b>	(0.03)
<b>Profit before taxation</b>		<b>129.00</b>	53.58
Taxation	11	<b>(24.23)</b>	(8.79)
<b>Profit for the year</b>		<b>104.77</b>	44.79
<b>Other comprehensive income</b>			
Foreign currency translation differences – foreign operations		<b>0.06</b>	—
<b>Total comprehensive income for the year attributable to the Shareholders</b>		<b>104.83</b>	44.79
<b>Earnings Per Share (“EPS”) (expressed in cents per share)</b>			
EPS – basic and diluted	12	<b>19.59</b>	10.60



# Group Statement of Financial Position

As at 30 September 2021



	Note	30 September 2021 €m	30 September 2020 €m
<b>Non-current assets</b>			
Investment properties	14	1,281.38	837.90
Derivative financial instruments	20	0.05	0.09
Trade and other receivables	15	1.17	1.17
Deferred tax assets	11	0.24	1.15
<b>Total non-current assets</b>		<b>1,282.84</b>	840.31
<b>Current assets</b>			
Trade and other receivables	15	17.24	14.72
Cash and cash equivalents	16	329.73	24.44
<b>Total current assets</b>		<b>346.97</b>	39.16
<b>Total assets</b>		<b>1,629.81</b>	879.47
<b>Current liabilities</b>			
Trade and other payables	17	(21.92)	(9.29)
Income tax liability		(0.22)	(0.34)
<b>Total current liabilities</b>		<b>(22.14)</b>	(9.63)
<b>Non-current liabilities</b>			
Trade and other payables	17	(1.40)	(1.46)
Loan notes and borrowings	18	(492.17)	(340.63)
Deferred tax liabilities	11	(33.30)	(13.64)
Other liabilities	19	(25.19)	(8.89)
Tenant deposit	23	(2.11)	(1.31)
<b>Total non-current liabilities</b>		<b>(554.17)</b>	(365.93)
<b>Total liabilities</b>		<b>(576.31)</b>	(375.56)
<b>Net assets</b>		<b>1,053.50</b>	503.91
<b>Equity</b>			
Share capital	24	8.07	4.23
Share premium reserve		597.46	131.24
Translation reserve		0.06	—
Retained earnings		447.91	368.44
<b>Total equity</b>		<b>1,053.50</b>	503.91
<b>Net Asset Value ("NAV") per share (expressed in Euro per share)</b>			
Basic NAV	25	1.31	1.19
EPRA NTA (formerly EPRA NRV) <sup>1</sup>	25	1.35	1.22

1 The Group has decided to adopt EPRA NTA as its primary EPRA NAV measure, replacing the previously reported EPRA NRV.

The financial statements were approved by the Board of Directors on 6 December 2021 and signed on its behalf by:

**Robert Orr**  
Chairman

Company registration number: 11367705

# Group Statement of Changes in Equity

For the year ended 30 September 2021



	Note	Share capital €m	Share premium €m	Translation reserve €m	Retained earnings €m	Total €m
At 1 October 2020		4.23	131.24	—	368.44	503.91
Net profit for the year		—	—	—	104.77	104.77
Other comprehensive income		—	—	0.06	—	0.06
Total comprehensive income		—	—	0.06	104.77	104.83
<b>Contributions and distributions:</b>						
New share capital subscribed	24	3.84	476.14	—	—	479.98
Associated share issue costs		—	(9.92)	—	—	(9.92)
Dividends paid	13	—	—	—	(25.30)	(25.30)
Total contributions and distributions		3.84	466.22	—	(25.30)	444.76
<b>At 30 September 2021</b>		<b>8.07</b>	<b>597.46</b>	<b>0.06</b>	<b>447.91</b>	<b>1,053.50</b>

	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At 1 October 2019		4.23	131.21	341.83	477.27
Net profit for the year		—	—	44.79	44.79
Total comprehensive income		—	—	44.79	44.79
<b>Contributions and distributions:</b>					
Associated share issue costs		—	0.03	—	0.03
Dividends paid	13	—	—	(18.18)	(18.18)
Total contributions and distributions		—	0.03	(18.18)	(18.15)
<b>At 30 September 2020</b>		<b>4.23</b>	<b>131.24</b>	<b>368.44</b>	<b>503.91</b>

# Group Cash Flow Statement

For the year ended 30 September 2021



	Note	For the year ended 30 September 2021 €m	For the year ended 30 September 2020 €m
<b>Cash flows from operating activities</b>			
Profit for the year		104.77	44.79
Gain on disposal of investment property		(7.33)	(0.83)
Changes in fair value of investment properties		(106.46)	(38.57)
Changes in fair value of interest rate derivatives		0.05	0.03
Tax expense		24.23	8.79
Net finance expense		14.54	10.57
Accretion of tenant lease incentive		0.46	(3.56)
Amortisation of capital contribution and lease commissions and decrement of rental guarantee		(1.01)	0.04
(Increase)/decrease in trade and other receivables		(4.07)	18.70
Increase/(decrease) in trade and other payables		3.61	(6.48)
Increase in other liabilities		5.27	—
<b>Cash generated from operations</b>		<b>34.06</b>	<b>33.48</b>
Tax paid		(3.77)	(1.20)
<b>Net cash flow generated from operating activities</b>		<b>30.29</b>	<b>32.28</b>
<b>Investing activities</b>			
Purchase of investment properties		(366.47)	(102.41)
Disposal of investment properties		64.30	—
Disposal of assets held for sale		—	2.33
Improvements to investment properties and development expenditure		(17.83)	(7.65)
Rental guarantee received		2.81	—
<b>Net cash flow used in investing activities</b>		<b>(317.19)</b>	<b>(107.73)</b>
<b>Financing activities</b>			
Net proceeds from issue of Ordinary Share capital		470.06	—
Loans received	18	676.45	120.26
Loans repaid	18	(524.00)	(12.50)
Finance expense paid		(5.76)	(7.61)
Dividends paid to equity holders	13	(25.30)	(18.18)
<b>Net cash flow generated from financing activities</b>		<b>591.45</b>	<b>81.97</b>
Net movement in cash and cash equivalents for the year		304.55	6.52
Cash and cash equivalents at the start of the year		24.44	17.90
Unrealised foreign exchange gains		0.74	0.02
<b>Cash and cash equivalents at the end of the year</b>		<b>329.73</b>	<b>24.44</b>

# Notes to the Consolidated Accounts



## 1. Corporate information

The consolidated financial statements of the Group for the year ended 30 September 2021 comprise the results of Tritax EuroBox plc (“the Company”) and its subsidiaries (together “the Group”) and were approved by the Board for issue on 6 December 2021. The Company is a public limited company incorporated and domiciled in England and Wales. The registered address of the Company is disclosed in the Company Information.

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

## Accounting policies

### 2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 (“Adopted IFRS”) and the applicable legal requirements of the Companies Act 2006. In addition, the Group financial statements are required under the UK Disclosure and Transparency Rules 4.1.6, to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (“IFRSs as adopted by the EU”). The Group’s financial statements have 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 profit or loss.

The Group has chosen to adopt EPRA (European Public Real Estate Association – [www.epra.com/finance/financial-reporting/guidelines](http://www.epra.com/finance/financial-reporting/guidelines)) best practice guidelines for calculating key metrics such as net tangible assets (“NTA”) and Earnings Per Share. The Group has decided to adopt EPRA NTA as its primary EPRA NAV measure, replacing the previously reported EPRA NRV. These are disclosed in notes 12 and 25.

#### 2.1. Going concern

The Directors have prepared cash flow forecasts for the Group for a period of at least 12 months from the date of approval of the consolidated financial statements. These forecasts include the Directors’ assessment of the impact of Covid-19 on the Group, and plausible downside scenarios.

The Group’s property portfolio is let to 27 tenants across over 15 properties in 7 European countries. The Group’s largest tenant represents 14% of contracted rent at 30 September 2021 and the top 5 tenants together represent 52% of contracted rent.

As at the date of approval of the consolidated financial statements, the Group has not experienced a significant increase in rent arrears compared to the equivalent period last year. The Directors have considered the risk that further tenants either request deferrals or become insolvent and hence no rent is paid. The Directors have assessed each tenant’s risk based on experience, knowledge of the tenant and discussions to date on rent deferrals. Following this assessment the Directors have modelled a severe but plausible downside scenario, where they combined the default of two key tenants and the failure to let voids, with a significant increase in Euribor. The forecast shows that the Group will continue to have sufficient cash resources to meet its liabilities as they fall due, and will continue to meet its debt covenants, which are set out in further detail below.

The Group’s cash balance at 30 September 2021 was €329.73 million. It also had undrawn amounts under its unsecured revolving credit facility (“RCF”) of a further €250.0 million at the date of approval of these financial statements. Of the Group’s total facilities (both RCF and the Green Bond), €58.8 million matures in 2023, €191.2 million in 2025 and €500 million in 2026. The loan includes financial covenants for loan to value (“LTV”), interest cover ratio (“ICR”) and gearing. These covenants have been complied with throughout the year and up to the date of approval of these financial statements.

The LTV covenant is measured quarterly based on the property valuation as used in the consolidated financial statements. Based on the most recent valuation the Group retained headroom against a covenant limit, reporting 13% against the limit of 65%.

The gearing covenant is measured quarterly based on consolidated total net borrowings to consolidated Shareholders’ funds. Based on the most recent reporting the Group retained headroom against the covenant limit, reporting 16% against the limit of 150%.

LTV and gearing covenants are measured using “net borrowings” which reduces the drawn debt by the Group’s cash holdings at each measurement date.

The ICR covenant is measured as the ratio of the Group’s consolidated earnings before income and tax, subject to certain adjustments, to consolidated net finance costs in respect of any measurement period, by reference to accounting income. Based on the most recent reporting the Group retained headroom against the covenant limit, reporting 359% against the limit of 150%.

As a result of the above considerations the Directors forecast that covenant compliance will continue for at least the next 12 months.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### 3. Significant accounting judgements, estimates and assumptions

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

### 3. Significant accounting judgements, estimates and assumptions continued

#### 3.1. Judgements

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

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

Where 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 relating to pre-acquisition property valuation gains arises.

In the current and prior periods all acquisitions were accounted for as asset acquisitions as none of the acquisitions included the acquisition of an integrated set of activities.

##### Segment reporting

The Directors are of the opinion that the Group is engaged in a single segment business, being the investment in European Big Box assets. The Directors consider that these properties have similar economic characteristics and as a result these individual properties have been reported as a single operating segment.

#### 3.2. Estimates

##### Fair valuation of investment property

The fair value of investment property is determined, by an independent property valuation expert, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's-length transaction. Properties have been valued on an individual basis. The valuation expert uses recognised valuation techniques, 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 2020 (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 14.

### 4. Summary of significant accounting policies

#### 4.1. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company up to 30 September 2021.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. For acquisitions not considered business combinations, the cost of acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised. Non-controlling interests are accounted for in section 4.5.

For each of the subsidiaries within the Group with non-controlling interests (see note 4 of the Company financial statements), the Group has issued put options to the non-controlling interest. The Group has adopted the anticipated acquisition method under which the underlying interests of the non-controlling interest are presented in the Group Statement of Financial Position and the Group Statement of Comprehensive Income as if they are already acquired by the Group.

The day-to-day operations of Fondo Minerva Eurobox Italy are managed by Savills IM ("Savills") in accordance with the requirements of the Italian REIF regime. The Company has the power to replace Savills with another operator and therefore considers the investment to be a subsidiary under IFRS 10.

The results of subsidiaries where control is acquired or disposed of during the year are included in the Group profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those of the Group.

All intercompany transactions and balances between Group companies are eliminated on consolidation. These consolidated financial statements include the financial statements of the Company and the subsidiary companies as listed in note 4 of the Company accounts.





## 4. Summary of significant accounting policies continued

### 4.2. Investment property and investment property under construction

Investment property comprises completed property that is owned or held under a lease to earn rentals or for capital appreciation, or both, and property under development where the Group intends to retain ownership on completion.

Investment property is recognised when the risks and rewards of ownership have been transferred and is measured initially at cost including transaction costs. The cost of investment property includes potential payments under put options granted to non-controlling interests of subsidiaries which own investment property. Rent guarantees and top ups paid by a vendor to the Group to compensate the Group for vacant space or rent-free periods are treated as part of the cost of the property acquired and offset the initial purchase consideration. Such receipts are included in the Group's Adjusted EPS in note 12. Transaction costs include transfer taxes, professional fees for legal and other services and other costs incurred in order to bring the property to the condition necessary for it to be capable of operating. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the Group profit or loss.

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. 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 profit or loss as incurred.

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 4.8.1.

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 at the point of disposal is recognised in the Group profit or loss in the year of retirement or disposal.

### 4.3. Assets held for sale

A non-current asset or disposal group is classified as held for sale if it is highly probable that its carrying amount will be recovered principally through a sale transaction instead of through continuing use. Such assets or disposal groups are generally measured at the lower of the carrying amount and fair value less costs to sell and once classified as held for sale, the asset is no longer amortised or depreciated. Investment property that is classified as held for sale is held at fair value.

## 4.4. Financial instruments

### Fair value hierarchy

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

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

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

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

### 4.4.1. Financial assets

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

#### Derivative financial instruments

Derivative financial instruments refer to interest rate caps purchased for hedging purposes which are initially recognised at fair value plus costs of acquisition and are subsequently measured at fair value. The Group does not apply hedge accounting and hence the gain or loss at each fair value remeasurement date is recognised in the profit or loss.

#### Amortised cost

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

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

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

## 4. Summary of significant accounting policies continued

### 4.4.1. Financial assets continued

#### Amortised cost continued

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

### 4.4.2. Financial liabilities

The Group classifies its financial liabilities as amortised cost.

The Group's accounting policy for each type of financial liability is as follows:

#### Loan notes and borrowings

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

Extensions of bank borrowings under accordion options in the original facility agreement are treated as changes in estimated cash flows under the original financial liability.

#### Other non-derivative financial liabilities

Non-derivative financial liabilities are recognised initially at the date that the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value less initial direct costs and subsequently measured at amortised cost. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

### 4.5. Put option liabilities

Liabilities for put options held by non-controlling interests are initially and subsequently recognised at the present value of the exercise price of the option. This is taken to be the non-controlling interests, proportionate share of the current fair value of investment property, the carrying amount of other net assets plus the present value of anticipated payments to be made by the Group under dividend guarantees to the non-controlling interest.

Changes in the carrying amount of the put liability are recognised within finance expenses in the Group Statement of Comprehensive Income.

### 4.6. Forward funded pre-let investments

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

During the period between initial investment in a forward funded agreement and the rent commencement date under the lease, the Group usually receives licence fee income. Usually 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.

### 4.7. 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.

### 4.8. Property income

#### 4.8.1. Rental income

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in gross rental income in the Group profit or loss. The lease term is the non-cancellable period of the lease. Tenant break clauses are assumed to be exercised unless it is reasonably certain at inception of the lease that the break will not be exercised. Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. Included in the straight-line basis are the effects of future fixed or minimum uplifts. Any contingent rental uplifts are excluded until the amounts are known. 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.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the Group profit or loss 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; once practical completion has taken place and the formal lease is signed, rental income commences to be recognised in the Group profit or loss.

#### 4.8.2. Service charges and other income

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



## 4. Summary of significant accounting policies continued

### 4.9. Finance income

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

### 4.10. Finance costs

Finance costs consist of interest and other costs that the Group incurs in connection with bank and other borrowings, and the holding of deposits in Euro bank accounts. All interest costs are expensed to the Group profit or loss in the period in which they occur on an effective interest basis and all loan issue costs paid are offset against amounts drawn on the facilities and are amortised over the term of the facilities.

The Group has elected not to capitalise interest on investment properties under development.

### 4.11. Taxation

The Company is approved by HMRC as an investment trust under Section 1158 of the Corporation Tax Act 2010.

In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust, the Company will be exempt from UK taxation on its capital gains. The Company is, however, liable to UK corporation tax on its income.

The Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the “exempt classes” in Part 9A of the CTA 2009. The Company is also able to elect to take advantage of modified UK tax treatment in respect of its “qualifying interest income” for an accounting period referred to as the “streaming” regime. Under regulations made pursuant to the Finance Act 2009, the Company may designate as an “interest distribution” all or part of the amount it distributes to Shareholders as dividends, to the extent that it has “qualifying interest income” for the accounting period. If the Company designates any dividend it pays in this manner, it is able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

The Company’s status as an approved investment trust does not impact the taxation of its subsidiaries or the Group’s liability to tax in the other countries in which the Group operates.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the Consolidated Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

Where corporation tax arises in subsidiaries, these amounts are charged to the Consolidated Statement of Comprehensive Income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the balance sheet in the countries where the Group operates.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

The carrying values of the Group’s investment properties are assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the Consolidated Balance Sheet regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

#### Provision

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

### 4.12. Foreign currency translation

The presentation currency of the Company is Euro. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All entities in the Group, with the exception of Sweden, have Euro as the functional currency.

The assets and liabilities of Sweden are translated to the Group’s presentational currency, Euro, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

## 4. Summary of significant accounting policies continued

### 4.12. Foreign currency translation continued

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date that the fair value was determined. Gains and losses arising on exchange are included in the profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly to equity, and any exchange component of that gain and loss is also recognised directly to equity.

## 5. Standards in issue

### 5.1. Standards in issue and effective from 1 October 2020

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

The amendment provides a revised framework for evaluating a business, introduces an optional “concentration test” and impacts the assessment and judgements used in determining whether future property transactions represent an asset acquisition or business combination. As a result of the amendment, all property transactions during the year were treated as asset acquisitions as substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

Amendments to References to the Conceptual Framework in IFRS Standards were endorsed by the European Commission for use in the European Union. The Amendments update some of the references and quotations in IFRS Standards and Interpretations so that they refer to the revised Conceptual Framework or specify the version of the Conceptual Framework to which they refer. There was no impact or changes in the accounting policies from the amendments.

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

### 5.2. New standards issued but not yet effective

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

Definition of Accounting Estimates (Amendments to IAS 8) is effective for annual periods beginning on or after 1 January 2023 to help entities to distinguish between accounting policies and accounting estimates. The amendments are for changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. It is not expected that the amendments may have an impact on the consolidated financial statements of the Group.

There are other new standards and amendments to standards and interpretations which have been issued that are effective in future accounting periods, and which the Group has decided not to adopt early. None of these are expected to have a material impact on the consolidated financial statements of the Group.

## 6. Gross property income

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Rental income	41.58	32.48
Spreading of tenant incentives	2.62	3.56
Amortisation of capital contribution and lease commission	(0.31)	(0.04)
Gross rental income	43.89	36.00
Service charges recoverable	7.03	6.42
Other income	0.55	0.46
Gross property income	51.47	42.88

The Group derives property income from the following countries:

Gross property income (€m)	Belgium	Germany	Spain	Italy	Poland	The Netherlands	Sweden	Total
<b>30 September 2021</b>	<b>6.27</b>	<b>19.32</b>	<b>9.30</b>	<b>7.06</b>	<b>6.77</b>	<b>2.19</b>	<b>0.56</b>	<b>51.47</b>
30 September 2020	6.07	13.84	8.14	7.07	6.72	1.04	—	42.88



## 6. Gross property income continued

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

	Less than 1 year €m	Between 1 and 2 years €m	Between 2 and 3 years €m	Between 3 and 4 years €m	Between 4 and 5 years €m	More than 5 years €m	Total €m
<b>30 September 2021</b>	<b>50.43</b>	<b>51.25</b>	<b>47.63</b>	<b>44.58</b>	<b>40.91</b>	<b>290.29</b>	<b>525.09</b>
30 September 2020	37.73	36.91	36.99	34.36	31.29	186.91	364.19

The Group's investment properties are leased mainly to single tenants, some of which have rental securities attached (bank or parent guarantees, cash deposit), under the terms of a commercial property lease. The majority have rent indexation that are linked to either RPI/CPI or fixed uplifts.

There are two tenants representing more than 10% of rental income during the year (€8.79 million and €6.20 million) (2020: three tenants). As at 30 September 2021, four tenants represented more than 10% of passing rent (2020: three tenants).

## 7. Direct property costs

	<b>Year ended 30 September 2021 €m</b>	Year ended 30 September 2020 €m
Service charge expense	<b>7.41</b>	6.51
Other expenses	<b>1.34</b>	0.89
Total property expenses	<b>8.75</b>	7.40

## 8. Administrative and other expenses

	<b>Year ended 30 September 2021 €m</b>	Year ended 30 September 2020 €m
Investment management fees <sup>1</sup>	<b>7.88</b>	6.02
Directors' remuneration (note 9)	<b>0.24</b>	0.23
Auditor's fees:		
Fees payable for the audit of the Company's accounts	<b>0.49</b>	0.35
Fees payable for the review of the Company's interim accounts	<b>0.07</b>	0.04
Fees payable for the audit of the Company's subsidiaries	<b>0.12</b>	0.10
Total Auditor's fee	<b>0.68</b>	0.49
Corporate administration fees	<b>1.17</b>	0.97
Regulatory fees	<b>0.09</b>	0.09
Legal and professional fees	<b>1.27</b>	2.29
Marketing and promotional fees	<b>0.59</b>	0.49
Other administrative costs	<b>0.30</b>	0.15
Total administrative and other expenses	<b>12.22</b>	10.73

<sup>1</sup> Investment management fees include fees payable to Tritax Management LLP for €5.46 million (30 September 2020: €4.1 million (see note 26)). The remaining €2.42 million (2020: €1.92 million) were paid to asset managers and property managers.

The effect of foreign exchange differences for the year ended 30 September 2021 consists of unrealised foreign exchange currency loss of €0.74 million and offset by realised foreign exchange currency gain of €0.04 million (2020: unrealised foreign exchange currency loss of €0.03 million and offset by realised foreign exchange currency gain of €0.05 million).

Fees relating to the share issuances have been treated as share issue expenses and offset against share premium. The transaction costs related to the loan and borrowings have been treated as part of the arrangement fees for issuing the debt, of which €0.07 million relates to fee payable to the auditors as non-audit services (2020: €nil). The fees in relation to the acquisition of assets have been capitalised into the cost of the respective assets.

## 9. Directors' remuneration

	<b>Year ended 30 September 2021 €m</b>	Year ended 30 September 2020 €m
Directors' fees	<b>0.22</b>	0.20
Employer's National Insurance	<b>0.02</b>	0.03
Total Directors' remuneration	<b>0.24</b>	0.23

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



## 9. Directors' remuneration continued

### Personnel

During the current and prior periods under review the Company did not have any personnel, besides the Directors of the Company. Furthermore, the Company does not have the intention to engage other personnel in future.

## 10. Finance expense

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Interest payable on loan notes and bank borrowings	5.24	5.82
Commitment fees payable on bank borrowings	1.56	1.84
Fair value movement on remeasurement of put option (note 19)	4.93	1.88
Bank fees	0.32	0.11
One-off cost of extinguishment of bank loans	0.02	—
Amortisation of loan arrangement fees	2.47	0.92
<b>Total finance expense</b>	<b>14.54</b>	10.57

The total interest payable on financial liabilities carried at amortised cost comprises interest and commitment fees payable on bank borrowings of €6.81 million (30 September 2020: €7.66 million), of which €nil was capitalised in both periods, and amortisation of loan arrangement fees of €2.47 million (30 September 2020: €0.92 million). €8.92 million (30 September 2020: €0.74 million) of the loan arrangement fees was capitalised into the loan in the year (see note 18).

## 11. Taxation

### a) Tax charge in the Group Statement of Comprehensive Income

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Current taxation:		
UK taxation	—	—
Overseas taxation – current year <sup>1</sup>	3.58	0.68
Overseas taxation – prior year adjustment	0.11	(0.27)
Deferred taxation:		
UK taxation	—	—
Overseas taxation	20.54	8.38
<b>Total tax charge</b>	<b>24.23</b>	8.79

1 Includes the capital gains tax on disposal of investment properties for €3.05 million.

The UK corporation tax charge of €nil reflects the Company's intention to declare sufficient "qualifying interest distributions" to fully offset its "qualifying interest income" in the year in accordance with its status as an Investment Trust Company ("ITC").

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge. This rate change was substantially enacted at year end, there was no material impact on the deferred tax based on this change.

### b) Factors affecting the tax charge for the year

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

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Profit before taxation	129.00	53.58
Theoretical tax at UK corporation tax rate of 19% (30 September 2020: 19%)	24.50	10.18
Losses where no deferred taxes have been recognised	1.92	0.56
Impact of different tax rates on foreign jurisdictions	0.14	(0.22)
Expenses not deductible for tax purposes	(1.47)	0.09
Impact of UK interest distributions from the Investment Trust	(0.97)	(1.55)
Prior year adjustment to current tax	0.11	(0.27)
<b>Total</b>	<b>24.23</b>	8.79



## 11. Taxation continued

### b) Factors affecting the tax charge for the year continued

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Deferred tax assets:		
Differences between tax and property revaluation	0.01	0.09
Tax losses carried forward	0.23	0.82
Other	—	0.24
<b>Total</b>	<b>0.24</b>	<b>1.15</b>

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Deferred tax liabilities:		
Differences between tax and property revaluation	33.30	13.57
Other	—	0.07
<b>Total</b>	<b>33.30</b>	<b>13.64</b>

The amount of unutilised tax losses and tax credits for which no deferred tax asset is recognised in the profit and loss account was €6.12 million.

## 12. Earnings Per Share

Earnings Per Share (“EPS”) amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Group by the weighted average number of Ordinary Shares in issue during the year. As at 30 September 2021 and 2020, there are no dilutive or potentially dilutive equity arrangements in existence.

The calculation of EPS is based on the following:

For the year ended 30 September 2021	Net profit attributable to Ordinary Shareholders €m	Weighted average number of Ordinary Shares <sup>1</sup> '000	Earnings Per Share cent
<b>Basic EPS</b>	<b>104.83</b>	<b>535,145</b>	<b>19.59</b>
Adjustments to remove:			
Deferred tax charge and capital gains tax on disposal of investment properties (note 11)	23.62		
Changes in fair value of investment properties (note 14)	(106.46)		
Changes in fair value of interest rate derivatives (note 20)	0.05		
Gain on disposal of investment property	(7.33)		
<b>EPRA EPS</b>	<b>14.71</b>	<b>535,145</b>	<b>2.75</b>
Adjustments to (exclude)/include:			
Rental income recognised in respect of fixed uplifts	(2.31)		
Rental income deferred <sup>3</sup>	1.60		
Amortisation of loan arrangement fees	2.47		
Unrealised foreign exchange currency loss	0.68		
Fair value movement on remeasurement of put option (note 10)	4.32		
Rental guarantee receipts excluded from property income – settled via cash <sup>2</sup>	2.90		
Rental guarantee receipts excluded from property income – settled via contracted liability settlement <sup>2</sup>	0.28		
<b>Adjusted EPS</b>	<b>24.65</b>	<b>535,145</b>	<b>4.61</b>



## 12. Earnings Per Share continued

For the year ended 30 September 2020	Net profit attributable to Ordinary Shareholders €m	Weighted average number of Ordinary Shares <sup>1</sup> '000	Earnings Per Share cent
<b>Basic EPS</b>	44.79	422,727	10.60
Adjustments to remove:			
Deferred tax charge (note 11)	8.38		
Changes in fair value of investment properties (note 14)	(38.57)		
Changes in fair value of interest rate derivatives (note 20)	0.03		
Gain on disposal of investment property	(0.83)		
<b>EPRA EPS</b>	13.80	422,727	3.26
Adjustments to include/(exclude):			
Licence fee receivable on forward funded developments	0.50		
Rental income recognised in respect of fixed uplifts	(1.92)		
Rental income deferred <sup>3</sup>	(1.60)		
Amortisation of loan arrangement fees	0.92		
Unrealised foreign exchange currency loss	0.02		
Fair value movement on remeasurement of put option (note 10)	1.88		
Rental guarantee receipts excluded from property income – settled via cash <sup>2</sup>	2.24		
Rental guarantee receipts excluded from property income – settled via contracted liability settlement <sup>2</sup>	1.72		
<b>Adjusted EPS</b>	17.56	422,727	4.16

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

2 This is offset against the cost of investment properties.

3 Covid-19 rent deferral was received in full in 2021.

Adjusted Earnings is a performance measure used by the Board to assess the level of the Group's dividend payments. The metric mainly adjusts EPRA earnings for:

- i. Exclusion of non-cash items credited or charged to the Group Statement of Comprehensive Income, such as fixed rental uplift adjustments and amortisation of loan arrangement fees;
- ii. Inclusion of licence fees which relate to cash received from developers during development periods, in order to access the land; and
- iii. Inclusion of rental guarantee adjustments which relate to acquired assets with properties which have had an income guarantee attached to them as part of the acquisition of the asset. The rental guarantee is released (through a cash movement or contracted liability settlement) as Adjusted Earnings over the period of the lease which it is intended to cover or lease break – however, this release does not go through rental income in the Group Statement of Comprehensive Income, and as such an adjustment is made to recognise the receipt.

## 13. Dividends paid

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Final dividend in respect of year ended 30 September 2020 at 1.10 cent per Ordinary Share (30 September 2019: 1.00 cent)	4.65	4.23
First interim dividend in respect of year ended 30 September 2021 at 1.25 cent per Ordinary Share (30 September 2020: 1.10 cent)	5.28	4.65
Second interim dividend in respect of year ended 30 September 2021 at 1.25 cent per Ordinary Share (30 September 2020: 1.10 cent)	7.68	4.65
Third interim dividend in respect of year ended 30 September 2021 at 1.25 cent per Ordinary Share (30 September 2020: 1.10 cent)	7.69	4.65
<b>Total dividends paid</b>	<b>25.30</b>	18.18
<b>Total dividends paid for the year</b>	<b>3.75 cent</b>	3.30 cent
<b>Total dividends unpaid but declared for the year</b>	<b>1.25 cent</b>	1.10 cent
<b>Total dividends declared for the year</b>	<b>5.00 cent</b>	4.40 cent

On 7 December 2021, the Directors of the Company declared a fourth interim dividend in respect of the period from 1 July 2021 to 30 September 2021 of 1.25 cent per Ordinary Share, which will be payable on or around 14 January 2022 to Shareholders on the register on 17 December 2021.

Out of €30.75 million (30 September 2020: €18.60 million) dividends declared for the year, €6.04 million (30 September 2020: €5.70 million) is designated as interest distribution.



## 14. Investment properties

The Group's investment property has been valued at fair value by Jones Lang LaSalle Limited ("JLL"), 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 2020 ("the Red Book") and incorporate the recommendations of the International Valuation Standards which are consistent with the principles set out in IFRS 13. In forming its opinion, JLL makes 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 and the current tenancy of the properties.

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

The total valuation fee incurred by the Group in the year amounts to €75,400 (30 September 2020: €67,600). The fee is not contingent on the valuation of the properties.

Other than Tritax EuroBox plc, the external valuer provides valuation and research – related services to the Tritax Group, as well as to other funds Tritax Group manages. The Directors ensure full independence of the valuer.

All acquisitions during the current and prior period have been treated as asset purchases rather than business combinations (see note 3.1).

During the year, the following investment properties were acquired:

Location	Date acquired
Nivelles, Belgium <sup>1</sup>	29 January 2021
Geiselwind, Germany <sup>1</sup>	1 April 2021
Lich, Germany <sup>1</sup>	7 June 2021
Gothenburg, Sweden <sup>1</sup>	18 June 2021

1 Acquired based on share deal.

	Investment properties completed €m	Investment properties under construction €m	Investment properties Total €m
At 1 October 2020	837.90	—	837.90
Acquisition of properties <sup>3</sup>	372.56	—	372.56
Improvements to investment properties	1.10	—	1.10
Development expenditure	—	19.81	19.81
Transfer from investment properties to investment properties under construction	(8.10)	8.10	—
Transfer from investment properties under construction to investment properties	10.19	(10.19)	—
Licence fees and rental guarantees received	(2.49)	—	(2.49)
Fixed rental uplift and tenant lease incentives <sup>1</sup>	3.82	—	3.82
Amortisation of rental uplift and tenant lease incentives <sup>1</sup>	(0.81)	—	(0.81)
Disposal of properties	(56.97)	—	(56.97)
Change in fair value during the year <sup>2</sup>	100.15	6.31	106.46
<b>As at 30 September 2021</b>	<b>1,257.35</b>	<b>24.03</b>	<b>1,281.38</b>
	Investment properties completed €m	Investment properties under construction €m	Investment properties Total €m
At 1 October 2019	665.75	21.83	687.58
Acquisition of properties	105.86	—	105.86
Improvements to investment properties	1.43	—	1.43
Development expenditure	—	6.22	6.22
Transfer from investment properties under construction to completed	28.05	(28.05)	—
Licence fees and rental guarantees received	(3.90)	—	(3.90)
Fixed rental uplift and tenant lease incentives <sup>1</sup>	2.57	—	2.57
Amortisation of rental uplift and tenant lease incentives <sup>1</sup>	(0.43)	—	(0.43)
Change in fair value during the year <sup>2</sup>	38.57	—	38.57
<b>As at 30 September 2020</b>	<b>837.90</b>	<b>—</b>	<b>837.90</b>

1 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 amount as at 30 September 2021 was €7.67 million (30 September 2020: €6.23 million). The difference between this and cash receipts changes the carrying value of the property against which revaluations are measured (also see note 6).

2 Included in the fair value change in the year were unrealised gains of €107.34 million (30 September 2020: €53.93 million) and unrealised losses of €0.88 million (30 September 2020: €15.36 million).

3 This includes acquisition costs of €3.69 million (30 September 2020: €2.27 million).

## 14. Investment properties continued

	30 September 2021 €m	30 September 2020 €m
Investment properties in Balance Sheet	1,281.38	837.90
Rental guarantee held in separate receivable	1.20	1.41
<b>Total external valuation of investment properties</b>	<b>1,282.58</b>	<b>839.31</b>

As at 30 September 2021, the Group had the following outstanding capital commitments in relation to its forward funded pre-let development assets (30 September 2020: €44.0 million):

- Mango extension of €18.9 million; and
- Strykow of €13.5 million subject to pre-let conditions being met.

These costs are not provided for in the Statement of Financial Position. Capital commitments represent costs to bring the asset to completion under the developer's funding agreements which include the developer's margin.

### Valuation risk

There is risk to the fair value of real estate assets that are part of the portfolio of the Group, comprising variation in the yields that the market attributes to the real estate investments and the market income that may be earned.

Real estate investments can be impacted adversely by external factors such as the general economic climate, supply and demand dynamics in the market, competition and increase in operating costs.

Besides asset-specific characteristics, general market circumstances affect the value and income from investment properties such as the cost of regulatory requirements related to investment properties, interest rate levels and the availability of financing.

The Manager of the Group has implemented a portfolio strategy with the aim to mitigate the above stated real estate risk. By diversifying in regions, risk categories and tenants, it is expected to lower the risk profile of the portfolio.

As of the date of this Annual Report, the only investments of the Group that have been identified consist of the current portfolio as specified in the Management Report. While the Group is negotiating to acquire further properties, there is no guarantee that these properties will form part of the portfolio of the Group.

With respect to new investments, management will be targeting specific investment categories based on the Group's investment objective and restrictions. Because such investments may be made over a substantial period of time, the Group faces the risk of interest rate fluctuations in case of leveraging these investments and adverse changes in the real estate markets.

### Fair value hierarchy

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

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

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

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

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

### Valuation techniques

#### Investment properties completed: income approach

The income method (or income approach) quantifies the net present value of future benefits associated with the ownership of the asset by totalling the current tenancy of the property, followed by the demand market rent on lease expiry, capitalised at an appropriate yield.

#### Investment properties under construction: residual approach or equivalent

The residual approach or equivalent for properties under construction takes the expected valuation of the finished property using the income approach and deducts forecast costs to complete the development and an allowance for developer's profit.

#### Unobservable input: estimated rental value ("ERV")

ERV is dependent upon a number of variables in relation to the Group's property. These include: size, building specification and location. At 30 September 2021, the range was between €40.73 – €88.01 per square metre, per annum.





## 14. Investment properties continued

### Valuation techniques continued

#### Unobservable input: yield

Yield is dependent on the tenant, lease length and the other variables listed above for ERV. At 30 September 2021, the average yield was 3.88% and the range was between 3.33%–7.00%.

Yield and ERV are not necessarily independent variables. It is possible a change in one assumption may result in an offsetting change to the other but equally the change in both assumptions may increase the impact on valuation.

#### 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 estimation uncertainty and is inherently subjective by nature.

As a result the following sensitivity analysis has been prepared for investment properties:

	-0.25% yield €m	+0.25% yield €m	-5% in ERV €m	+5% in ERV €m
<b>Increase/(decrease) in the fair value of investment properties as at 30 September 2021</b>	<b>82.16</b>	<b>(72.68)</b>	<b>(27.57)</b>	<b>26.28</b>
Increase/(decrease) in the fair value of investment properties as at 30 September 2020	48.56	(43.41)	(20.03)	20.03

The JLL valuation includes deductions for transaction costs that would be incurred by a hypothetical purchaser at the valuation date. These costs include Real Estate Transfer Tax ("RETT") equivalent to stamp duty except for properties in Italy and Belgium. In the former, this is due to Italy being an Investment Management Company ("SGR") and in the latter, the local valuation practice is to exclude such costs given the prevalence of corporate rather than asset transactions in these markets.

## 15. Trade and other receivables

	30 September 2021 €m	30 September 2020 €m
Non-current trade and other receivables		
Cash in public institutions	<b>1.17</b>	1.17

The cash in public institutions is a deposit of €1.17 million given by the tenant for the property in Barcelona, Spain.

	30 September 2021 €m	30 September 2020 €m
Current trade and other receivables		
Trade receivables	<b>1.45</b>	2.52
Prepayments, accrued income and other receivables	<b>12.28</b>	5.92
Escrow cash	—	0.39
VAT receivable*	<b>3.51</b>	5.89
	<b>17.24</b>	14.72

\* VAT receivable relates mainly due to VAT reclaim on the purchase of the property in Italy €2 million (30 September 2020: €4 million).

The following table sets out the ageing of trade receivables as at 30 September 2021:

	30 September 2021 €m	30 September 2020 €m
Past due but not impaired		
<30 days	<b>1.16</b>	1.69
30–60 days	—	0.18
60–90 days	—	—
90 days+	<b>0.29</b>	0.65
Total	<b>1.45</b>	2.52
Past due and impaired	—	—
Total	<b>1.45</b>	2.52

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

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

The expected loss rates are based on the Group's historical credit losses experienced over the period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. Both the expected credit loss provision and the incurred loss provision in the current and prior period are immaterial.

No reasonably possible changes in the assumptions underpinning the expected credit loss provision would give rise to a material expected credit loss.



## 16. Cash and cash equivalents

	30 September 2021 €m	30 September 2020 €m
Cash and cash equivalents	<b>329.73</b>	24.44

All cash held under the Italian subsidiaries fund are subject to local dividend distribution rules which means that dividends can only be paid twice a year. The amount of cash held in Italy as at 30 September 2021 was €3.33 million (30 September 2020: €2.92 million).

## 17. Trade and other payables

	30 September 2021 €m	30 September 2020 €m
Non-current trade and other payables		
Other payables	<b>1.40</b>	1.46

	30 September 2021 €m	30 September 2020 €m
Current trade and other payables		
Trade and other payables	<b>3.31</b>	3.57
Bank loan interest payable	<b>1.78</b>	0.40
Deferred income	<b>1.73</b>	0.54
Accruals	<b>14.39</b>	4.44
VAT liability	<b>0.71</b>	0.34
	<b>21.92</b>	9.29

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

## 18. Loan notes and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 21.

	30 September 2021 €m	30 September 2020 €m
Bank borrowings	—	340.63
Loan notes	<b>492.17</b>	—
<b>Non-current liabilities: loan notes and borrowings</b>	<b>492.17</b>	340.63

The Group has a long-term Revolving Credit Facility ("RCF") (see table below). On 25 June 2021, the RCF was reduced from €425 million to €250 million. The loan has a margin of 1.2% to 1.9% above the higher of zero or Euribor, depending on the drawn level and the prevailing LTV ratio. On 15 July 2021, BNP Paribas, Bank of China, Bank of America and Banco de Sabadell have extended their RCF from October 2024 to October 2025.

	Facility €m	Maturity date
HSBC UK Bank	58.8	19 October 2023
BNP Paribas	58.8	19 October 2025
Bank of China	58.8	19 October 2025
Bank of America	58.9	19 October 2025
Banco de Sabadell	14.7	19 October 2025
<b>Total RCF</b>	<b>250.0</b>	

On 2 June 2021, the Company priced the €500 million of senior unsecured green bonds maturing on 2 June 2026. The notes have an interest of 0.95%. An amount equivalent to the net proceeds of each Green Finance Transaction ("GFT") will be used to acquire, finance or refinance, in whole or in part, new or existing Eligible Green Projects ("EGPs") that meet the Eligibility Criteria. The Group will publish an Annual Green Finance Report that will detail the allocation of net proceeds of Green Finance Transactions and associated impact metrics until the full allocation of net proceeds.

As at 30 September 2021, 67% (2020: nil) of the Group's debt facility commitments are fixed term with 33% floating term (2020: 100%). The weighted average term to maturity of the Group's debt as at the year-end is 4.4 years (30 September 2020: 3.8 years). The LTV across all drawn debt was 13% against a target of 45%.

The Group has been in compliance with all of the financial covenants of the Group's loan notes and borrowings facilities as applicable throughout the year covered by the financial statements.

## Notes to the Consolidated Accounts continued

**18. Loan notes and borrowings** continued

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

	30 September 2021 €m	30 September 2020 €m
Bank borrowings drawn		
Bank borrowings at the beginning of the year	340.63	231.95
Bank borrowings drawn in the year	180.00	121.00
Bank borrowings repaid in the year	(524.00)	(12.50)
Loan issue costs paid	(0.63)	(0.74)
Non-cash amortisation of loan issue costs	2.01	0.92
Reclass unamortised loan issue costs to prepayments	1.99	—
<b>Non-current liabilities: borrowings</b>	<b>—</b>	<b>340.63</b>

	30 September 2021 €m	30 September 2020 €m
Loan notes		
0.95% Green Bonds 2026	500.00	—
Less: unamortised costs on loan notes	(8.29)	—
Non-cash amortisation of loan issue costs	0.46	—
<b>Non-current liabilities: loan notes</b>	<b>492.17</b>	<b>—</b>

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

	30 September 2021		
	Drawn €m	Undrawn €m	Total debt available €m
Repayable between one and two years	—	—	—
Repayable between two and three years	—	58.82	58.82
Repayable between three and four years	—	—	—
Repayable between four and five years	500.00	191.18	691.18
Repayable in over five years	—	—	—
	<b>500.00</b>	<b>250.00</b>	<b>750.00</b>

	30 September 2020		
	Drawn €m	Undrawn €m	Total debt available €m
Repayable between one and two years	—	—	—
Repayable between two and three years	—	—	—
Repayable between three and four years	80.94	19.06	100.00
Repayable between four and five years	263.06	61.94	325.00
Repayable in over five years	—	—	—
	344.00	81.00	425.00

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

	Book value 30 September 2021 €m	Fair value 30 September 2021 €m	Book value 30 September 2020 €m	Fair value 30 September 2020 €m
Bank borrowings: RCF	—	—	344.00	344.00
Loan notes: 0.95% Green Bonds 2026	500.00	506.60	—	—
<b>Loan notes and borrowings</b>	<b>500.00</b>	<b>506.60</b>	344.00	344.00

The book value of the bank borrowings that are carried in the financial statements approximates their fair value at the end of the year because it is based on variable rate. The fair value of financial liabilities traded on active liquid markets are the 0.95% Green Bonds 2026. They are determined with reference to the quoted market prices. The financial liabilities are considered to be a Level 1 fair value measure. The fair value of the financial liabilities at Level 1 was €506.6 million (30 September 2020: €nil).

## 19. Other liabilities

	30 September 2021 €m	30 September 2020 €m
Balance at the beginning of the year	8.89	7.28
Addition	11.98	0.02
Repayments	(0.61)	(0.29)
Fair value movements on measurement of put option	4.93	1.88
Balance at the end of the year	25.19	8.89

The Group's properties in Germany are held in subsidiaries in which the Group holds 94.9% or 89.9% of the shares in those subsidiaries. As part of the purchase agreements, the Group issued put options to the minority Shareholders. The options are exercisable 10 years after acquisition and would require the Group to acquire all shares held by the minority Shareholder at the then market value. Prior to the option date the Group has guaranteed a fixed dividend to the minority Shareholder. If this is not met by the subsidiary, then the Company is required to settle this obligation.

The options are exercisable as follows:

Companies	Ownership %	Date of maturity of option
Tritax EuroBox (Bochum) Propco GmbH	94.9	5 April 2029
Tritax EuroBox (Peine) Propco GmbH	94.9	28 March 2029
Dietz Logistik 33. Grundbesitz GmbH	89.9	12 November 2029
Tritax Eurobox (Bremen I) Propco GmbH	89.9	22 February 2030
Tritax Eurobox (Bremen II) Propco GmbH	89.9	22 February 2030
Dietz Logistik 26. Grundbesitz GmbH	89.9	31 March 2031
Dietz Logistik 44. Grundbesitz GmbH	89.9	6 June 2031

## 20. Derivative financial instruments

To mitigate the interest rate risk that arises as a result of entering into variable rate loans, a number of interest rate caps have been taken out in respect of the Group's variable rate debt to cap the rate to which three-month Euribor can rise. Each cap runs coterminous to the initial term of the respective loans. The caps expire in October 2023.

As at the current and prior period ends, the Group had notional value of interest rate caps of €300 million to act as a hedge against the €250 million revolving Credit Facility (see note 18).

The weighted average capped rate, excluding any margin payable, for the Group as at the year-end was 0.67% (30 September 2020: 0.67%). There was no premium payable towards securing the interest rate caps both in the year and at 30 September 2020.

	30 September 2021 €m	30 September 2020 €m
Interest rate derivatives valuation brought forward	0.09	0.12
Fair value movement	(0.04)	(0.03)
Non-current assets: interest rate derivatives carried forward	0.05	0.09

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

As at the year-end date the total proportion of debt hedged via interest rate derivatives equated to 0% (30 September 2020: 87%).

### Fair value hierarchy

The fair value of the Group's interest rate derivatives is recorded in the Group Statement of Financial Position and is determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end. This valuation technique falls within Level 2 of the fair value hierarchy, as defined by IFRS 13. The valuation was provided by the counterparty to the derivatives. 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.



## 21. 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 risk of interest rates rising. The book value of the Group's financial instruments that are carried in the financial statements approximates their fair value at the end of the year.

### 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, which 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 and bank borrowings along with interest rate derivatives entered into to mitigate interest rate risk.

The Group monitors its interest rate exposure on a regular basis. A sensitivity analysis was performed to ascertain the impact on the Group Cash Flow Statement and net assets based on the nominal borrowings at the year-end. Given that no RCF was drawn at the year-end, a 50 basis point decrease/increase in interest rates would have no impact on net assets.

The Group currently operates in eight countries. The current distribution of total assets is as follows:

Total assets	Belgium	Germany	Spain	Italy	Poland	UK	The Netherlands	Sweden	Total
<b>30 September 2021</b>	<b>142.09</b>	<b>671.60</b>	<b>200.52</b>	<b>147.43</b>	<b>61.22</b>	<b>295.92</b>	<b>62.25</b>	<b>48.78</b>	<b>1,629.81</b>
30 September 2020	93.01	303.63	169.12	141.52	117.39	4.37	50.43	—	879.47

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions. Credit risk is mitigated by tenants being required to pay rentals in advance under their lease obligations. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement or acquiring a let property. The Group holds collateral by way of bank deposits totalling €1.17 million (see note 15), and in certain cases holds bank guarantee letters.

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 less the collateral held.

### Credit risk related to cash deposits

One of the 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, which 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 (see note 14). 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, on the amount drawn at the year end, based on the contractual undiscounted payments, including interest charges:

	Carrying amount €m	Total cash flows €m	Less than 3 months €m	3-12 months €m	Between 1-2 years €m	Between 2-5 years €m	More than 5 years €m
<b>30 September 2021</b>							
Loan and borrowings	492.17	527.46	1.45	4.35	5.80	515.86	—
Trade and other payables*	20.88	20.88	19.48	—	1.40	—	—
Non-current liabilities	25.19	25.19	—	—	—	—	25.19
Tenant deposit	2.11	2.11	—	—	—	—	2.11
	<b>540.35</b>	<b>575.64</b>	<b>20.93</b>	<b>4.35</b>	<b>7.20</b>	<b>515.86</b>	<b>27.30</b>



## 21. Financial risk management continued

### Liquidity risk continued

	Carrying amount €m	Total cash flows €m	Less than 3 months €m	3–12 months €m	Between 1–2 years €m	Between 2–5 years €m	More than 5 years €m
<b>30 September 2020</b>							
Loan and borrowings	340.63	374.69	1.70	5.11	6.81	361.07	—
Trade and other payables*	9.87	9.87	8.41	—	1.46	—	—
Non-current liabilities	8.89	8.89	—	—	—	—	8.89
Tenant deposit	1.31	1.31	—	—	—	—	1.31
	<b>360.70</b>	<b>394.76</b>	<b>10.11</b>	<b>5.11</b>	<b>8.27</b>	<b>361.07</b>	<b>10.20</b>

\* Excludes VAT and deferred income as these are not financial liabilities.

### Foreign currency risk

The Group is Euro denominated. The Group operates internationally, mainly in the Eurozone. The Group keeps some cash in foreign currency to finance its working capital.

As at 30 September 2021 the Group has a cash balance of GBP 57.49 million and PLN 5.86 million, equivalent to €66.90 million and €1.27 million respectively (30 September 2020: GBP 0.41 million and PLN 5.54 million, equivalent to €0.45 million and €1.22 million respectively). The Group also has a cash balance of SEK 11.94 million, equivalent to €1.18 million as at 30 September 2021 (30 September 2020: nil).

### Development risk

Development risk is the exposure that the Group takes in projects where building is not yet completed. Construction risk is mitigated by the Group by entering into fixed price contracts with the developers. Letting risk is usually alleviated by entering into pre-let agreements with tenants or rental guarantees with the developers or vendors.

### Taxation risk

Tax laws in these countries may change in the future, representing an increase in tax risk to the Company.

## 22. Capital management

The primary objective of the Group's capital management is to ensure that it remains a going concern.

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 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.

The Directors intend that the Group will maintain a conservative level of aggregate borrowings with a medium-term target of 45% of the Group's gross assets (with a limit of 50%).

The Group has complied with all covenants on its borrowings up to the date of this report. The targets mentioned above sit comfortably within the Group's covenant levels, which include LTV and interest cover ratio. The Group LTV at the year end was 13% (30 September 2020: 39.9%).

## 23. Tenant deposit

Non-current liabilities	30 September 2021 €m	30 September 2020 €m
Balance at the beginning of the year	<b>1.31</b>	1.17
Additions in the year	<b>0.80</b>	0.14
Balance at the end of the year	<b>2.11</b>	1.31

The main balance relates to a cash deposit given by the tenant for the property in Barcelona, Spain.



## 24. Share capital

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

	30 September 2021 Number	30 September 2021 €m	30 September 2020 Number	30 September 2020 €m
<b>Issued and fully paid at 1 cent each</b>				
Balance at the beginning of the year – €0.01 Ordinary Shares	422,727,273	4.23	422,727,273	4.23
Shares issued in the year	383,966,105	3.84	—	—
Balance at the end of the year	806,693,378	8.07	422,727,273	4.23

The Group has one class of Ordinary Shares which carry no right to fixed income.

On 3 December 2020, the Manager has acquired in the market 94,777 Ordinary Shares at 103.82 pence per share on behalf of certain members of staff of the Manager. On 1 June 2021, the Group has also increased its share capital by 104,062 Ordinary Shares at 105.00 pence per share on behalf of certain members of staff of the Manager.

On 10 March 2021 and 22 September 2021, the Group increased its share capital by 192,633,688 Ordinary Shares for £1.03 each and 191,228,355 Ordinary Shares for £1.15 each respectively. As a result, the Group's issued share capital increased to 806,693,378 Ordinary Shares with voting rights.

## 25. Net asset value (“NAV”) per share

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

	30 September 2021 €m	30 September 2020 €m
Net assets per Group Statement of Financial Position	1,053.50	503.91
Ordinary Shares:		
Issued share capital (number)	806,693,378	422,727,273
NAV per share (expressed in Euro per share)		
Basic NAV per share	1.31	1.19

The Group elected to early adopt the three new measures of net asset value: EPRA Net Reinvestment Value (“NRV”), EPRA Net Tangible Assets (“NTA”) and EPRA Net Disposal Value (“NDV”) for the year ended 30 September 2020. Following a consultation of the various stakeholders of the business, and in order to align the reporting of the Group to its peers, the Group has decided to adopt the EPRA NTA and EPRA NTA per share metrics as its primary EPRA NAV metric measure, alongside Basic IFRS NAV, for the year ended 30 September 2021 onwards. Please refer to the Notes to the EPRA and Other Key Performance Indicators section for details of all EPRA NAV metrics.

	30 September 2021			30 September 2020		
	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
NAV attributable to Shareholders	1,053.50	1,053.50	1,053.50	503.91	503.91	503.91
Mark-to-market adjustments of derivatives	(0.05)	(0.05)	—	(0.09)	(0.09)	—
Deferred tax adjustment	33.06	33.06	—	12.49	12.49	—
Transaction costs <sup>1</sup>	60.84	—	—	34.19	—	—
NAV	1,147.35	1,086.51	1,053.50	550.50	516.31	503.91
NAV per share in Euro	1.42	1.35	1.31	1.30	1.22	1.19

<sup>1</sup> EPRA NTA and EPRA NDV reflect IFRS values which are net of transaction costs (RETT and purchaser's costs). Transaction costs are added back when calculating EPRA NRV.

## 26. Transactions with related parties

For the year ended 30 September 2021, all Directors and some of 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. The fee payable to the Manager for the year ended 30 September 2021 was €5.46 million (2020: €4.13 million).

The total amount outstanding at the year end relating to the Investment Management Agreement was €1.51 million (2020: €1.10 million).

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

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

During the year, the Directors received the following dividends: Robert Orr: €1,220 (2020: €860), Keith Mansfield: €14,065 (2020: €12,470), Taco De Groot: €1,638 (2020: €1,075) and Eva-Lotta Sjöstedt: €308 (2020: €127).

During the year, the Members of the Manager received the following dividends: Colin Godfrey: €9,136 (2020: €6,142), James Dunlop: €9,136 (2020: €6,142), Henry Franklin: €6,184 (2020: €4,137), Petrina Austin: €1,462 (2020: €981), Nick Preston: €4,908 (2020: €3,156) and Phil Redding: €38 (2020: €nil).

On 3 December 2020 and 1 June 2021, the Manager acquired in the market 94,777 Ordinary Shares at 103.82 pence per share and 104,062 Ordinary Shares at 105.00 pence per share respectively on behalf of certain members of staff of the Manager.

## 27. Leases

### As lessor

Details of the Group's leases from tenants of its investment property are found in note 6.

### As lessee

The Group holds one investment property, with a carrying amount of €141.50 million, on a lease which ends in 86.5 years. A peppercorn rent is paid and hence the associated lease liability and right-of-use asset are immaterial.

## 28. Subsequent events

On 22 October 2021, the Group announced the future acquisition of Gelsenkirchen for an agreed property price of €32 million, subject to Shareholders approval.

On 15 November 2021, the Group announced the future acquisition of Bonen for an agreed property price of €117.9 million, subject to Shareholders approval.

On 30 November 2021, the Group acquired Piacenza asset in Italy for an agreed property price of €50 million and on 25 November 2021, the Group completed the acquisition of Settimo for €24.4 million.

On 30 November 2021, the Group completed the acquisition of an asset in Rosersberg for €27.9 million.

On 1 December 2021 the Group had secured €200 million private placement debt which is split into 3 tranches as below:

€100 million with 7 year maturity and a coupon of 1.216%, €50 million with 10 year maturity and a coupon of 1.449%, and €50 million with twelve years maturity and a coupon of 1.59%.

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

# Company Balance Sheet

Company registration number 11367705



	Note	At 30 September 2021 €m	At 30 September 2020 €m
<b>Non-current assets</b>			
Derivative financial instruments		0.05	0.09
Trade and other receivables	5	634.93	466.52
Investment in subsidiaries	4	458.21	316.32
<b>Total non-current assets</b>		<b>1,093.19</b>	782.93
<b>Current assets</b>			
Trade and other receivables	5	13.55	4.38
Cash held at bank	6	291.56	3.52
<b>Total current assets</b>		<b>305.11</b>	7.90
<b>Total assets</b>		<b>1,398.30</b>	790.83
<b>Current liabilities</b>			
Trade and other payables	7	(6.18)	(2.22)
Income tax liability		–	–
<b>Total current liabilities</b>		<b>(6.18)</b>	(2.22)
<b>Non-current liabilities</b>			
Loan notes and borrowings	8	(492.17)	(340.63)
<b>Total non-current liabilities</b>		<b>(492.17)</b>	(340.63)
<b>Total liabilities</b>		<b>(498.35)</b>	(342.85)
<b>Total net assets</b>		<b>899.95</b>	447.98
<b>Equity</b>			
Share capital	9	8.07	4.23
Share premium reserve		597.46	131.24
Retained earnings		294.42	312.51
<b>Total equity</b>		<b>899.95</b>	447.98

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 the financial statements. The profit attributable to the Parent Company for the year ended 30 September 2021 amounted to €7.21 million (2020: €10.68 million).

The financial statements were approved by the Board of Directors on 6 December 2021 and signed on its behalf by:

**Robert Orr**  
Director

# Company Statement of Changes in Equity

For the year ended 30 September 2021



	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At 1 October 2020		4.23	131.24	312.51	447.98
Net profit for the year		—	—	7.21	7.21
Total comprehensive income		—	—	7.21	7.21
<b>Contributions and distributions:</b>					
New share capital subscribed		3.84	476.14	—	479.98
Associated share issue costs		—	(9.92)	—	(9.92)
Dividends paid	3	—	—	(25.30)	(25.30)
<b>At 30 September 2021</b>		<b>8.07</b>	<b>597.46</b>	<b>294.42</b>	<b>899.95</b>

	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At 1 October 2019		4.23	131.21	320.01	455.45
Net profit for the year		—	—	10.68	10.68
Total comprehensive income		—	—	10.68	10.68
<b>Contributions and distributions:</b>					
Associated share issue costs		—	0.03	—	0.03
Dividends paid	3	—	—	(18.18)	(18.18)
<b>At 30 September 2020</b>		<b>4.23</b>	<b>131.24</b>	<b>312.51</b>	<b>447.98</b>





## 1. Accounting policies

### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

### Disclosure exemptions adopted

In preparing the financial statements the Company has taken advantage of all applicable disclosure exemptions conferred by FRS 101. Therefore the 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 and related notes;
- 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 the Tritax Eurobox plc Group.

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. The financial statements do not include certain disclosures in respect of:

- financial instruments; and
- 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 periods presented, unless otherwise stated. No newly applicable accounting standards for the current year had any material impact on the Company.

### Currency

The Company financial statements are presented in Euro which is also the Company's functional currency.

### 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 assets and financial liabilities

Please refer to section 4.4.1 and 4.4.2 of the summary of significant accounting policies of the Group accounts.

### Investment in subsidiaries

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

### Significant accounting judgements, estimates and assumptions

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

## 2. Taxation

	30 September 2021 €m	30 September 2020 €m
UK corporate tax	—	—

The UK corporation tax charge of €nil reflects the Company's intention to declare sufficient "qualifying interest distributions" to fully offset its "qualifying interest income" in the year.

The UK corporation tax rate for the financial year is 19%. Accordingly, this rate has been applied in the measurement of the Company's tax liability at 30 September 2021.

## 3. Dividends paid

Please refer to note 13 of the Group accounts.



#### 4. Investment in subsidiaries

	30 September 2021 €m	30 September 2020 €m
At the beginning of the year	316.32	240.84
Increase in investments via share purchase	166.52	76.69
Disposals in the year	(23.43)	—
Impairment in the year	(1.20)	(1.21)
At the end of the year	458.21	316.32

The Company has the following subsidiary undertakings as at 30 September 2021:

	Principal activity	Country of incorporation	Ownership %
Tritax Eurobox (Spain) Holdco, S.L.	Investment holding company	Spain	100%*
Tritax Eurobox Barcelona SLU	Property investment	Spain	100%
Eurobox Italy Holdco Limited	Investment holding company	Jersey	100%*
Fondo Minerva Eurobox Italy**	Property investment	Italy	100%
Tritax Eurobox (Belgium) Holdco NV	Investment holding company	Belgium	100%*
Panton Kortenbergh Vastgoed NV	Property investment	Belgium	100%
Rumst Logistics NV	Property investment	Belgium	100%
Rumst Logistics II NV	Property investment	Belgium	100%
Rumst Logistics III NV	Property investment	Belgium	100%
Pakobo NV	Property investment	Belgium	100%
LCP Nivelles DC NV	Property investment	Belgium	100%
Tritax EuroBox (Wunstorf) Holdco Limited	Investment holding company	United Kingdom	100%*
Tritax Eurobox (Germany) Holdco Limited (formerly known as Tritax Eurobox (Netherlands) Propco Limited)	Investment holding company	United Kingdom	100%*
Tritax EuroBox (Bochum) Propco GmbH	Property investment	Germany	94.9%*
Tritax EuroBox (Peine) Propco GmbH	Property investment	Germany	94.9%*
Dietz Logistik 33. Grundbesitz GmbH	Property investment	Germany	89.9%*
Tritax Eurobox (Bremen I) Propco GmbH	Property investment	Germany	89.9%*
Tritax Eurobox (Bremen II) Propco GmbH	Property investment	Germany	89.9%*
Dietz Logistik 26. Grundbesitz GmbH	Property investment	Germany	89.9%*
Dietz Logistik 44. Grundbesitz GmbH	Property investment	Germany	89.9%*
Tritax Eurobox (Strykow) Propco sp. z o.o.	Property investment	Poland	100%*
Tritax Eurobox (Breda) PropCo B.V.	Property investment	The Netherlands	100%*
Tritax Eurobox (Oberhausen) Propco B.V.	Property investment	The Netherlands	100%*
Tritax Eurobox (Gothenburg) Propco AB	Property investment	Sweden	100%*
Tritax Eurobox (Sweden) Holdco Limited (formerly known as Tritax Eurobox (Netherlands) Holdco Ltd)	Investment holding company	United Kingdom	100%*

\* These are direct subsidiaries of the Company.

\*\* The day-to-day operations of Fondo Minerva Eurobox Italy are managed by Savills IM ("Savills") in accordance with the requirements of the Italian REIF regime. The Company has the power to replace Savills with another operator and therefore considers the investment to be a subsidiary under IFRS 10.

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

Spain entities: Calle Maria Auxiliadora, 5, Local 10, 29602, Marbella, Málaga, Spain

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

Italy entities: Savills Investment Management SGR S.p.A., Fondo Minerva, Via San Paolo 7, 20121 Milano, Italy

Belgium entities: Brussels Capital Region at 1050 Brussels, Avenue Louise 209A

German entities: Darmstädter Straße 246, 64625 Bensheim, Germany and Eschersheimer Landstraße 14, 603 22 Frankfurt am Main

Poland entities: Warsaw, ul. Piękna 18, 05-077 Warsaw, Poland

The Netherlands entities: Hoogoorddreef 15, 1101BA Amsterdam, the Netherlands

United Kingdom entities: 6 Duke Street St James's, London SW1Y 6BN, United Kingdom



## 5. Trade and other receivables

	30 September 2021 €m	30 September 2020 €m
Amounts receivable from Group companies	642.94	470.14
Other receivables	5.54	0.76
	<b>648.48</b>	470.90

All amounts receivable from Group companies are documented under term loans with maturity exceeding three years, with an option to extend for a further five years. All borrowings are unsecured and are charged between 3% – 4%. Interest is generally payable quarterly and, therefore, is classified as current assets.

	30 September 2021 €m	30 September 2020 €m
Current assets	13.55	4.38
Non-current assets	634.93	466.52
	<b>648.48</b>	470.90

## 6. Cash held at bank

	30 September 2021 €m	30 September 2020 €m
Cash held at bank	291.56	3.52

## 7. Trade and other payables

	30 September 2021 €m	30 September 2020 €m
Trade and other payables	5.75	2.13
Accruals	0.43	0.09
	<b>6.18</b>	2.22

## 8. Loan notes and borrowings

All external borrowings of the Group are held by the Company. Please refer to note 18 of the Group accounts for further details.

## 9. Share capital

Please refer to note 24 of the Group accounts.

## 10. Related party transactions

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

Below are the amounts received by the companies which are not wholly owned:

	30 September 2021 €m	30 September 2020 €m
Income received from Group companies		
Tritax EuroBox (Bochum) Propco GmbH	0.98	1.22
Tritax EuroBox (Peine) Propco GmbH	2.64	3.49
Dietz Logistik 33. Grundbesitz GmbH	1.20	1.83
Tritax Eurobox (Bremen I) Propco GmbH	0.53	0.64
Tritax Eurobox (Bremen II) Propco GmbH	0.57	0.69
Dietz Logistik 26. Grundbesitz GmbH	1.48	—
Dietz Logistik 44. Grundbesitz GmbH	1.07	—
	<b>8.47</b>	7.87

Below are the amounts owed by the companies which are not wholly owned:

	Less than one year €m	More than one year €m
Amount owed from Group companies as at 30 September 2021		
Tritax EuroBox (Bochum) Propco GmbH	0.04	24.42
Tritax EuroBox (Peine) Propco GmbH	—	64.74
Dietz Logistik 33. Grundbesitz GmbH	—	29.10
Tritax Eurobox (Bremen I) Propco GmbH	—	13.16
Tritax Eurobox (Bremen II) Propco GmbH	—	13.86
Dietz Logistik 26. Grundbesitz GmbH	—	91.53
Dietz Logistik 44. Grundbesitz GmbH	—	84.30
	<b>0.04</b>	<b>321.11</b>

	Less than one year €m	More than one year €m
Amount owed from Group companies as at 30 September 2020		
Tritax EuroBox (Bochum) Propco GmbH	0.04	24.42
Tritax EuroBox (Peine) Propco GmbH	—	67.74
Dietz Logistik 33. Grundbesitz GmbH	—	31.10
Tritax Eurobox (Bremen I) Propco GmbH	—	13.16
Tritax Eurobox (Bremen II) Propco GmbH	—	14.86
	0.04	151.28

For all other related party transactions please refer to note 26 of the Group accounts.

## 11. Directors' remuneration

Please refer to note 9 of the Group accounts.

## 12. Subsequent events

Please refer to note 28 of the Group accounts.

## Notes to the EPRA and Other Key Performance Indicators (Unaudited)



## 1. EPRA Earnings Per Share

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Total comprehensive income (attributable to Shareholders)	104.83	44.79
Adjustments to remove:		
Changes in fair value of investment properties	(106.46)	(38.57)
Deferred tax and capital gains tax adjustments	23.62	8.38
Changes in fair value of interest rate derivatives	0.05	0.03
Gain on disposal of investment property	(7.33)	(0.83)
Profits to calculate EPRA Earnings Per Share	14.71	13.80
Weighted average number of Ordinary Shares	535,144,885	422,727,273
<b>EPRA Earnings Per Share – basic and diluted</b>	<b>2.75 cents</b>	3.26 cents

## 2. EPRA NAV measures

The Group has elected to early adopt the three new measures of net asset value: EPRA Net Reinvestment Value (“NRV”), EPRA Net Tangible Assets (“NTA”) and EPRA Net Disposal Value (“NDV”) for the year ended 30 September 2020. The Group considers EPRA NTA to be the most relevant EPRA NAV measure for the Group, replacing our previously reported EPRA NRV and EPRA NDV per share metrics for the year ended 30 September 2021. We are now reporting EPRA NTA as our primary NAV measure alongside Basic NAV. The prior year comparative figures have also been recomputed in line with the new EPRA NTA. EPRA NTA is calculated as net assets per the Consolidated Statement of Financial Position excluding cumulative fair value adjustments for debt-related derivatives and deferred tax adjustment. This excludes transaction costs (Real Estate Transfer Tax and purchaser’s costs).

	Current measures			Previously reported measures	
	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m	EPRA NAV €m	EPRA NNAV €m
30 September 2021					
NAV attributable to Shareholders	1,053.50	1,053.50	1,053.50	1,053.50	1,053.50
Mark-to-market adjustments of derivatives	(0.05)	(0.05)	—	2.42	—
Deferred tax adjustment	33.06	33.06	—	33.06	—
Transaction costs <sup>1</sup>	60.84	—	—	—	—
NAV	1,147.35	1,086.51	1,053.50	1,088.98	1,053.50
NAV per share in Euro	1.42	1.35	1.31	1.35	1.31

<sup>1</sup> EPRA NTA and EPRA NDV reflect IFRS values which are net of transaction costs (RETT and purchaser’s costs). Transaction costs are added back when calculating EPRA NRV.

	Current measures			Previously reported measures	
	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m	EPRA NAV €m	EPRA NNAV €m
30 September 2020					
NAV attributable to Shareholders	503.91	503.91	503.91	503.91	503.91
Mark-to-market adjustments of derivatives	(0.09)	(0.09)	—	2.38	—
Deferred tax adjustment	12.49	12.49	—	12.49	—
Transaction costs <sup>1</sup>	34.19	—	—	—	—
NAV	550.50	516.31	503.91	518.78	503.91
NAV per share in Euro	1.30	1.22	1.19	1.23	1.19

<sup>1</sup> EPRA NTA and EPRA NDV reflect IFRS values which are net of transaction costs (RETT and purchaser’s costs). Transaction costs are added back when calculating EPRA NRV.



**3. EPRA Net Initial Yield (“NIY”) and EPRA Topped Up NIY**

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Investment property	1,281.38	837.90
Less: development properties	(24.03)	—
Completed property portfolio	1,257.35	837.90
Allowance for estimated purchasers' costs	60.84	34.19
Gross up completed property portfolio valuation (B)	1,318.19	872.09
Annualised cash passing rental income	51.06	39.24
Property outgoings	(1.72)	(0.98)
Annualised net rents (A)	49.34	38.26
Contractual increases for fixed uplifts	0.56	1.41
Topped up annualised net rents (C)	49.90	39.67
<b>EPRA Net Initial Yield (A/B)</b>	<b>3.74%</b>	4.39%
<b>EPRA Topped Up Net Initial Yield (C/B)</b>	<b>3.79%</b>	4.55%

**4. EPRA vacancy rate**

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Annualised estimated rental value of vacant premises	1.78	2.21
Portfolio estimated rental value <sup>1</sup>	53.40	40.65
<b>EPRA vacancy rate</b>	<b>3.33%</b>	5.43%

1 Excludes land held for development.

All vacant space is currently covered by rental guarantees.

**5. EPRA Cost Ratio and Adjusted EPRA Cost Ratio**

	Year ended 30 September 2021 €m	Year ended 30 September 2020 €m
Property operating costs	1.34	0.89
Administration expenses	12.22	10.73
Net service charge costs	0.38	0.09
Other operating income	(0.55)	(0.46)
Total costs including vacant property costs (A)	13.39	11.25
Vacant property costs	(0.38)	(0.09)
Total costs excluding vacant property costs (B)	13.01	11.16
Gross rental income – per IFRS (C)	43.89	36.00
Total EPRA Cost Ratio (including vacant property costs) (A/C)	30.51%	31.25%
Total EPRA Cost Ratio (excluding vacant property costs) (B/C)	29.64%	31.00%
Gross rental income including rental guarantee (D)	47.07	40.47
Total Adjusted EPRA Cost Ratio (including vacant property costs) (A/D)	28.45%	27.80%
Total Adjusted EPRA Cost Ratio (excluding vacant property costs) (B/D)	27.64%	27.58%

There were no overheads nor operating expenses capitalised in the year in line with IFRS (2020: €nil).

# Notes to the EPRA and Other Key Performance Indicators (Unaudited)

continued



## 6. Capital expenditure

	<b>30 September 2021 €m</b>	30 September 2020 €m
Acquisition <sup>1</sup>	<b>372.56</b>	105.86
Development <sup>1</sup>	<b>19.81</b>	6.22
Investment properties <sup>1</sup> :		
Incremental lettable space	<b>1.10</b>	1.43
Tenant incentives <sup>2</sup>	<b>3.01</b>	2.14
Other material non-allocated types of expenditure <sup>3</sup>	<b>(2.49)</b>	(3.90)
<b>Total</b>	<b>393.99</b>	111.75

1 See note 14.

2 Fixed rental uplift and tenant lease incentives after adjusting for amortisation on rental uplift and tenant lease incentives.

3 Licence fees and rental guarantees.

The Group has no interest in joint ventures.

## 7. Total Return

	<b>Year ended 30 September 2021 cents</b>	Year ended 30 September 2020 cents
Opening EPRA NTA	<b>122.14</b>	113.96
Closing EPRA NTA <sup>1</sup>	<b>134.69</b>	122.14
Growth in EPRA NTA	<b>12.55</b>	8.18
Dividends paid	<b>4.85</b>	4.30
Total growth in EPRA NTA plus dividends paid	<b>17.40</b>	12.48
<b>Total Return<sup>1</sup></b>	<b>14.25%</b>	10.95%

1 Total Return for 30 September 2020 was 11.28% using the previous EPRA NRV at 130.23 cents.

## “Adjusted Earnings”

Post-tax earnings attributable to Shareholders, adjusted to include licence fees receivable on forward funded development assets and adjusted for other earnings not supported by cash flows, as further explained in note 12 in the Group financial statements. “Adjusted Earnings Per Share” or “Adjusted EPS” on a per share basis.

## “Adjusted EPRA Cost Ratio”

Administrative and operating costs (including or excluding costs of direct vacancy) divided by gross rental income and rental guarantees.

## “AIFM”

An Alternative Investment Fund Manager and has the meaning given in the AIFMD.

## “AIFMD”

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and, where the context requires, includes references to Commission Delegated Regulation (EU) No 231/2013 and any applicable local laws implementing the AIFMD into the national law of an EEA member state.

## “Basic NAV” or “Basic Net Asset Value”

The value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time.

## “Big Box”

A “Big Box” property or asset refers to a specific sub-segment of the logistics sector of the real estate market, relating to very large logistics warehouses (each with typically over 30,000 sqm of floor area) with the primary function of holding and distributing finished goods, either downstream in the supply chain or direct to consumers, and typically having the following characteristics: generally a modern constructed building with eaves height exceeding 12 metres; let on long leases with institutional-grade tenants; annual rental indexation; having a prime geographical position to allow both efficient stocking (generally with close links to sea ports or rail freight hubs) and efficient downstream distribution; and typically with sophisticated automation systems or a highly bespoke fit out.

## “Board”

The Directors of the Company.

## “BREEAM”

Building Research Establishment’s Environmental Assessment Method is a recognised environmental assessment method and rating system for best practice in sustainable building design, construction and operation measuring a building’s environmental performance. A BREEAM assessment evaluates a building’s specification, design, construction and use, such as energy and water use, the internal environment (health and wellbeing), pollution, transport, materials, waste, ecology and management processes.

## “Company”

Tritax EuroBox plc (company number 11367705).

## “Company Secretary”

The Manager.

## “CPI”

Consumer Price Index, a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care as calculated by the relevant authority in each country.

## “Corporation Tax Act 2010”

The Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force.

## “Development pipeline”

The Group’s current programme of developments authorised or in the course of construction at the balance sheet date, together with potential schemes not yet commenced on land owned or controlled by the Group.

## “Dietz”

Dietz Asset Management GmbH.

## “Directors”

The Directors of the Company as of the date of this report being Robert Orr, Keith Mansfield and Taco de Groot.

## “Dividend cover”

Adjusted Earnings as a proportion of the dividend declared for the financial year.

## “EPRA”

European Public Real Estate Association.

## “EPRA Cost Ratio”

Administrative and operating costs (including or excluding costs of direct vacancy) divided by gross rental income, as further described in EPRA Best Practices Recommendation Guidelines.

## “EPRA Earnings”

Earnings from operational activities (which excludes the licence fees receivable on our forward funded development assets).

## “EPRA NAV” or “EPRA Net Asset Value”

The Basic Net Asset Value adjusted to meet EPRA Best Practices Recommendations Guidelines (2016) requirements by (among other adjustments) excluding the impact of any fair value adjustments to debt and related derivatives and other adjustments and reflecting the diluted number of Ordinary Shares in issue.

## “EPRA NDV” or “EPRA Net Disposal Value”

Equivalent to IFRS NAV as this includes the fair values of financial instruments and deferred taxes.

## “EPRA NRV” or “EPRA Net Reinstatement Value”

IFRS NAV adjusted to remove the fair values of financial instruments and deferred taxes, and include transaction costs.

## “EPRA NTA or “EPRA Net Tangible Assets”

IFRS NAV adjusted to remove the fair values of financial instruments and deferred taxes. This excludes transaction costs.

## “EPRA Triple Net Asset Value (“NNNAV”)

EPRA NAV adjusted to include the fair values of financial instruments, debt and deferred taxes.

## “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) purchaser’s costs.

## “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).

## “EPRA Vacancy”

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

**“Estimated cost to completion”**

Costs still to be expended on a development or redevelopment to practical completion, including attributable interest.

**“Estimated rental value (ERV)”**

The estimated annual market rental value of lettable space as determined by the Group’s valuers. This will normally be different from the rent being paid.

**“Euribor”**

Euro Interbank Offered Rate, published by the European Money Markets Institute.

**“FCA”**

The United Kingdom Financial Conduct Authority (or any successor entity or entities).

**“Forward funded development”**

A pre-let forward funded development of a Big Box or other logistics asset is where the Company invests in an asset which is either ready for, or in the course of, construction and pre-let to an acceptable tenant. In such circumstances, the Company seeks to negotiate the receipt of immediate income from the asset, such that the developer is paying the Company a return on its investment during the construction phase and prior to the tenant commencing rental payments under the terms of the lease.

**“Foundation asset”**

Foundation assets provide core, low-risk income. They are usually let on long leases to tenants with excellent covenant strength. The buildings are usually new or modern and in prime locations, and the leases have regular rent reviews, either fixed or linked to Inflation Indices.

**“Gearing”**

Net borrowings divided by total Shareholders’ equity excluding intangible assets and deferred tax provision.

**“GIA”**

Under the RICS Code of Measuring Practice (6th Edition) the Gross Internal Area (“GIA”) is the basis of measurement for valuation of industrial buildings (including ancillary offices) and warehouses; the area of a building measured to the internal face of the perimeter walls at each floor level (including the thickness of any internal walls). All references to building sizes in this document are to the GIA.

**“Global Real Estate Sustainability Benchmark (“GRESB”) Assessment”**

GRESB assesses the ESG performance of real estate and infrastructure portfolios and assets worldwide, providing standardised and validated data to the capital markets.

**“Gross rental income”**

Contracted rental income recognised in the period, in the income statement, including surrender premiums and interest receivable on finance leases. Lease incentives, initial costs and any contracted future rental increases are amortised on a straight-line basis over the lease term.

**“Group”**

The Company and all of its subsidiary undertakings.

**“Growth Covenant asset”**

Growth Covenant assets are fundamentally sound assets in good locations, let to tenants perceived to be undervalued at the point of purchase and who have the potential to improve their financial strength. These assets offer value enhancement through yield compression.

**“Investment property”**

Completed land and buildings held for rental income return and/or capital appreciation.

**“Interest cover”**

The ratio of net property income to the interests incurred in the period.

**“IPO”**

The Company’s initial public offering in July 2018.

**“ITC”**

Investment Trust Company.

**“Logistics Capital Partners” or “LCP”**

LCP Services (UK) Limited.

**“London Stock Exchange”**

London Stock Exchange plc.

**“LTV”**

The proportion of gross asset value that is funded by net borrowings (excluding cash).

**“Manager”**

Tritax Management LLP (partnership number OC326500).

**“Market rental value”**

The annual ERV applied to the current portfolio.

**“Net initial yield”**

The annual rent from a property divided by the combined total of its acquisition price and assumed acquisition expenses.

**“Net rental income”**

Gross rental income less ground rents, service charge expenses, property operating expenses and any other non-recoverable expenditure.

**“Ordinary Shares”**

Ordinary Shares of £0.01 each in the capital of the Company.

**“Passing rent”**

The annual rental income currently receivable on a property (which may be more or less than the ERV). Excludes rental income where a rent-free period is in operation. Excludes service charge income (which is netted off against service charge expenses).

**“Portfolio”**

The overall portfolio of the Company including both the investment and development portfolios.

**“Portfolio value”**

The value of the portfolio which includes capital commitments on forward funded developments and the Group’s share of joint venture assets (commonly known as a proportionally consolidated basis).

**“Pre-let”**

A lease signed with an occupier prior to completion of a development, which commits the occupier to sign a lease on practical completion.

**“RETT”**

Real Estate Transfer Tax – the tax imposed by European states on the purchase of land and properties.

**“Revolving Credit Facility” or “RCF”**

An unsecured revolving credit facility.

### “RPI”

Retail Price Index, an inflationary indicator that measures the change in the cost of a fixed basket of retail goods as calculated by the relevant authority in each country.

### “Transaction costs”

RETT and purchaser’s costs.

### “SGR”

Società di Gestione del Risparmio, a regulated Italian investment management company.

### “Shareholders”

The holders of Ordinary Shares.

### “Speculative development”

Where a development has commenced prior to a lease agreement being signed in relation to that development.

### “sqm”

Square metre or square metres, as the context may require.

### “Strategic land”

Opportunities identified in strategic land which the Manager believes will enable the Company to secure, typically, pre-let forward funded developments in locations which might otherwise attract lower yields than the Company would want to pay, delivering enhanced returns but controlling risk.

### “Topped up net initial yield”

Net initial yield adjusted to include notional rent in respect of let properties which are subject to a rent-free period at the valuation date. This is in accordance with EPRA’s Best Practices Recommendations.

### “Total Return”

Net Total Shareholder Return, being the change in EPRA NTA over the relevant period plus dividends paid.

### “Total Shareholder Return”

A measure of the return based upon share price movement over the period and assuming reinvestment of dividends.

### “Value-add asset”

These assets are typically let to financially strong companies and offer the chance to grow the assets’ capital value or rental income, through lease engineering or physical improvements to the property.

### “WAULT” or “Weighted Average Unexpired Lease Term”

The average remaining number of years until the sooner of the lease expiry, or tenant break option within the portfolio (including rental guarantees). In respect of forward funded developments, the unexpired term from lease start date.

### “Yield on cost”

The expected gross yield based on the estimated current market rental value (“ERV”) of a development when fully let, divided by the book value of the developments at the earlier of commencement of the development or the balance sheet date plus future development costs and estimated finance costs to completion.



# Company Information



Company Registration Number: 11367705  
Incorporated in the United Kingdom

## Directors, Management and Advisers

### Directors

**Robert Orr**  
Non-Executive Chairman

**Keith Mansfield**  
Senior Independent Director

**Taco de Groot**  
Non-Executive Director

**Eva-Lotta Sjöstedt**  
Non-Executive Director

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