



# Delivering returns in the dynamically evolving European logistics market

2020



TRITAX EUROBOX

Annual Report 2020

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### **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 Manager**

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

# At a glance

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## Invest and manage

Tritax EuroBox invests responsibly in and manages a well-diversified portfolio of large, high-quality logistics real estate assets. Our assets are in prime locations across core countries in Continental Europe and are key to our tenant partners' logistics and distribution supply chains.

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## Meeting a growing need

The fundamentals of our market are compelling. Strong occupier demand is driven by long-term structural changes, in particular the growth of e-commerce. Coupled with a shortage of new supply, this supports our ability to deliver an attractive total return and a secure and growing dividend to Shareholders.

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## Sustainability at the heart

Responsible, sustainable investment and asset management is at the heart of our approach, helping us to protect and create value for all our stakeholders.

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## Focused strategy

Acquisition strategy refined, with the aim of acquiring more assets earlier in their development cycle as well as opportunities to add value through buying, leasing and utilising undeveloped land.

The Company will continue to target the acquisition of large, modern buildings in the best logistics locations, close to major population centres and transport links.

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## Attractive dividend policy

Updated dividend policy that will underpin the next stage of our development aiming to distribute 90-100% of Adjusted EPS each year, with a minimum payout of 85% of Adjusted EPS.

# Investment case

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

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## **We operate in a highly attractive market**

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

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## **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.

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## **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.

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

Our developer relationships give us first refusal on a pipeline of the highest quality new assets, 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.

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## **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.

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## **Sustainability is at the heart of our model**

Sustainability is central to our purpose and is central 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.

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## **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 high-quality income and the capital value of our assets delivering attractive total returns to Shareholders.

# 2020 Highlights

## Financial highlights

Strong balance sheet and robust performance

### Portfolio value

€837.9m +21.6%

2020	€837.9m <sup>5</sup>
2019	€689.1m <sup>2</sup>

The like-for-like valuation growth is 5.4%.

### IFRS NAV per share<sup>3</sup>

€1.19 +5.3%

2020	€1.19
2019	€1.13

### EPRA Net Reinstatement Value per share<sup>3</sup>

€1.30 +7.4%

2020	€1.30
2019	€1.21

### Total Return<sup>6</sup>

11.3% +1.8 pts

2020	11.3%
2019	9.5%

### Dividends per share

4.40 cents +29.4%

2020	4.40 cents
2019	3.40 cents

94.4% covered by Adjusted EPS.

### Adjusted EPS<sup>4</sup>

4.16 cents

2020	4.16 cents
2019	3.25 cents

### Basic earnings per share (“EPS”)<sup>4</sup>

10.60 cents

2020	10.60 cents
2019	6.25 cents

### Profit before tax

€53.58m +103.4%

2020	€53.58m
2019	€26.34m

### Loan to value (“LTV”)<sup>6</sup>

39.9% +6.6 pts

2020	39.9%
2019	33.3%

In line with the Company's medium-term target of 45%.

### Contracted annualised Passing Rent

€40.6m

2020	€40.6m
2019	€34.8m

### Market rental value

€41.51m +2.9%<sup>7</sup>

2020	€41.51m
2019	€34.95m

1 The comparator period is the 15 months from 1 July 2018 to 30 September 2019.

2 Includes held for sale assets.

3 The prior period has been recomputed in line with the latest EPRA guidance over Net Asset Value measures. See note 25 of the Financial Statements for reconciliation.

4 See note 12 of the Financial Statements for reconciliation.

5 Includes rental guarantee for new acquisitions in the year.

6 As per KPI definition.

7 Like-for-like.

## Operational highlights

A well-positioned, high-quality portfolio with embedded value

<b>Acquired two prime logistics assets totalling</b>	124,000 sqm at an aggregate cost of €103.6 million <sup>8</sup> .
<b>At the year end, the portfolio comprised</b>	12 assets in prime locations, with a larger than average size of 76,000 sqm.
<b>A strong, well-diversified occupier base comprising</b>	21 tenants 80% <sup>9</sup> of whom are multi-billion Euro turnover businesses.
<b>Income producing assets<sup>10</sup></b>	100% with 95% of rental income subject to indexation each year.
<b>Weighted average unexpired lease term of</b>	9.1 years at 30 September 2020.
<b>GRESB Assessment</b>	Awarded two Green Stars.
<b>Implemented seven sustainability initiatives</b>	LED lighting at Rumst and Bornem, biodiversity enhancement at Wunstorf and Amazon, community support provided at Cummins and delivery of solar PV at Peine initiated. Achieved Green Building Certification at Wunstorf (DGNB).
<b>Continued value creation delivered through active asset management</b>	Sold a 16,400 sqm plot of non-core development land at Bornem, Belgium, for €2.3 million, 53% ahead of the latest valuation and realising a profit of €0.8 million.
<b>Leased vacant space</b>	8,335 sqm at Bochum, Germany.
<b>Extension to the property in Barcelona, Spain</b>	Agreed the option to fund approximately 88,000 sqm enhancing income and capital values.
<b>Post year-end highlights</b>	Acquired a 34,119 sqm logistics facility in Nivelles, Belgium, for €31.2 million, resulting in full deployment of our equity and debt.

<sup>8</sup> Excludes the capitalised acquisition costs.

<sup>9</sup> By rental income.

<sup>10</sup> Including rental guarantee.

# Our Portfolio

Distance to populations/roads/rail/ports

Property	Main customer	Size (sqm)	Closest population centre and size	Distance to population centre
1 Barcelona, Spain	Mango	186,138	Barcelona 5.5m	35km
2 Rome, Italy	Amazon	158,373	Rome 2.9m	35km
3 Rumst, Belgium	Cummins	30,870	Antwerp 0.5m	20km
4 Bornem, Belgium	Alcon-Courvreur	61,568	Antwerp 0.5m	28km
5 Peine, Germany	Action	92,735	Hanover 0.5m	41km
6 Bochum, Germany	Various	37,047	Dortmund 0.6m	18km
7 Wunstorf, Germany	HAVI	16,423	Hanover 0.5m	26km
8 Strykow, Poland	Castorama	101,536	Lodz 0.7m	20km
9 Hammersbach, Germany	ID Logistics	43,139	Frankfurt 0.7m	47km
10 Bremen, Germany	Hanseatische	57,537	Bremen 0.5m	9km
11 Breda, Netherlands	Abbott	46,230	Rotterdam 0.6m	57km
12 Strykow, Poland	Arvato	77,650	Lodz 0.7m	20km

## Key

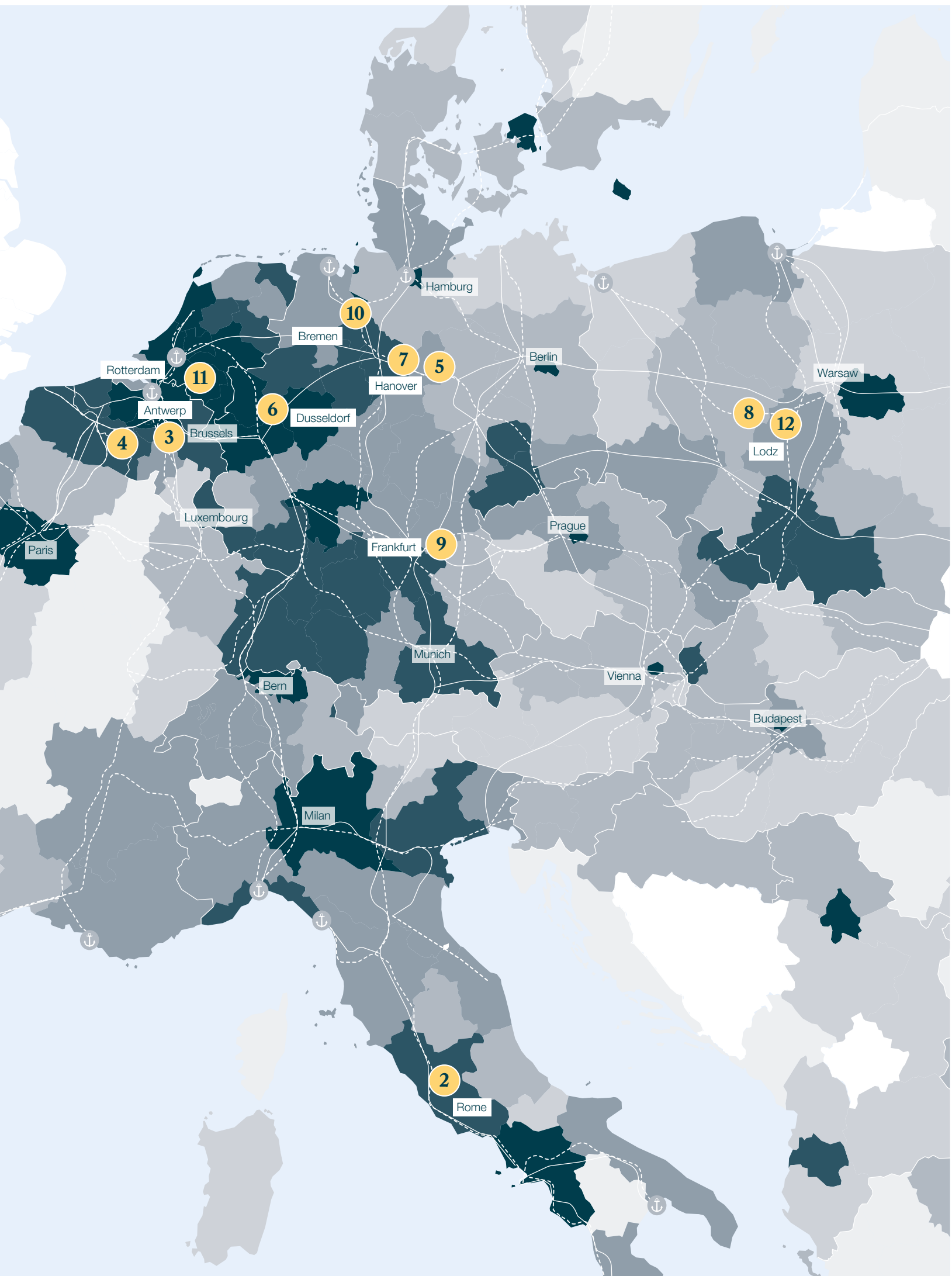
**Population density  
(persons per square kilometre)**

- > 412
- > 212–412
- > 126–212
- > 86–126
- > 57–86
- > 3–57
- Data not available

- Main port
- Main highways
- Main railways

Administrative boundaries: ©EuroGeographics  
 ©UN-FAO ©Turksat, Cartography: Eurostat – GISCO, 2019







“This was a positive year for us, as we made further strategic progress and our resilient business delivered a robust financial performance.”

**Robert Orr**  
Chairman



2020: €837.9m

Portfolio  
value

Despite the obvious challenges that society has faced as a whole, this was a positive year for us, as we made further strategic progress and our resilient and responsible business model with strong rent collection delivered a robust financial performance. Since the end of the year, we have announced the full deployment of our funds, achieving the portfolio construction targets we set out at IPO.

While Covid-19 has had a dramatic impact on European economies its impact on the Company has been modest. Our assets are key to our strong and well-financed tenant partners' logistics and distribution supply chains and we have worked closely with them to offer support where appropriate.

#### **Favourable market conditions**

Covid-19 has impacted business sectors in different ways. It has reinforced the attractions of our market, by accelerating long-term trends and creating new drivers to secure logistics space.

E-commerce is a key driver of demand for logistics space and the pandemic has pushed online shopping to new highs. Covid-19 has also highlighted the need for robust and flexible supply chains, encouraging companies to manufacture more in Europe and hold more inventory close to end users.

These factors are increasing demand for large logistics assets in prime locations but there is an acute shortage of available space and a lack of suitable development sites. This is leading to increasing occupational and investment demand, and rising rents. With limited investment alternatives these assets are ever more attractive to institutional investors, putting further downward pressure on yields.

#### **A secure and growing dividend**

We aim to pay an attractive and growing dividend as a key part of the Total Return we generate for Shareholders. Our earnings and dividends are supported by the resilience of our income stream, supported by a diversified tenant base operating in a range of industries. In addition, the indexation built into the majority of our leases ensures steady growth in rental income from our assets. Total dividends for the year were 4.40 cents per share.

At IPO, we aimed to construct a high-quality and resilient portfolio that would support a dividend equivalent to 4.75% of the IPO issue price, when fully geared and invested. Following signature of the post-year end acquisition in Belgium and with the anticipated practical completion of our current forward funded developments, we have reached full deployment and expect to achieve the initial dividend target on a pro forma basis, once the Mango extension has completed.

We now require a dividend policy that will underpin the next stage of our development. Going forward, we aim to pay out 90-100% of our Adjusted EPS each year, with a minimum payout of 85%. This will give us the flexibility to implement our refined strategy (see below), while ensuring our Shareholders are rewarded with a significant, secure and attractive dividend. We expect the dividend to gradually increase and aim to distribute 1.25 cents per share for the quarter ending 31 December 2020<sup>1</sup>.

#### **A strategy for value creation**

Our strategy to date has proved to be highly successful, resulting in an excellent portfolio of assets in prime logistics locations in six core European countries.

As our market evolves, we continue to refine our investment focus so that we can take advantage of the unprecedented conditions described above and maximise the value we create for Shareholders. In line with our four pillar investment approach established at IPO, we have always looked favourably on assets with value creation potential and although we will continue to acquire fully let standing assets, we will increasingly tilt our activity towards value-add opportunities. Our overall investment policy and acquisition criteria will not change but we will aim to acquire assets at an earlier point in the development cycle to enable us to control more effectively the value-add opportunity. While the dividend will remain a substantial driver of our Total Return, this strategy will enable us to supplement that with increased capital growth.

With the Company having now reached full deployment, it is now in a position to adopt a more progressive and active capital management programme. Options include recycling capital through asset disposals, partnering with other investors, continued debt management and, where supported by a clear rationale, raising new equity.

#### **Robust financial results and total returns**

The Company is posting strong performance results with Total Return of 11.3%, ahead of our long-term objective of 9% per annum. This is the result of growing income and increased valuation underpinned by a strong portfolio of assets and tenants. This enabled the Company to distribute a reliable and consistent dividend throughout the year, despite the market turbulence around Covid-19.

The Company took prudent financial measures at the start of Covid-19 and we decided to suspend investment activity for a few months during the summer in order to preserve cash and our available Revolving Credit Facility ("RCF"). This resulted in a delay in deploying the last remaining slice of equity, which has now been done with the acquisition of the asset in Nivelles.

With the new acquisition and the portfolio now running at full capacity, the Board expects the Adjusted Earnings to continue growing during the next financial year, which should underpin future performance.

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



## Board and Governance

There was one change to the Board's composition during the year, with Eva-Lotta Sjöstedt joining as a Non-Executive Director on 10 December 2019. The Board now comprises four independent Non-Executive Directors, including me as Chairman. Eva-Lotta's appointment has broadened the range of skills and experience on the Board, enhancing our discussions and decisions.

The Board has continued to provide robust oversight of the business during the year and in particular since the start of the pandemic, and has been closely involved in discussions with the Manager about the Company's response, as well as debating and approving the changes to our strategy and dividend policy described earlier.

## Share price

The Board is very conscious that the Company's shares have traded at a discount to its net asset value. We believe that one of the principal reasons for this is the low level of liquidity in our stock. Now that we have fully invested all equity and debt, the Company can implement the refined strategy to create meaningful value for shareholders and enable the valuation gap to be closed.

## Outlook

We expect the Company to make further progress in the coming year as we continue to benefit from the rental growth inherent in our leases and as we receive a full year of income from this year's acquisitions. We also expect further value creation through our active asset management programme.

Looking further ahead, occupier demand is set to remain strong, while the supply of new logistics space will be constrained for some time to come, which is positive for market rental growth. Our strategy and our ability to extract value embedded in the existing portfolio will help us to take advantage of these conditions and to deliver strong dividend and capital growth for Shareholders, supporting our Total Return targets.

We have identified a pipeline of attractive investment opportunities totalling well in excess of €1 billion and look forward to expanding the portfolio to support the sustainable growth in our income and capital value that we will deliver to our Shareholders. Further investment will increase portfolio diversification and economies of scale and provide access to an investment grade credit rating which will open up new debt financing opportunities.

In summary, we are positive about the outlook for the Company and look forward to creating further value for all our stakeholders.

**Robert Orr**  
Chairman

## Enhancing our sustainability

The world is rapidly changing and there are many external forces that affect our business and our long-term ability to create value for our Shareholders and for society as a whole.

We understand the scale of the challenge and a robust approach to sustainability is a critical part of any long-term investment management strategy. Managing the risks while seizing the opportunities embedded within our portfolio, is central to the delivery of market-leading returns. Covid-19 has made this even more important, by highlighting the non-financial risks we face such as the importance of workers and wider social issues such as health, safety and well-being.

During the year, the Board approved a new sustainability strategy that has a long-term vision to create a positive environmental and socio-economic impact, aligned with the UN Sustainable Development Goals (SDGs). This will help us to future-proof our assets to meet the global challenges of climate change and to ensure that we capitalise on the opportunity to create sustainable value for all of our stakeholders.



More information can be found in the Manager's Report on page 26.



Logistics property  
occupiers are responding  
to profound structural  
and operational changes  
in their markets.





## A compelling market

We operate in a market with strong fundamentals. While each European country is different, there are common themes of rising occupational demand, constrained supply, increasing rents and improving lease terms. There is a growing body of evidence that the Covid-19 pandemic is leading to an acceleration in many of these trends, intensifying occupational demand and increasing investment returns.

## Structural changes are driving occupational demand

Logistics property occupiers are responding to profound structural and operational changes in their markets.

## To ensure these occupiers have sustainable business models, they must focus on:

1. Meeting the needs and changing demands of modern consumers;
2. Optimising their supply chains to reduce costs; and
3. Ensuring they occupy sustainable assets that will be fit for purpose for years to come.

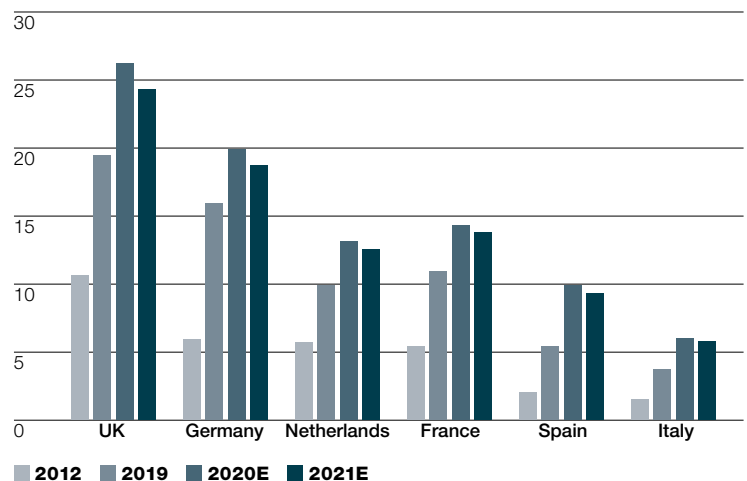
## Occupiers' key challenge:

### 1. Meeting the needs and changing demands of modern consumers

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 looking to consolidate their physical store operations and have a combined in-store and online "omnichannel" presence.

Online sales are increasing rapidly in many European countries, spurred by Covid-19. Many consumers, and particularly older ones, tried e-commerce for the first time during lockdown, creating new converts to online shopping. The Centre for Retail Research (CRR) forecasts that Covid-19 has brought forward the higher level of online sales that was previously expected in 2021. The CRR forecasts that the online share of total sales is expected to reach new highs in the six main Western European countries, before moderating to more normalised levels in 2021.

**Online retail sales as a percentage of total retail sales**  
%



Source: Centre for Retail Research forecasts as of July 2020.

The pandemic is also causing retailers to consider not reopening stores that were struggling pre-Covid-19 and encouraging them to intensify their focus on an increasingly omnichannel approach. Some of this redundant retail space may be repurposed to support last mile delivery of online sales.

A sophisticated and modern supply chain is fundamental to the success of the omnichannel model. Retailers are increasingly reliant on very large, flexible, modern logistics properties, enabling them 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.

Occupiers' key challenge:  
2. Optimising supply chains to reduce costs

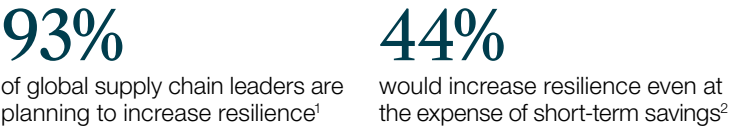
Even before Covid-19, many businesses were facing persistent pressure on their supply chains, making the efficiencies and lower costs offered by large flexible logistics buildings highly appealing. The pandemic has only increased this pressure, with companies facing reduced sales, increased costs and potentially prolonged economic uncertainty.

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. Automation also improves resilience against Covid-19 and potential future pandemics, in part by reducing the reliance on close human interaction.

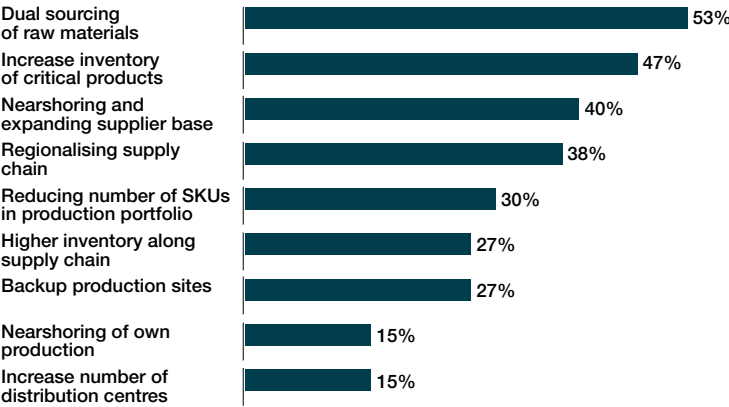
The pandemic profoundly disrupted many supply chains, particularly in the early stages, as the “just-in-time” supply model failed to cope as suppliers were forced to shut down. Companies therefore need to protect themselves from similar events in future, or from potential disruption resulting from trade wars or geopolitical tensions. Relocating manufacturing and assembly closer to Europe from Asia will allow more flexibility and control of shipping and distribution. Companies are also likely to hold more inventory, to protect themselves from future shocks. National governments are also pushing companies to hold more stock of key goods such as food and medical supplies, to improve resilience.

McKinsey surveyed 605 Global executives in May 2020 on actions they are taking to boost resilience in their supply chains. As illustrated in the chart opposite, the majority of respondents intend to expand their retailer base as well as increase the quantum of inventory held particularly with regard to critical products.

Surveyed business leaders are increasing resilience in supply chains and production through multiple strategies



Planned actions to build resilience  
% of respondents<sup>1</sup>



1 McKinsey survey of global supply chain leaders, May 2020.  
2 McKinsey survey of business executives, May 2020.  
  
Source: McKinsey survey of business executives, May 2020 (n – 605); McKinsey survey of global supply chain leaders, May 2020 (n – 60); McKinsey Global Institute analysis.



Occupiers' key challenge:

### 3. Ensuring they occupy sustainable assets that will be fit for purpose for years to come

Sustainability is increasingly central to our tenants' corporate strategies, reflecting the potential cost savings of energy efficiency, being responsible corporate citizens and 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, offering lower obsolescence, lower running costs and greater long-term appeal to occupiers and investors.

**Asset location is key**

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.

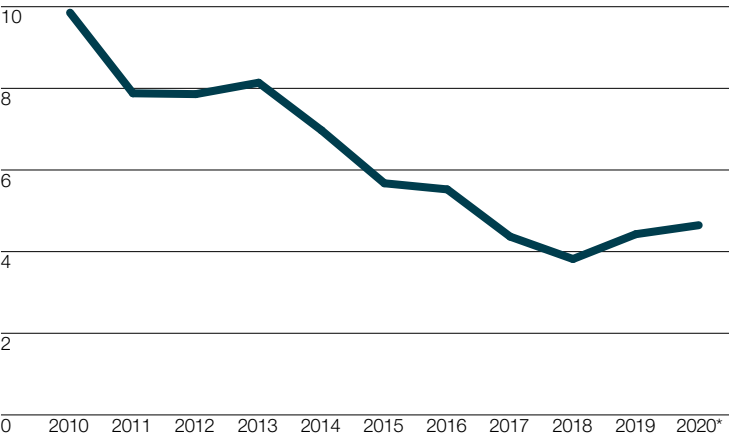
In many European cities, large logistics units on the outskirts also provide an effective solution for last-mile delivery across the city, avoiding the need for smaller urban logistics closer to the centre, and reducing the transport mileage and associated environmental impacts.

**Supply remains constrained**

Given the characteristics described earlier, there are comparatively few sites which can accommodate very large logistics facilities. Municipalities are also often reluctant to zone for the largest properties, instead preferring to consent for smaller unit development. At the same time, the difficulty of acquiring suitable new land for logistics means many developers are exhausting their logistics land banks. The potential for increased manufacturing in Europe, as noted above, could also increase competition for land that could otherwise be used for logistics.

These factors, combined with a lack of speculative development over the last decade, mean that occupiers looking for major new logistics facilities have few choices. The consequence is that logistics vacancies in continental Europe are at, or near, all-time lows. Nine out of our twelve assets are located in markets where vacancy rates are below 5%.

**Average vacancy rates in Europe**  
%



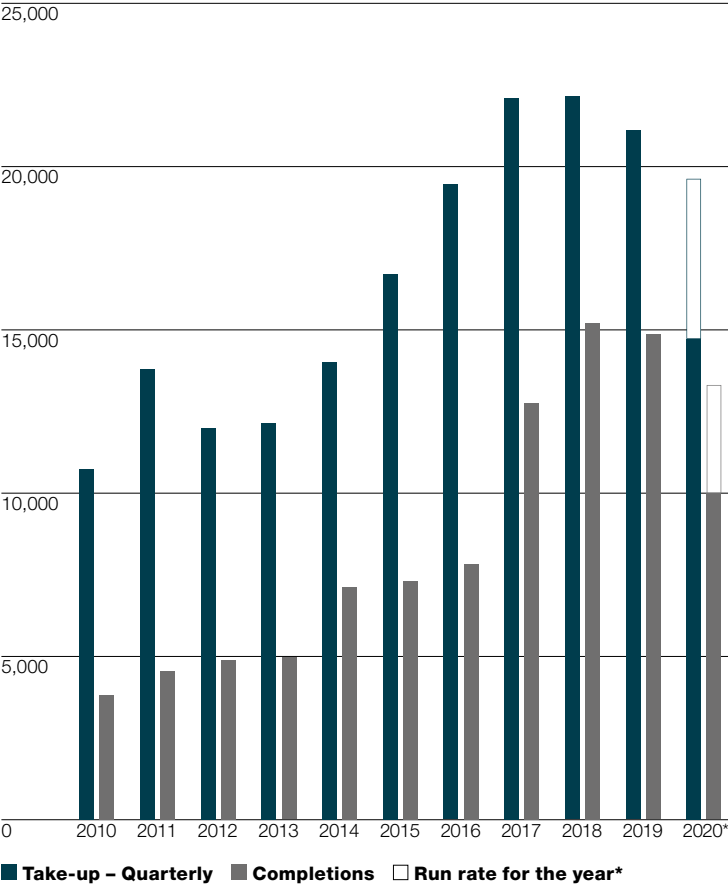
Source: CBRE data as of Q3 2020 (\*) – 10,000+ sqm, European average includes Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland and Spain.

Occupiers' key challenge:  
Ensuring they occupy sustainable assets that will be fit for purpose for years to come  
continued

Strong take-up and few completions

Take-up across Europe has been consistently strong since 2016, averaging 21 million sqm per annum. While the level of completions has increased as occupiers seek logistics buildings with the quality and standards to meet their operational needs, the supply of new space has not kept up with the level of demand.

Logistics take-up and completions  
000m<sup>2</sup>



\* Run-rate based on take-up levels YTD.

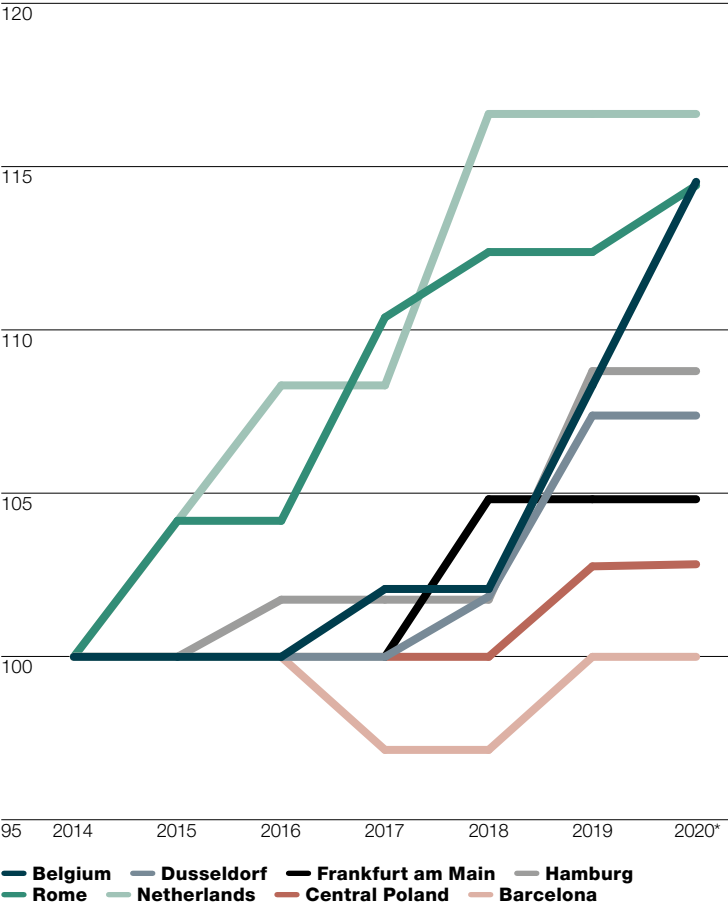
Source: CBRE data as of Q3 2020 (\*) – 10,000+ sqm, European average includes Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland and Spain.

Rental growth is evident

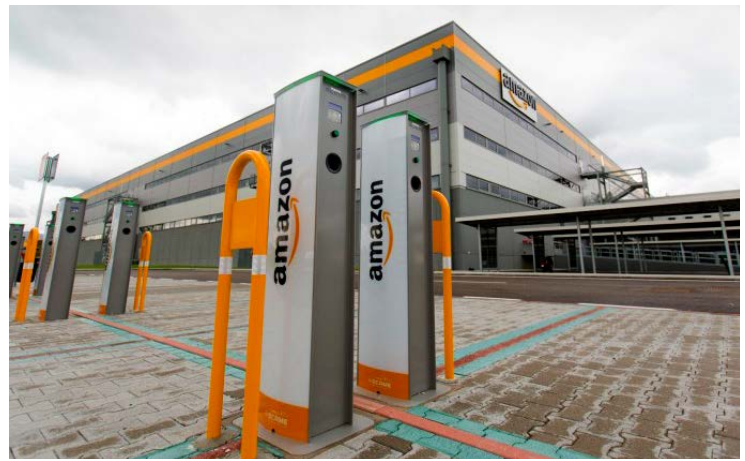
Strong occupier demand and constrained supply, combined with rising land prices, raw material and labour costs, mean there is pressure for rents to increase.

Approximately only 10% of total operational costs are accounted for by supply chain costs, and industry-standard metrics indicate that only 0.75% of total operational costs are logistics real estate occupancy (source: Savills). We therefore believe that occupiers can absorb higher rental costs, as the economies and efficiencies make higher rental levels sustainable in the longer term.

Rental growth in prime logistics markets  
%



Source: CBRE data as of Q3 2020 (\*).



### Improving lease terms

Another important effect now evident in some European markets is the potential to improve lease terms in favour of the property owner.

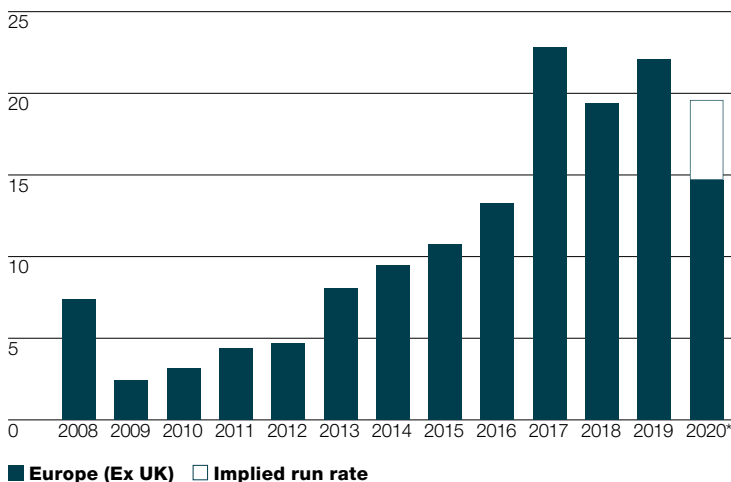
Leases in Europe have typically been relatively short – on average five years – and often contain occupier-friendly clauses, such as restricted indexation provisions. However, the dynamics described above mean that occupiers are increasingly keen to retain long-term control of their properties, particularly 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 weighted average unexpired lease term (WAULT) of 9.1 years at 30 September 2020.

We are also increasingly able to negotiate better indexation clauses and more advantageous renewal options. These improvements in lease terms help to improve the value of the assets.

### Investment demand is robust

The dynamics of the occupational market and the difficulties faced by other real estate sectors, in particular retail, have further increased investment demand, especially since the start of the pandemic. Competition is fierce for openly marketed opportunities, so effective sourcing requires us to acquire directly from sellers.

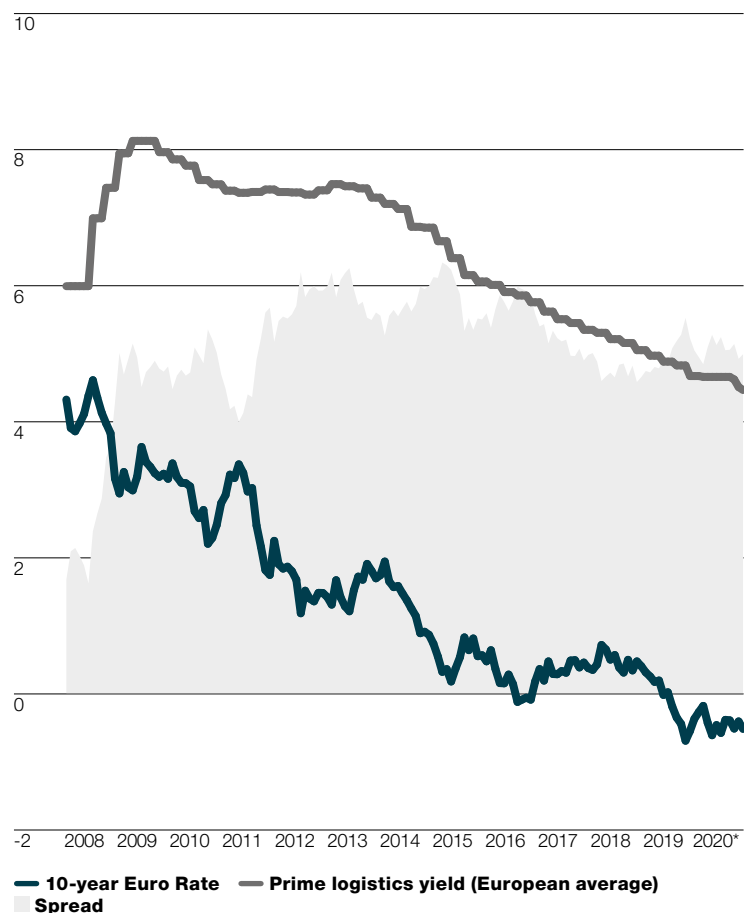
### European logistics investment volumes € millions



Source: CBRE data as of Q3 2020 (\*), Thomson Reuters, European average includes Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland and Spain.

Strong investment demand has continued to compress yields, which have been falling over the last decade and have hardened further since our IPO. Even so, prime logistics assets continue to offer an attractive yield premium over the risk-free European bond yield.

### European logistics offer significant yield premium



Source: CBRE data as of Q3 2020 (\*), Thomson Reuters, European average includes Belgium, Czech Republic, France, Germany, Italy, Netherlands, Poland and Spain.

# Our Objectives and Strategy

## Our objectives

We aim to deliver returns to Shareholders through:

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**Total Return:** we aim to achieve a total return of 9.0% per annum over the medium term.

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**Dividends:** an attractive and progressive dividend, where we aim to pay out 90-100% of our Adjusted Earnings each year, with a minimum payout of 85% of Adjusted Earnings.

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## Our value-creation 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 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.

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

## Our investment philosophy

We have a four-pillar investment philosophy, which supports our income and total return ambitions. The four pillars are:

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**Foundation assets:** modern, sustainable buildings in prime locations, let on long leases to institutional-grade tenants.

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**Value-add assets:** offering opportunities to enhance returns through asset management.

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**Growth Covenant assets:** fully let and well located, with asset value expected to be driven by improvements in tenant credit quality.

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**Strategic land:** offering opportunities to deliver enhanced returns through pre-let forward funded developments.

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Our strategy looks to take advantage of the highly attractive market conditions described earlier, which have been reinforced by the impact of Covid-19. We will therefore increasingly target value-add assets, which will allow us to access value-creation opportunities more economically than buying fully let stabilised assets. These value-creation opportunities could range from acquiring sites with a development agreement in place to purchasing completed assets that still have unlet space. There is no change to our focus on large, modern, high-quality assets in established locations close to densely populated areas.

## Generating value

We will continue to drive value from the existing portfolio, as well as the assets we acquire, for example through:

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Restructuring leases.

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Funding key tenant fit out that enhances the building.

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Funding new building construction or an extension to an existing building on spare land.

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Disposing of assets where we have completed the business plan, allowing us to recycle capital.

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Our approach to sustainability is embedded in the way we manage our assets and create non-financial value. More information on our strategy can be found in the Manager's Report.

Our financing strategy underpins our value creation. Having reached full deployment, we are adopting a more progressive and active capital management programme. This will include recycling capital through asset disposals, partnering with other investors, effective debt management and, where supported by a clear rationale, raising new equity.

## Our investment criteria

Our approach to stock selection is described in our investment policy which governs our acquisition strategy. We focus on large, high-quality logistics assets which are typically:

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Well located in established distribution hubs, within or close to densely populated areas.

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In locations with limited supply, that are likely to benefit from structural changes in occupational demand.

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Fulfilling a key part of the occupiers' logistics and distribution supply chain.

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Benefiting from index-linked leases.

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When reviewing potential acquisitions, we also consider:

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Transport connectivity, the availability of labour and operational considerations such as power supply and data connectivity.

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The physical characteristics of the building, including its sustainability credentials, configuration, layout and flexibility for a wide range of occupiers.

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The duration of the lease, potential for future rental growth, and the ability to capture this growth.

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The tenant's financial strength; the capital expenditure the tenant has commitment to the asset, and the role the asset will play in the tenant's operations.

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The potential for asset management and value-adding initiatives during and after the lease term.

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## Implementing our strategy

We made good progress with our strategy during the year, as summarised below.

Further information can be found in the Manager's Report.

### Investment

Acquired two new value-add assets in:

Breda, Netherlands, for €50.3 million, totalling 46,230 sqm; and Strykow, Poland, for €53.3 million, totalling 77,660 sqm.

### Asset management

Undertook the following initiatives:

- sold surplus land at Bornem, Belgium;
- agreed new lease at Bochum, Germany;
- applied for building permit for approximately 88,000 sqm expansion at Barcelona, Spain;
- initiated development of 15,000 sqm building on existing land bank in Bornem.

### Sustainability

- Developed and approved our sustainability strategy.
- Increased GRESB score 12 points to 64/100 and two Green Stars.
- Implemented standard process for embedding green leases.
- Assessed the solar PV potential of the portfolio.
- Progressed LED lighting installation at a further two assets.
- Supported community and charitable causes.
- Provided training and ESG objectives for the Manager's staff.

### Financing

During the year, four out of five lenders extended their rolling credit facility. Post year end, an additional extension was agreed with three of the five lenders.



# Our Business Model

## What we do

Our business model supports the achievement of our purpose, through our focus on 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, and help us to create value for Shareholders, our tenant partners and our other stakeholders.

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 pages 6 and 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.



## How we create value



### Source high-quality investments

The Manager uses its extensive logistics experience and network of relationships to acquire properties for us which are not being openly marketed, thereby reducing competition for such assets. The Manager's expertise and reputation make us an attractive partner for occupiers and for sellers looking to dispose of their assets. We are also able to expand our portfolio through extending and building properties 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 carefully assesses its fit with our investment criteria (see page 18). Every acquisition is considered alongside the existing portfolio, to ensure good diversification, and avoid concentration of risk.

We intend to hold assets for the long term. However, we regularly assess the potential upside in disposing of assets and recycling capital into new opportunities.



### Develop on a risk-controlled basis

The Manager's relationships enable it to source and invest in forward funded developments for us, which have been pre-let to a specific tenant. Funding the construction of a property enables us to invest in brand new, environmentally friendly buildings leased to institutional grade tenants on long leases, substantially reducing any development risk.

The Manager can also acquire land for us which is zoned for logistics use, either as an integral part of an existing acquisition, or a discrete parcel of land. This allows us to capture a greater share of the development profit. The Manager will only acquire such land, already zoned for logistics use, from a developer who is incentivised to secure planning and a pre-let with a financially sound tenant, at which point the land will become a forward funded pre-let development.



### Proactively and responsibly manage assets

The Manager works with our tenant partners to maximise the building's usefulness to their operations and to adapt the space as their needs change. These initiatives can allow us the opportunity to capture the rental growth which is prevalent across our markets.

Sustainability is at the heart of this approach, helping us to future-proof our assets and ensure they generate long-term returns for Shareholders, while protecting the environment and looking to benefit local communities.

## Our competitive advantage

### The Manager and the Board

The Manager and the Board together are responsible for devising, implementing and evolving the Company's 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. These skills include sourcing and acquisition of assets; management, (in conjunction with our retained asset managers) to unlock value from assets; development; portfolio construction and management; implementation of hold/sell strategies and disposal. Layered throughout these disciplines is market leading in-house tax, legal and accounting knowledge.

### Developer relationships

A key advantage is the relationship with development and asset management partners Dietz and Logistics Capital Market (LCP) which provides the Company with 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, also providing reliable, attractive investment opportunities.

### Market-leading returns

In summary, the breadth and depth of the Manager's experience, in all facets of the European real estate logistics market, provides a focussed and motivated platform to deliver market leading returns to Shareholders.

## 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.

### For society

Our assets are integral to the communities where they are located. They support employment in the local areas around our assets and they generate tax revenues which support government spending, both locally and nationally. Our assets also provide efficient logistics space which supports modern lifestyles, particularly in the online shopping market, allowing rapid delivery and consumer choice from occupiers of these buildings.

### For the environment

We take the environmental impact of our assets very seriously. Our approach to sustainability (see page 30) aims to transition our portfolio to net zero carbon, while enhancing biodiversity on our sites.

### For Shareholders

We look to pay a progressive, secure and sustainable dividend and generate capital growth. Our dividend and total return targets are set out on page 22.

A large proportion of our total return is generated from the rents which our tenants are contracted to pay to us under multi-year lease contracts. As at 30 September 2020 the weighted average length of these leases to expiry was 9.1 years, giving us excellent predictability of income to underpin the returns we deliver to investors. This income grows in two ways: As is usual in European markets, rents we receive increase automatically each year through a reference to a local inflation index. The second way is through growing market rent levels, which we capture through our asset management activities. As around two thirds of our rental payments are made monthly in advance, with the remainder being paid quarterly in advance, our predicted revenue converts quickly into cash. This regular cash flow, coupled with the

financial strength of the tenants minimises the risk of bad debts. Assets we acquire typically have an occupier in place. This, coupled with the strong demand for our high-quality properties help us to quickly let any vacancy that arises. Lease renewals, new lettings and significant asset management initiatives allow us to capture market rental growth over and above the indexation inherent in the leases.

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 can also be seen during the life of ownership of our assets. This may come from yield compression across the market, or through the benefits of our asset management activities and our acquisition processes.

### For lenders

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

# Key Performance Indicators

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

KPI and definition	Comments	Performance
<b>1. Dividend</b>		
Dividends paid to Shareholders and declared in relation to the period.	The dividend reflects our ability to deliver a growing income stream from our portfolio and is a key element of our Total Return. 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.	<div>4.40 cents</div> <div> <div>2020</div> <div>2019</div> <div>4.40 cents</div> <div>3.40 cents</div> </div>
<b>2. Total Return<sup>1</sup> (TR)</b>		
TR measures the change in the EPRA Net Reinstatement Value (EPRA NRV) over the period plus dividends paid.	TR 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 TR target set at IPO is 9% per annum by reference to the IPO issue price.	<div>11.3%</div> <div> <div>2020</div> <div>2019</div> <div>11.3%</div> <div>9.5%</div> </div>
<b>3. Basic Net Asset Value</b>		
Net asset value in IFRS GAAP.	Basic Net Asset Value measures the net value of the Company under IFRS.	<div>€503.91m</div> <div>€1.19/share</div> <div> <div>2020</div> <div>2019</div> <div>€503.9m</div> <div>€477.3m</div> </div> <div>30 September 2019 €1.13/share</div>
<b>4. Adjusted earnings</b>		
Post-tax adjusted EPS attributable to Shareholders, adjusted for other earnings not supported by cash flows.  See note 12 on page 100.	Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	<div>€17.56m</div> <div>4.16 cents/share</div> <div> <div>2020</div> <div>2019</div> <div>4.16 cents</div> <div>3.25 cents</div> </div> <div>30 September 2019: €10.79m</div>



KPI and definition	Comments	Performance				
<b>5. Loan to value ratio (LTV)</b>						
The proportion of our gross asset value (including cash) that is funded by borrowings.	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).	<div>39.9%</div> <table><tr><td>2020</td><td>39.9%</td></tr><tr><td>2019</td><td>33.3%</td></tr></table>	2020	39.9%	2019	33.3%
2020	39.9%					
2019	33.3%					
<b>6. Weighted average unexpired lease term (WAULT)</b>						
The average unexpired lease term of the property portfolio weighted by annual passing rents.	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.	<div>9.1 years</div> <table><tr><td>2020</td><td>9.1 years</td></tr><tr><td>2019</td><td>11.0 years</td></tr></table>	2020	9.1 years	2019	11.0 years
2020	9.1 years					
2019	11.0 years					
<b>7. Dividend cover</b>						
Dividends paid and proposed to Shareholders in relation to the financial period.	The dividend cover helps indicate how sustainable a dividend is. It measures the proportion of dividends which is supported by adjusted earnings.	<div>94.4%</div> <table><tr><td>2020</td><td>94.4%</td></tr><tr><td>2019</td><td>85.3%</td></tr></table>	2020	94.4%	2019	85.3%
2020	94.4%					
2019	85.3%					
<b>8. Interest cover</b>						
The ratio of net property income to the interest incurred in the period.	It is a measure of a company's ability to meet its interest payments.	<div>4.63 times</div> <table><tr><td>2020</td><td>4.63 times</td></tr><tr><td>2019</td><td>6.0 times</td></tr></table>	2020	4.63 times	2019	6.0 times
2020	4.63 times					
2019	6.0 times					
<b>9. Like-for-like rental growth</b>						
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 at year end.	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. The 0.5% this year reflects the lower inflation background.	<div>0.5%/€0.18m</div> <table><tr><td>2020</td><td>€0.18m</td></tr><tr><td>2019</td><td>€0.3m</td></tr></table> <div>30 September 2019: 1%</div>	2020	€0.18m	2019	€0.3m
2020	€0.18m					
2019	€0.3m					

1 Total Return for 30 September 2020 was 10.9% (30 September 2019: 3.4%) using the previous EPRA NAV at 122.72 cents and 114.54 cents respectively.

# EPRA Performance Measures

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association (EPRA). We provide these measures to aid comparison with other European real estate businesses. Following the October 2019 update to EPRA's Best Practice Recommendations Guidelines, the Group has early adopted

these guidelines and has adopted EPRA NRV as its primary EPRA measure of net asset value and restates its September 2019 position in line with this change. A reconciliation of this change is provided within the Notes to the EPRA and Other Key Performance Indicators section on page 119.

Performance measures and definition	Comments	Performance
<b>1. EPRA Net Reinstatement Value (EPRA NRV)</b>		
Basic NAV adjusted for mark-to-market valuation of derivatives, deferred tax and transaction costs (real estate transfer tax and purchaser's costs).	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.	<div>€550.50m</div> <div>€1.30/share</div> <div><div>2020</div><div>€1.30</div></div> <div><div>2019</div><div>€1.21</div></div> <div>30 September 2019: €511.05m/€1.21/share¹</div>
<b>2. EPRA Net Tangible Assets (EPRA NTA)</b>		
Basic NAV adjusted to remove the fair values of financial instruments and deferred taxes. This excludes transaction costs.	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	<div>€516.31m</div> <div>€1.22/share</div> <div><div>2020</div><div>€1.22</div></div> <div><div>2019</div><div>€1.14</div></div> <div>30 September 2019: €481.74m/€1.14/share¹</div>
<b>3. EPRA Net Disposal Value (EPRA NDV)</b>		
Equivalent to IFRS NAV as this includes the fair values of financial instruments and deferred taxes.	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.	<div>€503.91m</div> <div>€1.19/share</div> <div><div>2020</div><div>€1.19</div></div> <div><div>2019</div><div>€1.13</div></div> <div>30 September 2019: €477.27m/€1.13/share¹</div>
<b>4. EPRA Earnings</b>		
Earnings from operational activities.	A key measure of the Group's underlying results and an indication of the extent to which current dividend payments are supported by earnings.	<div>€13.80m</div> <div>3.26 cents/share</div> <div><div>2020</div><div>3.26 cents</div></div> <div><div>2019</div><div>2.96 cents</div></div> <div>30 September 2019: €9.81m/2.96 cents/share</div>

Performance measures and definition	Comments	Performance				
<b>5. EPRA Net Initial Yield (NIY)</b>						
Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	This measure should make it easier for investors to judge for themselves how the valuations of portfolios compare.	<div>4.4%</div> <table><tr><td>2020</td><td>4.4%</td></tr><tr><td>2019</td><td>4.5%</td></tr></table>	2020	4.4%	2019	4.5%
2020	4.4%					
2019	4.5%					
<b>6. EPRA 'Topped-up' NIY</b>						
This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	This measure should make it easier for investors to judge for themselves how the valuations of portfolios compare.	<div>4.6%</div> <table><tr><td>2020</td><td>4.6%</td></tr><tr><td>2019</td><td>4.8%</td></tr></table>	2020	4.6%	2019	4.8%
2020	4.6%					
2019	4.8%					
<b>7. EPRA Vacancy Rate</b>						
Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	The vacancy relates to part of the two latest acquisitions in Breda and Strykow. These buildings were acquired partly vacant with rental guarantee covering the vacant space.	<div>5.43%</div> <table><tr><td>2020</td><td>5.43%</td></tr><tr><td>2019</td><td>1.2%</td></tr></table>	2020	5.43%	2019	1.2%
2020	5.43%					
2019	1.2%					
<b>8. EPRA Cost Ratio</b>						
Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs. We expect the EPRA cost ratio to continue to decrease over time, as the portfolio grows and the Company benefits from economies of scale.	<div>31.3%<sup>2</sup></div> <table><tr><td>2020</td><td>31.3%</td></tr><tr><td>2019</td><td>34.5%</td></tr></table> <div>31.0%<sup>3</sup></div> <div>for the year ended to 30 September 2020 30 September 2019: 33.9%<sup>3</sup></div>	2020	31.3%	2019	34.5%
2020	31.3%					
2019	34.5%					

1 EPRA NAV for 30 September 2020 was €518.78m/€1.23/share (30 September 2019: €484.21m/€1.15/share). EPRA Triple Net Asset Value (NNNAV) for 30 September 2020 was €503.91m/€1.19/share (30 September 2019: €477.27m/€1.13/share).

2 Inclusive of vacant property costs.

3 Exclusive of vacant property costs.

Manager's Report  
Nick Preston – Fund Manager

“During the year, we strengthened the Company's portfolio with the addition of two investments, at an aggregate cost of €103.6 million. We continued to exercise strong capital discipline, with these acquisitions having an average net initial yield of 5.4%.”

**Nick Preston**  
Fund Manager





### Further diversifying the portfolio through high-quality acquisitions

At the year end, the Company had invested €773.8 million to acquire a portfolio of 12 prime income-producing assets. After the year end, the Company made a further acquisition in Belgium (see post year end activity below), resulting in full deployment of its equity and debt.

The assets acquired during the year were as follows:

**Breda, Netherlands:** acquired for €50.3 million, at a net initial yield of 4.6%. The asset has a gross internal area of c.46,200 sqm and was purpose built in November 2019 to the latest logistics specifications, rated BREEAM 'Very Good'. It is the Company's first acquisition in the Netherlands and is in a key location along the main east-west logistics corridor in Southern Netherlands, with excellent road, rail and port connectivity, and a robust labour market.

**Strykow, Poland:** acquired for €53.3 million, at a net initial yield of 6.1%. The asset has a gross internal area of c.77,660 sqm and comprises two recently developed prime logistics properties and development land. It is in a core logistics location in central Poland, close to the Group's asset let to Castorama.

The Breda and Strykow assets were classified as value-add, reflecting the asset management opportunities they present through leasing vacant space and developing unused land.

When we acquire properties with vacant space for the Company, we aim to negotiate a rental guarantee to compensate for the lack of income on this space. This guarantee may be either cash or non-cash. Any rental guarantee is recognised within Adjusted Earnings. Both acquisitions during the year benefit from a rental guarantee.

### A highly attractive portfolio

At the year end, the Company's portfolio was well diversified by building size and tenant, with assets situated in the core European countries of Belgium, Germany, Italy, the Netherlands, Poland and Spain. The portfolio has several attractive characteristics, which will help it to generate meaningful value for Shareholders and the Company's tenant partners. Our assets are in prime locations across core countries in continental Europe and are key to our tenant partners' logistics and distribution supply chain needs.

### Modern

The assets are modern, with 86% (by income) of the portfolio having been built in the last four years. This helps to ensure that the buildings meet the latest operational and sustainability needs of occupiers.

### Large

Significantly, the assets are large, with nearly 50% of the portfolio (by income) being in excess of 100,000 sqm and an average size of nearly 76,000 sqm. We believe this is the largest average size in our sector and is an important advantage for the Company, given that occupier demand for logistics space is concentrated on these very large units and on the smaller "last mile" facilities, with lower demand for mid-sized boxes.

### Sustainable

89% of the portfolio by floor area is covered by Green Building Certifications or Energy Performance Certificates (EPCs) demonstrating their sustainability. The assets in the portfolio have LED lighting in place, with other energy efficiency measures to reduce the occupier operating costs; and support health and well-being, through

features such as gyms, cycle facilities, recreation areas and increased daylighting, which supports occupiers staff productivity and retention.

### Income generating

The portfolio has been constructed to deliver secure, long-term and growing income. Around 80% of the Company's 21 tenant partners are multi-billion Euro businesses, including some of the world's best-known companies. These businesses have strong balance sheets, helping them to navigate difficult economic circumstances, and they operate in a wide range of different industries.

The portfolio income is also secured on long leases. Nearly 90% of income is secured for five years or more, resulting in a weighted average unexpired lease term at the year end of 9.1 years, well ahead of the Company's target minimum of five years. The unexpired lease terms at the year end ranged up to 16.2 years.

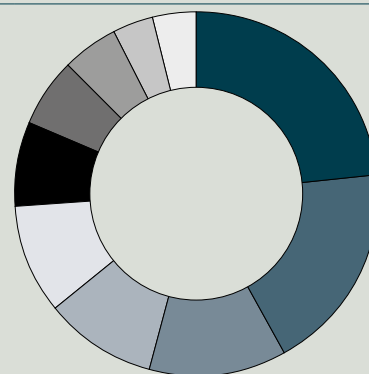
Some 95% of the Company's rent includes an element of annual indexation, with rental uplifts being either fixed or indexed to local inflation, thus offering the regular compounding of income that supports the Company's dividend growth policy.

We also look for opportunities to capture market rental growth, which we expect to exceed indexation, through asset management initiatives.

Our buildings are key operating assets for tenants' businesses providing the goods and services that the underlying customers continue to require. Consistently strong rent collection figures from a high-quality tenant base demonstrates that the logistics sector remains resilient and structural tailwinds have been accelerated by the impact of the Covid-19 pandemic.

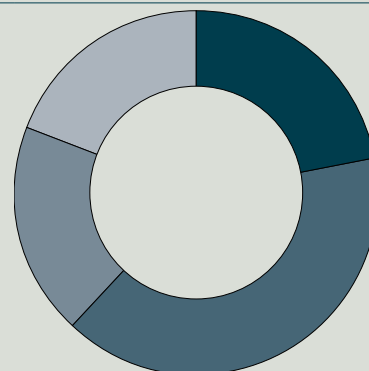
### Secure and diverse income<sup>1</sup>

- Mango 19%
- Amazon 15%
- Action 10%
- Castorama 8%
- Cummins 8%
- ID Logistics 6%
- Avarto 5%
- Hanseatische Immobilien 4%
- HAVI 3%
- Abbott 3%



### Long-term income<sup>1</sup>

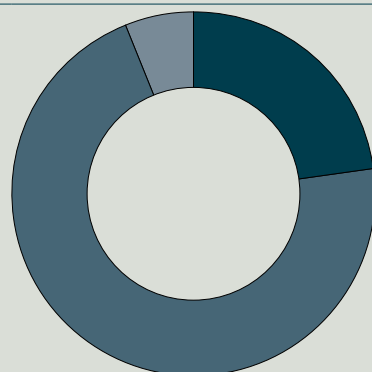
- <5 years 22%
- 5-10 years 40%
- 10-15 years 19%
- >15 years 19%



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

## Growing income<sup>2</sup>

- Fixed rental uplifts 23%
- Index Linked rental uplifts 72%
- No Uplifts 5%



1 By Value.  
2 By Income.

## Capturing embedded value

When sourcing acquisitions for the Company, we have always looked favourably on assets that have embedded value creation potential, for example through leasing activity or utilising unused or adjacent land. We work proactively with the Company's tenant partners to secure initiatives that drive rental income and capital values, supporting the Company's delivery of secure long-term income and an attractive total return.

## Land sale

During the year, we completed the sale of a 16,400 sqm plot of non-core development land at Bornem, Belgium. This plot sat outside our core strategy, as it is better suited to smaller industrial unit development rather than large-scale logistics development.

The sale receipt reflected a 53% net increase on the latest valuation (gain of €0.83 million).

## Leasing opportunities

In January 2020, the Company completed a lease on the vacant unit of 8,335 sqm at its property in Bochum, Germany. The new lease is for a five-year term from 1 February 2020, at a headline rent which is some 7% higher than the previous rental guarantee and the passing rent at the neighbouring units, now demonstrating both the rental growth evident in this market and the reversionary potential of the remainder of the building. The lease contains attractive indexation provisions, with full annual indexation reflecting 100% of the German Consumer Price Index. The lease also further diversifies the Company's tenant base, adding Recht Logistik GmbH, an established German logistics and transportation company based in Nord Rhein Westphalia. The Bochum asset is now fully let.

As noted earlier, the Company has vacant space at both assets acquired during the period in Breda and Strykow and sees further value creation potential from leasing these units, which are currently subject to rental guarantees. The assets at Bremen and Hammersbach in Germany also offer opportunities for lease regears in the medium term.

A key sustainability objective is to make use of lease agreements to ensure that we are further collaboratively working with our occupiers on sustainability goals, such as improving energy efficiency. Since May 2020, the Company has put in place a process to include green clauses in our leases to enable this cooperation.

## Expansion opportunities

In November 2019, the Company agreed an option to fund an 88,000 sqm extension to its global distribution centre at Lliçà d'Amunt, Barcelona, let to Mango, one of the world's leading fashion retailers. The capital commitment is estimated at €30.5 million and will generate an attractive yield on cost. We expect construction to start no sooner than Summer 2021, once all necessary permissions have been obtained and in line with Mango's strategic objectives and development programme.

On practical completion, which is targeted for Q4 2022, the extension will be incorporated into the existing full repairing and insuring lease that started in December 2016 on a 30-year term. The unexpired lease term on completion of the extension will be approximately 14 years to the first tenant break option in 2036, with further break options in 2039 and 2042. The rent is subject to annual upward-only indexation.

The extension forms part of accommodating the continued growth of Mango's global e-commerce operations, which is expected to further increase post Covid-19, combining the in-store and online fulfilment functions, increasing this facility's gross internal area to over 274,000 sqm, including mezzanine floors. As part of the extension agreement, the Company and Mango will work together to optimise and reduce energy consumption within the existing building and the extension to improve the property's environmental performance. The Company will commission an updated EPC on completion of the extension, which will therefore demonstrate the future-proofing of this high-specification asset, as well as improving rental income and its capital value.

## Development opportunities

Further asset management activity is expected across the portfolio, including agreeing to start construction on a number of zoned plots of unused land. These include the development land acquired with the asset at Strykow, Poland, where there is the potential to invest €15.0 million to fund the construction of a building with a gross internal area of approximately 22,400 sqm. The Company has entered into a conditional funding agreement with the vendor to develop this land.

In Belgium, the assets at Bornem and Rumst have over 60,000 sqm of zoned land with potential to develop approximately a further 28,000 sqm of warehouse space. The development plot at Bornem now has a building permit in place and ground works have begun post year end. In conjunction with LCP, we are overseeing the development of the site and simultaneously actively marketing the property.

In total, the development initiatives identified within the portfolio could add up to €6.1 million of annual income over the medium term.

## Our sustainable approach

As outlined in the Chairman's statement, 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. During the year, we have defined and implemented a sustainability strategy that supports the Company's overall sustainability goal to create a positive environmental and socio-economic impact by 2030. In support of this, the Company has developed four key objectives. This strategy was approved by the Board and is summarised below, along with targets for the next three years.

Key objectives	2020-23 targets
<b>Own healthy and sustainable buildings</b> Ensure and demonstrate the sustainability of our assets	<ul style="list-style-type: none"> <li>– Ensure all assets align with environmental, social and governance (ESG) investment principles</li> <li>– Improve GRESB score to three Green Stars</li> <li>– Implement green leases on all new leases</li> <li>– Provide recommendation reports and sustainable operations guides to tenants</li> </ul>
<b>Energy and Carbon</b> Net zero carbon emissions	<ul style="list-style-type: none"> <li>– Ensure all assets have LED lighting and Building Management Systems in place</li> <li>– Install renewable energy generation projects</li> <li>– Ensure assets have climate resilience measures installed</li> </ul>
<b>Nature and well-being</b> Enhance biodiversity on the Company's land	<ul style="list-style-type: none"> <li>– Implement biodiversity, climate and well-being measures on each asset</li> <li>– Install electric vehicle charging and cycle facilities</li> </ul>
<b>Socio-economic impact</b> Create a positive socio-economic impact through our investment	<ul style="list-style-type: none"> <li>– Measure social value to demonstrate the impact of the Company's investment</li> <li>– Support local community causes, in conjunction with tenants</li> <li>– Support employment and skills initiatives for the assets with the highest levels of deprivation</li> </ul>

The Company has developed this strategy by assessing its portfolio and targeting those areas where the maximum impact will be made on the most pressing issues. The strategy aligns with the UN Sustainable Development Goals targeting the following specific goals: Sustainable Cities and Communities, Climate Action, Life on Land and Decent Work and Economic Growth. The Company will disclose its results against the EPRA Sustainability Best Practice Indicators (SBPR) in its ESG Disclosure Report, expected by early 2021.

## Embedding and assessing sustainability throughout our operations

We assess and embed sustainability processes throughout the life cycle of our assets, from construction and acquisition, through the ongoing management through to disposal.

We consider sustainability in accordance with our Investment Policy and we carry out Sustainability Risk Assessments on acquisition of assets. This provides us with valuable information about the sustainability risks and opportunities a new asset will present. We use this information to create Sustainability Action Plans (SAPs) for each asset which set out plans to improve its sustainability performance. These plans identify both asset management and operational initiatives. We use these to engage our tenant partners and collaborate on sustainability projects. The SAPs are updated annually to identify any new risks and opportunities.

## Sustainability Risk Assessment (SRA)

## Sustainability Action Plan (SAP)

## Site sustainability inspections and annual review

This year, we have further enhanced the sustainability and ESG components in our investment decision-making. We are also providing ESG investment training for the Board and the Manager. Our newest Non-Executive Director, Eva-Lotta Sjöstedt, brings a wealth of ESG experience to the Board, and has taken the position of 'Sustainability Champion' on the Board. Eva-Lotta conducts monthly catch-up meetings with the Manager's Head of Sustainability to ensure the Manager remains ESG focussed in all aspects of operations.



G R E S B®

## Key sustainability highlights during the year

<b>Investor ESG Rating: GRESB score</b>	<b>64/100</b> (up from 53 in 2019)
<b>Carbon emissions: (Scopes 1, 2 and 3 business travel)</b>	<b>3,890</b> Tonnes of CO <sub>2</sub> e
<b>Renewable energy generated on site:</b>	<b>2,259 MWh</b> megawatt hours
<b>Green revenues from onsite solar PV generation for tenants:</b>	<b>€394,208</b>
<b>Well-being measures in place on portfolio:</b>	<b>9</b> assets with measures in place
<b>Our portfolio by floor area, representing ten out of the twelve assets, benefit from Energy Performance Certificates or Green Building Certification.</b>	<b>90%</b>



Examples of progress towards achieving our Big Goals

1. Healthy and sustainable buildings

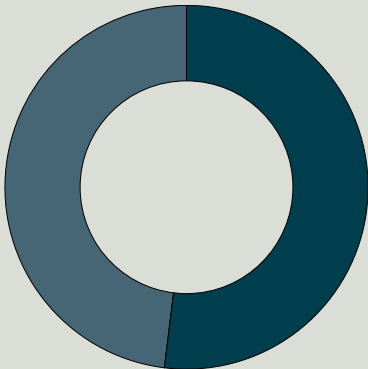
Our objective is to ensure all assets are healthy and sustainable. We target acquiring assets with Green Building Certification wherever possible and ESG is embedded in all investment and leasing activities.

- 40% of our portfolio by floor area, representing five assets, is covered by Green Building Certification. Two of these, Rome, Italy and Breda, Netherlands are certified to BREEAM Very Good. The other three assets are located in Germany, in Peine, Wunstorf, and Bremen, and are certified to DGNB Gold.
- 90% of our portfolio by floor area, representing ten out of the twelve assets, benefit from Energy Performance Certificates or Green Building Certification. These cover all assets apart from those in Belgium where there is no EPC rating scheme in place. EPCs in Europe vary depending on the country, most do not provide an EPC grade. We are assessing options to rate the two Belgian assets.

During the year, among other assets we acquired a building in Breda in line with our ESG investment criteria. The box below explains this in more detail (see page 33 for more information). We have implemented a standard process for embedding green leases into any lease renewals or new lettings. We also joined the German Green Building Council (DGNB), to support the sustainability activities at the Company's five assets in Germany and to help engage with tenants, local municipalities and developers.

Green building certification by floor area and certification type

- BREEAM Very Good 52%
- DGNB Gold 48%



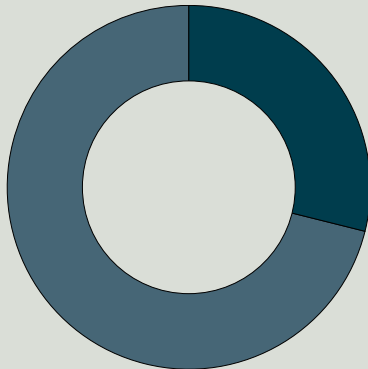
2. Energy and carbon

Our objective is to achieve net zero carbon emissions in our direct operations, including management of the buildings, refurbishment and construction, and also to support our tenants in achieving this in their operations in our buildings.

- At the year end, six assets had rooftop solar PV installed. These schemes generated 2,259 MWh of renewable energy during the year.
- Ten assets have LED lighting installed. During the year, LED lighting installation progressed at Rumst and Bornem, which increases coverage to twelve assets. We aim to work with the Company's tenant partners to increase the coverage of LED lighting and other energy efficiency measures, to support their operational efficiency and carbon reduction plans.
- The Company consumed 21,224 MWh of energy for the supply of landlord procured electricity and gas. The Company's carbon emissions totalled 3,890 tonnes of carbon (TCO<sub>2e</sub>) in the year. To support our ambition for the Company's activities to be net zero carbon, we are switching to renewable energy supplies in 2021. This will bring the Company's indirect emissions (Scope 2) to net zero carbon, and we are exploring ways to use renewable gas supplies to bring our direct emissions (Scope 1) to net zero carbon.
- We have calculated our Scope 3 business travel emissions, which totalled 20 tonnes of carbon this year. We recognise that this is likely to be much lower than in normal operating years due to travel restrictions caused by Covid-19.

EPC by floor area and certification type

- EPC A 29%
- EPC country-specific 71%



Assessing the opportunity for on-site renewable energy generation

In 2020, we conducted an assessment of our portfolio examining the potential to expand the installation of solar PV cells. This identified a total opportunity of 9,764 MWh of renewable energy generation capacity. As a result, we are progressing a solar PV installation at Peine, Germany. In the coming year that will generate 2,400 MWh of renewable energy a year. We expect to initiate further solar PV installations in due course.

Examples of progress towards achieving our Big Goals continued

3. Nature and Well-being

Our objective is to enhance nature and well-being on our assets for the benefit of our tenants and local communities. Covid-19 has highlighted the importance of well-being and community engagement.



9

As at the year end, nine of the Company's assets benefit from the staff recreation and well-being facilities, meaning these assets are well suited to supporting the well-being of employees.



5

Five assets in the portfolio currently have a range of nature and biodiversity measures on site. We are working with our tenant HAVI Logistics in Wunstorf, Germany, to install further measures, including natural vermin control and beehives that will enhance the local environment and contribute to the well-being of staff working on site. We aim to increase this by working closely with our tenants in the medium to long term.

4. Social Value

The Company aims to create social value in the communities where its assets are located through its investment in European logistics. The assets are well-located close to population centres creating jobs, providing tax revenues and supporting the local economy. These jobs often provide skills training, improving the economic opportunities for the people employed.

- The Company has created a portfolio-wide Community Investment Fund that supports investments made into the local community by tenants. This adds value beyond just the investment value of the asset, enabling us to support local communities by working in partnership with tenants. A recent example includes supporting micro charities that help those most affected by the Covid-19 pandemic.

Cummins' emergency grants for those most affected by Covid-19

Cummins, the Company's tenant at Rumst in Belgium, is working with a local food poverty partner De Welzijnsschakel, who have supported over 50 local families who have been impacted by the Covid-19 crisis. We have supported De Welzijnsschakel by providing an emergency grant to buy food vouchers to support an additional 20 families for six weeks.



Tree Nation partnership to support reforestation

In 2020 the Company supported Tree Nation, a reforestation charity that operates in 33 countries globally. The Company supported the planting of 4,313 trees of five different species, which ranged from fast growing agroforestry to endangered species. Tree Nation supports the CommuniTree project in Nicaragua which is a community-based reforestation initiative that regroups small scale farming families to develop ecosystem services. The participating farmers reforest and maintain under-utilised portions of their land in exchange for payments for ecosystem services. The project has been running since 2008 and since then has planted over 1.6m trees and sequestered 996,799 tonnes of carbon.





**Breda,**  
the Netherlands  
Acquisition value: €50.3 million

The acquisition of the asset at Breda, the Netherlands, had a strong focus on sustainability. We carried out an initial sustainability risk assessment, which identified the asset's risks and opportunities from a sustainability perspective. The asset demonstrated strong credentials, as demonstrated by its BREEAM Very Good rating, which met the Company's Investment Policy ESG standards. We also benefit from green revenues from the rooftop solar PV scheme, which is leased to a third party. This presents a sustainability benefit to the tenants, as well as a revenue stream for the Company.



Financial Review  
Mehdi Bourassi – Finance Director



### Portfolio valuation

The portfolio was independently valued by JLL as at 30 September 2020, in accordance with the RICS Valuation – Global Standards. The portfolio's total value at the year end (including rental guarantees for new acquired properties) was €839.3 million (30 September 2019: €691.7 million). This reflected a like-for-like valuation increase of 5.4% during the year, driven mainly by yield compression, indexation on leases and asset management initiatives such as the Mango extension.

In the Company's half year results, we stated that the valuer's report as at 31 March 2020 noted material uncertainty relating to property valuations as a result of Covid-19. The valuer's report as at 30 September 2020 did not contain a material uncertainty clause, reflecting greater understanding of Covid-19 and the reduced impact on the logistics asset class.

### Financial results

#### Comparative period

The comparative period for this set of results is the 15 months from 1 July 2018 to 30 September 2019. This was the first period for the Company after its IPO and the income the Company earned was staggered over the period, as new assets were acquired. Given this, it is not meaningful to draw comparisons between items in the income statement. The commentary below therefore considers financial performance in the twelve months to 30 September 2020 on a standalone basis.

#### Rental income

Rental income for the year was €36.0 million (2019: €24.5 million). Under IFRS, rental income from each lease is smoothed over the term of the lease. As a result, there was no impact on reported revenue in the year from the deferral of €1.6 million of rent to 2021 by a single tenant. However, we have deducted this revenue from our calculation of Adjusted Earnings (see page 100), to ensure the Company does not distribute earnings that it has not yet received in cash. This also means that Adjusted Earnings in the financial year ending 30 September 2021 will include an additional €1.6 million, subject to receiving the cash.

#### Costs

The Company's operating and administrative costs were €10.7 million (2019: €8.5 million), which primarily comprised:

- the Management Fee payable to the Manager of €4.1 million (2019: €3.3 million);
- a fee for running an SGR structure in Italy, which ensures the Italian property holding company is exempt from corporation and income tax;
- the Company's running costs, including accounting, tax and audit;
- the Directors' fees; and
- non-recoverable VAT of €0.68 million.

The EPRA cost ratio (inclusive of vacancy cost) was 31.3% (2019: 34.5%). We expect the EPRA cost ratio to continue to decrease over time, as the portfolio grows and the Company benefits from economies of scale.

### Interest expense and commitment fees

Total costs of debt for the year were €7.7 million (2019: €4.1 million), with interest cover of 4.6 times (2019: 6.0 times). The weighted average cost of debt was 2.3% (2019: 2.2%). As the Company grows in size, we aim to become Investment Grade and to further reduce our cost of debt. We believe this can be achieved as we approach €1.2 billion GAV.

### Gain on revaluation

The fair value gain on the revaluation of the Company's investment properties was €38.6 million (2019: €17.9 million). This performance reflects the strong position of the portfolio, within a logistics sub-sector that has great tailwinds, both on the investment and on the leasing side. The valuation increase is mainly driven by yield compression, indexation on existing leases and general ERV growth.

### Profit before tax

Profit before tax for the year was €53.6 million (2019: €26.3 million).

### Taxation

The current income taxation charge for the year was 1.2% of the Company's net property income (2019: 4.2%). The charge for the year is low, due to conservative assumptions in the prior year and the utilisation of tax losses.

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.

## Earnings

Basic EPS for the year was 10.60 cents (2019: 6.25 cents). EPRA EPS, which primarily excludes the valuation movement, was 3.26 cents (2019: 2.96 cents).

Given the Company's income focus, the Board has adopted Adjusted EPS as a key performance indicator. This adjusts the income shown in the Company 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 excluding the €1.6 million in rent deferred to the next financial year.

Adjusted Earnings for the year were €17.6 million (2019: €10.8 million), resulting in Adjusted EPS of 4.16 cents (2019: 3.25 cents). More information about the calculation of basic, EPRA and adjusted EPS can be found in note 12 to the financial statements.

## Cash flow

The Company benefits from stable, growing and long-term cash flows. Cash from operations in the period was a net inflow of €31.6 million (2019: net outflow of €2.9 million).

## Net assets

EPRA's updated Best Practice Recommendations Guidelines were issued in October 2019. The Guidelines became effective for financial years beginning on 1 January 2020 and while they are therefore not applicable to the year under review, we have chosen to adopt the changes early to ensure we report with the highest level of transparency, and in line with best practice.

The Guidelines include three replacement net asset valuation metrics, namely EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). We have adopted EPRA NRV as our primary metric, as it includes RETT and purchaser's costs. A reconciliation of all three metrics has been provided in note 15 to the financial statements.

EPRA NRV per share at 30 September 2020 was €1.30 (30 September 2019: €1.21). The basic NAV per share at the year end was €1.19 (30 September 2019: €1.13).

## Dividends

Since the start of the year, the Company has declared the following dividends:

Declared	Amount per share	In respect of	Paid/to be paid
14 February 2020	1.10 cents	1 October to 31 December 2019	27 March 2020
19 May 2020	1.10 cents	1 January to 31 March 2020	15 June 2020
4 August 2020	1.10 cents	1 April to 30 June 2020	7 September 2020
3 December 2020	1.10 cents	1 July to 30 September 2020	8 January 2021

The total dividend for the year was €18.6 million (2019: €12.7 million), or 4.40 cents per share. The total dividend was 94.4% covered by Adjusted Earnings (2019: 85.3%). The Group is structurally capable of distributing higher dividends, and would have done so without the €1.6 million deferral to next financial year. Going forward, the Group aims to gradually increase the dividend, starting with the quarter ending 31 December 2020, where the Group's expectation is to distribute 1.25 cents.

### Debt financing

The Company has 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. In October 2020, three of the five lenders agreed to a one-year extension of the facility. As a result, €100 million of debt matures in 2023, €100 million in 2024, with the remaining €225 million now maturing in 2025. The facility is unsecured, providing operational flexibility for the Company.

At the year end, the Company had drawn €344.0 million against the RCF (30 September 2019: €235.5 million). This resulted in an LTV ratio of 39.9% (30 September 2019: 33.3%). This compares with the medium-term target of 45% and the maximum permitted by the Company's investment policy of 50%.

The Company is in a robust financial position. At the year end, it had financial headroom comprising €24.4 million of cash and €81.0 million undrawn against the RCF. The Company also has relatively limited future cash commitments. These comprise its operating expenses, which are more than covered by rent receipts, and a potential payment of €13.6 million in relation to the development in Strykow, Poland, which is contingent on certain pre-let conditions being met. No funding for the extension to the Barcelona property is due before May 2021.

The Company's primary debt covenants relate to LTV, interest cover and gearing. The definitions of LTV and interest cover in the debt agreement differ from those we report elsewhere (cash is not included). At the year end, using the debt agreement definitions, the Company had:

- an LTV of 41%, versus a maximum of 65%;
- interest cover of 3.2 times, versus a minimum of 1.5 times; and
- a gearing ratio of 68%, compared with a maximum of 150%.

The Company's hedging strategy includes using interest rate caps to benefit from current low interest rates, while minimising the effect of a significant rise in underlying interest rates. The Company therefore holds three interest rate caps which hedge €300 million of its borrowing, resulting in 87% of drawn debt being subject to an interest cap, with a total weighted average interest cap of 0.67%.

### Post year-end activity

In October 2020, the Company extended part of its RCF (refer to the Debt financing section).

On 2 December 2020, the Company announced the acquisition of its 13th asset, a newly built 35,460 sqm logistics facility comprising two units. The asset is located in Nivelles, in the attractive logistics market south of Brussels, Belgium. This acquisition is expected to further grow our earnings in the next financial year. This acquisition takes the Company's pro forma loan to value ratio to 42%.

### EPRA rating

We look to ensure that the Company maintains high-quality and transparent communications with its Shareholders and other stakeholders. We were therefore pleased that during the year, the Company received a Gold rating from EPRA for the quality of its reporting.

### Related party transactions

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

### 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

2 December 2020



# The Manager

Investment management services are provided to the Company by Tritax Management LLP ("Tritax" or "the Partnership"). Tritax is a pan-European real estate investment manager with over £5 billion of assets under management and 25 years of experience with a particular specialisation in logistics real estate assets.

Tritax is an independent partnership owned by senior members of the team who bring a breadth of relevant experience and expertise. The Partnership's focus is on creating long-term value for investors in its funds through innovative and intelligent acquisition and management of assets. Tritax provides the full range of services required for successful property investment including, sourcing, asset management, risk and portfolio management, due diligence, financing, market knowledge, research, reporting, marketing and investor relations.

Over the course of the year, Tritax has continued to invest in its capabilities to support the growth of its funds. Key recent hires include experts in asset management, data analytics, sustainability, finance and investor relations. Tritax has also further invested in key individuals within the business, promoting a number to equity Partner, including Nick Preston, the Fund Manager of EuroBox.

The Partnership believes that this structure and a focus on reputation aligns interests over the long term, rewarding sustainable growth and discouraging short-termism and inappropriate risk taking.

Tritax believes the strong reputation and relationships its team has within the property market is critical to its success. This provides access to a high-quality pipeline of investments and makes us a preferred partner on transactions, frequently resulting in attractive off-market opportunities at preferential pricing.

Tritax believes the externally managed structure of EuroBox provides:

- Cost efficiencies by sharing support function costs over several funds.
- Sharing, between different funds and teams, market expertise and relationships.
- Transparency through a simple and clear fee structure.
- Long-term alignment with shareholders.

You can read more about Tritax, including a full list of its partners at <https://www.tritax.co.uk>

## Management Team

Tritax provides a dedicated team of property experts to manager EuroBox:

### Nick Preston Fund Manager



Nick has close to thirty years' experience in the real estate investment management field. He has worked across all sectors of the market, throughout 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



Mehdi joined 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



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 their Investment Development and Agency division in 1991. In 2000, James formed SG Commercial, then became a partner in Tritax Group in 2005.

**Henry Franklin**  
Chief Operating Officer



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 Tritax Group in 2008.

**Alina Iorgulescu**  
Assistant Fund Manager



Before joining Tritax, Alina was part of JLL's pan-European logistics capital markets team based in London, where she was extensively involved in advising on acquisitions, disposals and joint-venture structuring of logistics portfolios across Continental Europe. Alina has more than 13 years' experience working in the real estate industry.

**Freddie James**  
Assistant Fund Manager



Freddie has over 13 years of experience in commercial property. He started his career at Montagu Evans, qualifying as a chartered surveyor in 2010. In 2014 Freddie joined Legal & General as part of the asset management team. He joined Tritax Group in 2016, firstly working on Tritax Property Income Fund, before moving to join the Tritax EuroBox team at IPO.

# 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 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 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, most of which is subject to interest rate derivative caps.

### Principal risks and uncertainties

Further details of our principal risks and uncertainties are set out on pages 41 to 45. 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.

## Risk management framework



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 could severely impact the global economy and financial markets, with consequences for the Company's commercial and financial situation.

Property risks

- 2. Default of one or more tenant partners.
- 3. The performance and valuation of the property portfolio.
- 4. Our ability to grow the portfolio may be affected by the availability of suitable assets at acceptable prices.
- 5. Concentration of risk, in particular, exposure to country risk.
- 6. Development activities are likely to involve a higher degree of risk than investment in standing investments.

Operational risks

7. We rely on the continuance of the Manager.

Financial risks

- 8. Our use of floating rate debt will expose the Group to underlying interest rate movements.
- 9. A lack of debt funding at appropriate rates may restrict our ability to grow.
- 10. We must be able to operate within our debt covenants.

Taxation risks

- 11. Maintenance of Investment Trust status.
- 12. Changes to local tax legislation in countries in which the Company has investments.

Political risks

13. The UK leaving the EU could have an ongoing negative effect on the performance of the Company, due to political and/or economic uncertainty.

ESG risks

14. 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.



## Covid-19 risks

### 1. The Covid-19 pandemic could severely impact the global economy and financial market, with consequences for the Company's commercial and financial situation

Probability	Impact	Mitigation
<b>High</b>	<p><b>Medium</b></p> <p>The global economy and financial markets are currently being severely impacted by the Covid-19 pandemic. This is likely to have an adverse effect on the magnitude and/or likelihood of several of the principal risks and may have the following 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 the Company, the Manager, our asset managers and tenant partners, whose staff could be at a health and safety risk. 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>– tenant partners requesting rent deferrals and therefore impacting the Company's capacity to pay its target dividend in the current period;</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, our asset managers and tenant partners to all employees, to ensure they are in a safe working environment and that they are aware of all relevant symptoms of the virus. The Manager conducted checks to confirm they were able to work from home remotely, to safeguard the uninterrupted 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>The Company has sufficient liquid assets to endure the impact of Covid-19 for the foreseeable future. There were no unexpected arrears from tenants as at 30 September 2020 and the Company is well within its banking covenant limits. We expect property valuations to remain stable, albeit with the uncertainty as to how Covid-19 will impact investment volumes and yields.</p> <p>The logistics sector has been deemed "system critical" across most European countries and has few restrictions, which has allowed it to be robust and withstand the impact of the pandemic. The material uncertainty clause is no longer applicable to valuations in the logistics sector.</p> <p>The long-term impact of Covid-19 is difficult to estimate at this stage but remains a focus for the Manager and the Company.</p>

## Property risks

### 2. One or more of the tenant partners may default

Probability	Impact	Mitigation
<b>Low to Medium</b>	<p><b>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 there is no restriction on the Group's exposure to any one tenant partner, our Investment Policy requires us to deliver a high-quality, diversified portfolio.</p>

<b>3. The valuation of the property portfolio may fluctuate</b>		
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 particular, the valuer has issued the 31 March 2020 valuation based on a RICS material uncertainty clause, due to the effect of Covid-19.</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 2020, our property portfolio was 100% cash generating from leases, and rental guarantees, with long unexpired weighted average lease terms of 9.1 years and a strong tenant partner base. 95% of leases (by income) include rent indexation (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>
<b>4. The growth of the portfolio may be affected by the availability of suitable assets at acceptable prices</b>		
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 Big Box sector currently attracts a lot of new 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 gives 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>
<b>5. Concentration of risk, in particular, exposure to country risk</b>		
Probability	Impact	Mitigation
<b>Low</b>	<p><b>Low</b></p> <p>Our Investment Policy does not include restrictions relating to the Group's exposure to individual assets or tenant partners and includes only limited restrictions relating to our exposure to individual countries. Significant economic and/or political changes affecting a country that the Group has invested in, or the Eurozone, generally, could have an adverse impact on the income derived from investments within that 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, Czech Republic, Portugal and Slovakia.</p>
<b>6. Development activities are likely to involve a higher degree of risk than investment in standing investments</b>		
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>None of our investments are a forward funded development asset as at 30 September 2020, although there are potential commitments to forward fund projects in the future. Any risk of investment into forward funded projects is minimal, as the developer takes on a significant amount of construction risk and the risk of cost 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. Reliance on the continuance of 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 and Dietz).</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 manager, where necessary. Termination of the Investment Management Agreement would severely affect our ability to manage our 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, which may not be served before 9 July 2021.</p> <p>The Management Engagement Committee monitors and will regularly review the Manager's performance, including 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>

## Financial risks

### 8. Interest rates may fluctuate

Probability	Impact	Mitigation
<b>Low to Medium</b>	<p><b>Medium</b></p> <p>Interest on our 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.</p>	<p>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 draw down on the RCF.</p>

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

Probability	Impact	Mitigation
<b>Low</b>	<p><b>Medium</b></p> <p>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.</p>	<p>Last financial year, we secured long-term unsecured debt with five major financial institutions. This demonstrates the capacity of the Manager to source adequate debt, and the appetite from lenders (refer to page 37).</p> <p>As the Group grows, we anticipate that it will reach a size that enables an investment-grade debt rating. This would facilitate significant additional debt opportunities.</p>

### 10. Debt covenants may be breached

Probability	Impact	Mitigation
<b>Low to Medium</b>	<p><b>Medium</b></p> <p>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.</p>	<p>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.</p>

## Taxation risks

### 11. Maintenance of Investment Trust status

Probability	Impact	Mitigation
<b>Low to Medium</b>	<p><b>Medium</b></p> <p>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.</p>	<p>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.</p>

### 12. Changes to local tax legislation in countries in which the Company has investments

Probability	Impact	Mitigation
<b>Medium</b>	<p><b>Low</b></p> <p>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.</p>	<p>The Board relies on top-tier third-party providers to advise on any tax changes 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.</p>



## Political risks

### 13. The UK leaving the EU could have an ongoing negative effect on the performance of the Company, due to political and/or economic uncertainty

Probability	Impact	Mitigation
<b>Low to Medium</b>	<p><b>Low to Medium</b></p> <p>The UK departed from the EU with effect from 31 January 2020 and the current transition phase will end on 31 December 2020. Economic volatility is not a new risk for the Company; however, until the terms of any potential new deal between the UK and the EU become clearer, the exact outcome on the business remains difficult to predict. Any new deal or the failure of the UK to agree a new deal at all may have the following consequences:</p> <ul style="list-style-type: none"> <li>– we expect to lose our AIFMD passporting rights, which will affect our ability to raise further equity from investors in certain EU member states;</li> <li>– the Company may no longer be able to benefit from EU taxation directives which may increase the amount of tax payable by the Group on returns from underlying investments and reduce the amounts available to distribute to investors accordingly;</li> <li>– there may be significant volatility in equity markets, which could have an impact on our share price; and</li> <li>– the economy in Europe may be impacted or demand for European property may decrease, hence leading to potentially lower valuations.</li> </ul>	<p>Notwithstanding the potential loss of AIFMD passporting rights, we believe that investors in key jurisdictions would continue to be able to participate in equity fundraisings and we would seek legal advice at the time with a view to facilitating this.</p> <p>The Company was established in 2018 after the UK had voted to leave the EU. Since incorporation, therefore, the Company and its advisers have been aware of the potential tax consequences associated with the UK leaving the EU and they have taken those risks into account when considering potential investments. They have also structured investments to minimise, so far as possible, any additional tax costs which may result from the Company no longer being able to benefit from EU taxation directives. In particular, the Company should be able to benefit from double tax treaties which the UK has in place with the countries across Europe in which the Company invests. We saw limited to no impact on the Company's share price on the exit date itself, but it remains to be seen how the market will react to the outcome of the trade deal negotiations and the end of the transition phase on 31 December 2020.</p>

## ESG risks

### 14. 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>	<p><b>Medium</b></p> <p>The World Economic Forum (WEF) listed ESG risks as fourth out of its top five risks in 2020.</p> <p>There are several ESG risks potentially impacting the Company.</p> <p>Climate change and biodiversity loss are the principle environmental risks affecting the Company's long-term ability to operate in its markets; 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; and the ability to be transparent and agile in managing the evolving governance risks, such as diversity and human capital management.</p>	<p>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.</p> <p>We ensure the assets we invest in are well located for labour supply and the Company is developing initiatives to support local employment opportunities.</p> <p>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.</p>

# Going Concern and Viability Statement

The Strategic Report describes the Group's financial position, cash flows, liquidity position and borrowing facilities. The Group's cash balance as at 30 September 2020 was €24.4 million. It also had undrawn amounts under its debt facilities of a further €81.0 million. Of the Group's total facilities, €100 million matures in 2023, €100 million in 2024 and €225 million in 2025<sup>1</sup>.

The Group currently has substantial headroom against its borrowing covenants, with a LTV of 41% as at 30 September 2020 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 signature of the latest acquisition of Nivelles will lead to a lower undrawn amount of approximately €50 million with a new borrowing LTV of 43%.

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 2023. There was no change to the period over which the Directors assess viability.

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 on pages 40 to 45 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 2023.

The sensitivities performed were designed to be severe but plausible and to take full account of the availability of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks to the forecast cash flows. In the modelling, the Group also considered the likely future capital expenditures, including the Nivelles acquisition 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. three key tenants default and are not 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 2023.

<sup>1</sup> As at October 2020.

## The Manager and its employees

As an Alternative Investment Fund our key supplier is the Manager and its employees. The Manager has particular expertise in the large logistics sector and gives us a competitive advantage through its knowledge, specialist focus and extensive network of industry and occupier contacts. The Manager employs a dynamic and diverse range of professionals who play a central role in the performance and long-term success of the Company. We benefit from the Manager's entrepreneurial approach, and believe it plays an essential role to help us deliver our strategy and purpose.

## Our communities

Our communities are those who live in the areas in which we own our assets. We recognise the importance of supporting local communities where our assets are located. We endeavour to invest in opportunities which will be fit for future purpose and which align with our ESG targets. We help to benefit our local communities by creating social value through employment, promoting biodiversity and seeking to increase efficiency for our tenants.

## Our Shareholders

It is crucial that Shareholders have confidence in the Company and how it is managed. We seek to engage with investors to ensure transparency on our strategic plans. We aim to provide long-term, consistent returns for investors through investment in a diversified and balanced portfolio. We provide regular market updates on our strategy and performance and engage in face-to-face meetings with investors to aid their understanding and decision-making. Our carefully selected assets add value to our portfolio, which in turn allows investors to benefit from attractive and progressive long-term returns. We are also mindful of our duty to maintain high levels of governance, with a greater focus on sustainability when reporting to our investors.

## Our Tenants

Our tenants are the occupiers of our assets. We want to be our tenants' landlord of choice for logistics property in Europe. Our tenants range from multinational retailers to pharmaceutical companies. We aim to foster strong relationships with them, by understanding their occupational requirements and commercial objectives. This helps us identify suitable asset management opportunities for the Company, whilst ensuring long-term satisfaction for our tenants.

## Government, regulators and local authorities

Government, regulators and local authorities provide vital oversight of how we run our business. By understanding their priorities and concerns, we seek to improve our relationships and further understand the impact of our business. Maintaining a co-operative relationship is important to our development and pipeline initiatives, such as obtaining planning permissions or redeveloping our existing properties.

## Our Lenders

Our lenders are those that provide the means of being able to finance the implementation of our strategy and secure future pipeline initiatives. We have a flexible debt platform with strong relationships with top tier lenders. We report to and meet our lenders on a regular basis, updating them on our portfolio and strategy.

## Our suppliers

Our suppliers are those we collaborate with on a day-to-day basis, to help ensure we meet our investment and strategic objectives. These include our legal advisers, auditor, brokers and valuer. We aim to maintain an integrated and open relationship with our suppliers, to ensure that we receive expert advice and can rely upon them to help deliver our strategy. One of the key ways we engage with our suppliers is by having clear lines of communication and dedicated contacts within the Group.

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 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 below 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 58 to 60.

s172 matter	Further information incorporated into this statement by reference
Likely consequences of any decision in the long term	Manager's Report pages 26 to 39 Key Board Decisions pages 59 and 60
The interests of the Company's employees	As the Group does not have any employees aside from its Non-Executive Directors, please refer to pages 38, 39, 58 and 60 for information on the Manager's employees
The need to foster the Company's business relationships with suppliers, tenants and others	The business engaged with one particular customer who requested a rent deferral due to a decrease in revenues as a result of the impact of Covid-19. A payment plan was agreed, enabling the tenant to repay the remaining rent over an agreed period. For further information, please see below. Our Market pages 13 to 17 Stakeholder engagement pages 58 to 60 Management Engagement Committee Report pages 73 to 75
Impact of the Company's operations on the community and environment	Manager's Report pages 30 to 33 Key Board Decisions pages 59 and 60 Strategic Report pages 8 to 39
The Company's reputation for high standards of business conduct	Strategic Report pages 8 to 47 Governance Report pages 52 to 75
The need to act fairly as between members of the Company	Stakeholder Engagement pages 58 to 60 Strategic Report pages 8 to 47

## Board approval of the Strategic Report

The strategic report on pages 8 to 47 has been approved by the Board on 2 December 2020.

**Robert Orr**  
Chairman

2 December 2020



# How we effectively govern the business



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## Corporate Governance

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A close-up portrait of Robert Orr, the Chairman, smiling. He is an older man with thinning hair, wearing a dark suit, white shirt, and a green patterned tie. The background is a soft, out-of-focus grey.

“Our Board  
is committed to  
leading by example  
on all aspects  
of governance.”

**Robert Orr**  
Chairman



## Governance highlights for 2019/2020

- Complied with all of the principles and provisions of the 2019 AIC Code applicable to the Company. Please see pages 53 and 54.
- 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 40 to 45, 68 and 69.
- Conducted a comprehensive internal Board evaluation exercise. Please see page 67.
- Further developed and enhanced the Board's composition.
- Further enhanced processes and procedures across the business and its supply chain in compliance with the Modern Slavery Act 2015 and published our second annual statement on our website. Please see page 69.
- Progressed a sustainability strategy framework and launched sustainability training to the Board and Manager.
- Refined the Company's statement of purpose and culture and increased focus on stakeholder engagement. Please see page 56 and 58 to 60.

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 2020.

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.

A number of key changes to the UK Corporate Governance regime came into effect during the period. Central to these changes is the requirement to explain clearly how the Directors have performed their duties under s172 of the Companies Act to promote the success of the Company for the benefit of its members as a whole, whilst addressing the interests of stakeholders.

### Board priorities

One of the Board's key priorities is to oversee the successful implementation of the business's strategy and ensure it is positioned for long-term success. We recognise the critical importance of delivering on sustainability for a wider range of stakeholders and I am pleased to report that 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 engages directly with our Sustainability Lead on various sustainability topics and is the Board's sustainability champion. We were encouraged by the positive scores awarded by ESG agencies, such as GRESB, for our governance structure, which help to demonstrate our positive approach to governance. Further details of the Company's sustainability actions can be found on pages 30 to 33.

This year, one of the key challenges for the Board has been responding to the Covid-19 pandemic. The Board and Audit Committee, supported by the Manager, have led this response ensuring the business has continued to operate safely and effectively to deliver the investment strategy. The Board held bi-weekly calls with the Manager and the Manager provided weekly internal updates to ensure that all stakeholders within the business were kept fully informed of the actions being taken. This enabled open discussions on key tasks, such as close monitoring of tenant risks and any rent deferrals, as well as debating and approving the changes to our strategy and dividend policy described in the Strategic Report on pages 10 and 18 to 21.

We have described in detail throughout the Annual Report the impact of Covid-19 on the business and how it has helped accelerate long-term trends in our market. For full details please refer to pages 1 to 45. Due to the uncertainty and potential unknown long-term impact on the business, it has been included as a Principle Risk. Please refer to the Audit Committee Report and pages 70 to 72 for further details.

The impact of Covid-19 is not only limited to the business but it has affected the wider community, tenants and suppliers which highlighted the importance of social issues and well-being and the need to have a clear sustainability strategy. For full details on the Company's Sustainability Strategy please refer to pages 30 to 33.

### Board and Committee composition

We welcomed Eva-Lotta Sjöstedt as a Non-Executive Director to the Board during the year. In addition, and in light of the Board's expansion, the Board conducted a review of the structure and composition of its Committees, with a view to bringing the composition of each Committee in line with best practice. This resulted in a refresh of the Audit Committee's composition. For full details of appointments and resignations during the year, as well as of the recruitment process, please refer to pages 66 and 67 in the Nomination Committee Report.

### Board development

The Board has a strong and fully independent Board with a diverse range of skills and extensive European real estate and supply chain experience. 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.

As a Board, we continue to benefit from our professional development programme, further details of which can be found on page 67.

We conducted an internal Board and Committee evaluation for the period and will be making arrangements to engage an independent expert third-party provider to conduct the evaluation for 2020/2021. Further information can be found on page 67.

### 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 Board Tenure and Re-election, Diversity and Inclusion and Non-Audit Services, resulting in an enhanced and clearer set of principles in these areas. We considered the Company's purpose in light of the increased focus on Directors' duties under s172 and its importance in relation to culture and strategy.

Regular engagement with our Shareholders and other stakeholders is important to the Board. The Board has continued to develop its relationships with its Shareholders and stakeholders during the period. During the year, it was difficult to meet in person with Shareholders as much as we did last year due to the restrictions caused by Covid-19. However, we held a series of investor lunches in January/February 2020, which were very well received by attendees, alongside the more regular Shareholder and analyst engagement following the publication of our interim and annual results. Outside of these presentations, the Fund Manager, the Finance Director, the SID or I regularly engage with investors to discuss their views and any queries they may have regarding the Company's governance and strategy.

We also regularly engage with the Company's financial advisers Jefferies International Limited ("Jefferies"), Kempen & Co Securities ("Kempen") and Akur Limited ("Akur") 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").

We enhanced our engagement with the Company's wider stakeholders throughout the period through initiatives such as Tree Nation (our partnership charity which facilitates the offsetting of 784,15 tons of CO<sub>2</sub> by planting 4,313 trees). In addition, we undertook a sustainability survey with our occupiers and engaged with the industry by joining the German Green Building Council ("DGNB") to support our sustainability activities. Full details of how we engaged with our wider stakeholders and Shareholders can be found on pages 58 to 60.

### Outlook for 2020/2021

Looking ahead, the Board is focused on developing a number of strategic initiatives, including embedding the outcomes of the purpose and culture review and continuing to progress on our sustainability strategy. We will continue to intensify our engagement with our Shareholders and wider stakeholders. For further details please see page 58 to 60.

**Robert Orr**  
Chairman

2 December 2020

# Statement of Compliance and Application of Code

## Statement of compliance

The Board of Tritax EuroBox plc has considered the Principles and Provisions of the 2019 AIC Code of Corporate Governance ("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.

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

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.

## Application of AIC Code Principles

The AIC Code, and the underlying UK Code, have placed increased emphasis on "apply 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

<b>Principle A.</b> 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.	<ul style="list-style-type: none"> <li>– Strategic Report pages 8 to 47</li> <li>– Board Leadership and Company Purpose pages 56 to 58</li> </ul>
<b>Principle B.</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.	<ul style="list-style-type: none"> <li>– Strategic Report pages 8 to 47</li> <li>– Board Leadership and Company Purpose pages 56 to 58</li> <li>– Division of Responsibilities pages 61 to 63</li> </ul>
<b>Principle C.</b> 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.	<ul style="list-style-type: none"> <li>– Principal Risks and Uncertainties pages 40 to 45</li> <li>– Section 172 Statement page 47</li> <li>– Audit, Risk and Internal Control pages 68 and 69</li> <li>– Audit Committee Report pages 70 to 72</li> </ul>
<b>Principle D.</b> 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.	<ul style="list-style-type: none"> <li>– Stakeholders pages 58 to 60</li> <li>– Section 172 Statement page 47</li> <li>– Shareholder Relations page 57 to 60</li> </ul>

### Division of Responsibilities

<b>Principle F.</b> 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.	<ul style="list-style-type: none"> <li>– Board Leadership and Company Purpose pages 56 to 58</li> <li>– Division of Responsibilities pages 61 to 63</li> </ul>
<b>Principle G.</b> 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.	<ul style="list-style-type: none"> <li>– Division of Responsibilities pages 61 to 63</li> <li>– Composition, Succession and Evaluation pages 66 and 67</li> </ul>
<b>Principle H.</b> 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.	<ul style="list-style-type: none"> <li>– Board Leadership and Company Purpose pages 56 to 58</li> <li>– Division of Responsibilities pages 61 to 63</li> <li>– Audit Committee Report pages 70 to 72</li> <li>– Management Engagement Committee Report pages 73 to 75</li> </ul>
<b>Principle I.</b> 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.	<ul style="list-style-type: none"> <li>– Strategic Report pages 8 to 47</li> </ul>

### Composition, Succession and Evaluation

<b>Principle J.</b> 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 66 and 67
<b>Principle K.</b> 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.	– Composition, Succession & Evaluation pages 66 and 67
<b>Principle L.</b> 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 66 and 67

### Audit, Risk and Internal Control

<b>Principle M.</b> 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.	– Audit, Risk and Internal Control pages 68 and 69 – Audit Committee Report pages 70 to 72
<b>Principle N.</b> The board should present a fair, balanced and understandable assessment of the company's position and prospects.	– Strategic Report pages 8 to 47 – Audit, Risk and Internal Control pages 68 and 69 – Audit Committee Report pages 70 to 72 – Manager's Report pages 26 to 39
<b>Principle O.</b> 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.	– Principal Risks and Uncertainties pages 40 to 45 – Viability Statement 46 – Audit, Risk and Internal Control pages 68 and 69 – Audit Committee Report pages 70 to 72 – Notes to the Financial Statements pages 92 to 111

### Remuneration

<b>Principle P.</b> Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success.	– Strategic Report pages 8 to 47 – Board Leadership and Company Purpose pages 56 and 57 – Directors' Remuneration Report pages 76 and 77 – Management Engagement Report pages 73 to 75
<b>Principle Q.</b> A formal and transparent procedure for developing policy on remuneration should be established. No director should be involved in deciding their own remuneration outcome.	– Directors' Remuneration Report pages 76 and 77
<b>Principle R.</b> Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	– Directors' Remuneration Report pages 76 and 77



## 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 46 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 46 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 68 and 69 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 Our Principal Risks and Uncertainties on pages 40 to 45 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 in the Audit Committee Report on page 71.
<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 73 to 75.
<b>s172</b>	The Directors have considered the requirements of s172 when making strategic decisions.	Further details are set out on page 47 of the Strategic Report and pages 58 to 60 of the Governance 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 it is central to every Board decision. 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.

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 are 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 we discuss the Company's immediate and long-term strategy and hold ad-hoc meetings to consider specific issues facing the Company, the market generally and our 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 Shareholder and stakeholder relations;
- an update on the Company's capital market activity;
- specific regulatory, compliance and/or corporate governance updates;
- an update on sustainability and targets;
- a bi-annual risk management review;
- investor relations update; and
- marketing and communications update.

## Strategy

Our 2020 strategy meetings, which took place in January and July 2020, focused on whether the Company had followed its objectives set out in 2019 and reviewed where changes should be made to ensure the long-term success of the Company. The meeting involved the full Board and key members of the Manager who reviewed additional strategic options available to the Company. The Board discussed the strategic aims for 2020 and it was decided to amend the dividend policy in order for it to remain accretive to the next phase of the Company's development. We will also refine the Company's investment strategy to acquire assets earlier in their development cycle in order to control the value-add opportunity. We will continue to focus on careful stock selection, proactive asset management, sustainability and appropriate financing over the coming period. Further details of the Company's strategy can be found on pages 18 to 21 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.
Reviewing and approving all compliance and governance matters.

## Key activities of the Board in 2019/2020\*

<b>Q1</b> <ul style="list-style-type: none"> <li>– Appointed Eva-Lotta Sjöstedt as a Non-Executive Director.</li> <li>– Approved the Annual Report and Accounts 2019.</li> <li>– Declared an interim dividend of 1 cent per share, in respect of the three months to 30 September 2019.</li> </ul>
<b>Q2</b> <ul style="list-style-type: none"> <li>– Held the Company's Annual General Meeting.</li> <li>– Declared an interim dividend of 1.10 cent per share, in respect of the three months to 31 December 2019.</li> </ul>
<b>Q3</b> <ul style="list-style-type: none"> <li>– Launched the Sustainability Strategy.</li> <li>– Announced the Interim Report 2020.</li> <li>– Declared an interim dividend of 1.10 cent per share, in respect of the three months to 31 March 2020.</li> <li>– Approved Eva-Lotta Sjöstedt's appointment to the Audit Committee and Robert Orr's resignation from the Audit Committee.</li> </ul>
<b>Q4</b> <ul style="list-style-type: none"> <li>– Conducted the Board and Committee evaluation.</li> <li>– Conducted first performance review of the Manager.</li> <li>– Declared an interim dividend of 1.10 cent per share, in respect of the three months to 30 June 2020.</li> </ul>
<b>Post year end</b> <ul style="list-style-type: none"> <li>– Agreed action plan following Board and Committee evaluation to focus on in 2021.</li> <li>– Declared an interim dividend of 1.10 cents per share, in respect of the three months to 30 September 2020.</li> <li>– Approved the Annual Report and Accounts 2020.</li> <li>– Reviewed and approved refinement to the Dividend Policy and investment strategy.</li> </ul>

\* For the key investment, operational and financial activities please see pages 3 to 7.

## Culture

The culture and ethos of the Company is 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.

## Sustainability

Managing sustainability is core to how we do business. During the period, the Manager established a CSR Committee. The CSR Committee regularly reports to and engages with the Board on its sustainability activities. During the period, it discussed and recommended a new sustainability strategy for approval in 2020.

A key activity of the CSR Committee in 2020 was to undertake the submission to the Global Real Estate Sustainability Benchmark (GRESB). Tritax EuroBox plc received two Green Stars and has improved its score by 12 points to 65 from 53/100 in 2019.

The CSR Committee oversaw a materiality assessment, which is a defined process to determine the issues most relevant to the Group and their relative importance to stakeholders. It also created a new ESG policy and reviewed all existing policies to ensure they included salient ESG issues.

During the period, a dedicated ESG training session was held for the Board by Hillbreak Consultants, a sustainability training and consultancy specialist. The Company also became a member of the German Green Building Council (DGNB), where it has the largest concentration of assets to support its commitment to sustainability.

The Company formally launched its sustainability strategy this year.

To demonstrate its own commitment to sustainability, the Manager procures renewable energy, and is a zero waste to landfill company. The Manager also achieved ISO 14001 accreditation for its Head Office.

### The CSR Committee has four Sub-Committees

The Governance Sub-Committee is responsible for the management of governance processes and policies of the Company, the management of sustainability risks and related policies to effectively govern the Company. In 2020, this Sub-Committee reviewed its policies as part of the annual cycle to ensure policies are up to date and address the material sustainability issues.

The Property Sub-Committee is responsible for coordinating property and asset management initiatives that are common to the assets under management. This enables the Manager to find synergies in its management and to also share best practice. In 2020, this Sub-Committee reviewed the sustainability action plans for asset level opportunities, embedding the new strategic sustainability objectives.

The Charity Sub-Committee is responsible for overseeing the charitable partnership of the Manager (XLP), and for each of the Manager's funds. The Company supported Tree Nation in 2020 and has created a new Community Investment Fund to support the local community initiatives of its tenants.

The Social Sub-Committee has implemented a number of staff well-being and engagement initiatives of the Manager, such as step challenge in January 2020. Since the Covid-19 pandemic outbreak in March 2020, this Sub-Committee has supported staff well-being with a number of virtual social activities, including working with the Charity Sub-Committee to run fundraising for the Manager's partnership charity. The Social Sub-Committee is also responsible for staff learning and awareness. In 2020, two awareness sessions on unconscious bias were delivered to support the Manager's efforts to ensure a diverse and inclusive workplace.

Please see pages 30 to 33 for more details on sustainability activities during the year.

### 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 reached full deployment of funds and look to grow. 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 roadshows, conferences, webinars and ongoing ad hoc meetings upon request, both face-to-face and then virtually due to the Covid-19 restrictions 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, through a combination of face-to-face meetings with Shareholders at annual and interim results, and more informally through hosting a series of lunches with the Chairman and Shareholders in January 2020 which were well received. Where diaries have allowed, the Chairman has attended a number of meetings between the Manager and current or potential shareholders.

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 our Head of Sustainability, highlighting the increasing importance of all elements of Environmental, Sustainable and Governance issues in Shareholders' investment decisions.

Further details of the Company's engagement with our other key stakeholders can be found on pages 47 and 58 to 60 and in our section 172 statement on page 47.

### Site visits

There is continued demand from Shareholders and prospective investors to visit our asset sites. In September 2020, the Manager arranged a visit to assets in Germany upon request from analysts. These assets are prime examples of the strength of the German market where market evidence for rental growth is prevalent. 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.

### 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. We encourage Shareholders to attend and vote at the AGM and take the opportunity to engage with the Board and the Manager. Whilst we plan to hold our February 2021 AGM in person, should the ongoing pandemic restrictions not allow for us to meet in person, we shall advise you of any alternative arrangements in the 2021 Notice of Annual General Meeting and on our website.

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

### 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.

# Stakeholder Engagement

## Our Board and stakeholders

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. 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 s172, for further detail please see page 47.

Our key stakeholders	Why they are important to us	What they care about most	Activity in 2019/2020
<b>The Manager and its employees</b> See pages 26 to 39	<p>As an Alternative Investment Fund our key supplier is the Manager and its employees.</p> <p>We draw on its expertise and extensive agent, developer, vendor and occupier contacts. The Manager's culture aligns with that of the Company and its long-standing reputation is key when representing the Company in the wider market.</p>	<ul style="list-style-type: none"> <li>– Long-term going concern of the Company</li> <li>– Long-term relationship with the Company</li> <li>– Well-being of their employees</li> <li>– Being able to attract and retain high-calibre talent</li> <li>– Maintaining a positive and transparent relationship with the Board to ensure alignment of values and business objectives</li> </ul>	<ul style="list-style-type: none"> <li>– Board and Committee meetings</li> <li>– Face-to-face meetings with the Chairman and other Board Directors</li> <li>– Quarterly report to the Board with key updates from the Manager as well as Asset Management and Property reports</li> <li>– Board evaluation, including feedback from key personnel within the Manager</li> <li>– Informal lunches and meetings</li> </ul>
<b>Shareholders</b> See page 21 and 57	<p>Building a strong investor base through clear and transparent communication is vital to building a successful and sustainable business and generating long-term growth. Our asset selection and asset management add value to our investments, allowing Shareholders to benefit from attractive total returns.</p>	<ul style="list-style-type: none"> <li>– Sustainable growth</li> <li>– Attractive returns</li> <li>– Strong Corporate Governance</li> <li>– Transparent reporting framework</li> <li>– ESG and Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>– Investor lunches</li> <li>– Asset tours</li> <li>– International roadshows undertaken by the Manager</li> <li>– Annual and half year presentations</li> <li>– AGM</li> <li>– Market announcements and corporate website</li> <li>– Regular investor feedback received from Jefferies, Kempen and the Investor Relations team</li> <li>– On-going dialogue with analysts as and when required</li> <li>– Quarterly shareholder analysis report</li> <li>– Direct meetings with investors</li> </ul>
<b>Suppliers</b> See page 21 and 73 to 75	<p>A collaborative relationship with our suppliers ensures that we receive high-quality services and products to help deliver our strategic and investment objectives.</p>	<ul style="list-style-type: none"> <li>– Collaborative and transparent working relationships</li> <li>– Responsive communication</li> <li>– Being able to deliver their service level agreements</li> </ul>	<ul style="list-style-type: none"> <li>– Board and Committee meetings</li> <li>– One-to-one meetings</li> <li>– Bi-annual review of suppliers by the Management Engagement Committee ("MEC")</li> <li>– Externally facilitated advisor reports</li> </ul>
<b>Tenants</b> See page 13 to 17 and 32	<p>We seek to develop and maintain a deep understanding of the businesses that operate in our market in order to create long-term partnerships. Our tenants are at the very core of our business. We need to understand their needs in order to deliver fit for purpose real estate and asset management opportunities which underpin long-term sustainable income growth and maximise occupier satisfaction.</p>	<ul style="list-style-type: none"> <li>– Quality assets</li> <li>– Profitability</li> <li>– Efficient supply chain logistics</li> <li>– Attractive cost price labour pool</li> <li>– Knowledgeable and committed landlord</li> <li>– Help to fulfil their rapidly growing e-commerce sales</li> <li>– Buildings with strong EPC/BREEAM/sustainability ratings</li> </ul>	<ul style="list-style-type: none"> <li>– Regular face-to-face meetings both on site and at head offices</li> <li>– Reviewed published data, such as Annual Accounts, trading updates and analysts' reports to identify mutually beneficial opportunities</li> <li>– Stakeholder survey</li> <li>– Engaged on "green" initiatives</li> <li>– Ensured buildings comply with the necessary safety regulations and insurance</li> <li>– Liaised with tenants in respect of insurance procurement</li> </ul>



Our key stakeholders	Why they are important to us	What they care about most	Activity in 2019/2020
<b>Communities</b> See page 30 to 33	We bring significant employment and social value to the communities we invest in and through the operations of our tenants. Ensuring our investment creates a positive social impact, and also reduces environmental impacts of the assets, is core to our sustainability approach.	<ul style="list-style-type: none"> <li>– That we understand local needs and priorities</li> <li>– That we actively help and support local communities</li> <li>– Jobs and investment</li> <li>– That we act as good neighbours, operating safely and ethically</li> <li>– Compliance with all relevant legislation, including building regulations</li> <li>– Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>– Tree Nation – our partnership charity</li> <li>– XLP – the charity partner of the Manager, which supports inclusion of young disadvantaged people in inner London</li> <li>– Sustainability surveys with our occupiers</li> <li>– Engaged with the industry by joining the German Green Building Council (“DGNB”) to support our sustainability activity</li> <li>– Charitable engagement which in turn helps bring environmental and social benefits to the communities we operate in</li> </ul>
<b>Lenders</b> See page 37	Our lenders benefit from having their interest serviced by regular and stable cash flows which are underpinned by strong covenants. Our long leases and future growth in income, through a combination of fixed and indexed reviews provide protection to capital values.	<ul style="list-style-type: none"> <li>– Protection to capital values</li> <li>– Regular and stable cash flows</li> <li>– Strong covenants</li> <li>– Being able to meet interest payments</li> <li>– Maintaining agreed gearing ratios</li> <li>– Regular financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>– Annual and half year presentations</li> <li>– Extension of RCF in August 2019 and September 2020</li> <li>– Regular covenant reporting</li> <li>– Face-to-face meetings</li> </ul>
<b>Government and Local Authorities</b> See page 28 and 29	The need to foster business relationships with Government and Local Authorities through our asset management partners Dietz and LCP is pivotal to the long-term plans of the Company. Positive collaborative relationships with Local Authorities are key to securing planning on sites within the development pipeline.	<ul style="list-style-type: none"> <li>– Ensuring planning applications conform with local planning, highways and environmental policies prior to granting planning consent</li> <li>– Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>– Consult and engage to obtain building permits</li> </ul>

## Key decisions by the Board

Key decision/Item	Stakeholder	How were Stakeholder's views taken into account?	Impact – what actions were taken as a result of this engagement/taking concerns into account?	Long-term effects of the decision?
<b>Rent collection throughout Covid-19</b>	Tenants Shareholders	The business maintained an open dialogue with tenants, listened to occupier pain points and actively sought to understand their projections for the remaining period. This enabled a robust discussion on any rent deferral arrangements requested.	For example, the business engaged with one particular tenant who requested a rent deferral due to a decrease in revenues as a result of the impact of Covid-19. A payment plan was agreed, enabling the tenant to repay the remaining rent over an agreed period.	The Company was able to plan and manage cash flow more efficiently and have a greater understanding of the impact on rent collection. This ensured more informed discussions at Board level and, as a consequence, a better rent collection for the period. This early engagement strengthened business relationships in the long term.
<b>Investor Relations team</b>	Shareholders The Manager	As the Company grew it became clear that having a dedicated Investor Relations team would benefit the Company's engagement with Shareholders and its wider stakeholders.	The Manager employed a dedicated Investor Relations Director who, amongst other things, personalised investor communications to ensure these were clear and reached the desired audience. As a consequence, this also strengthened Board reporting which enables the Board to better understand Shareholder views.	Further enhanced engagement and understanding of the 'real-time' views of Shareholders and the wider market.

Key decision/Item	Stakeholder	How were Stakeholder's views taken into account?	Impact – what actions were taken as a result of this engagement/taking concerns into account?	Long-term effects of the decision?
<b>Sustainability strategy</b>	All stakeholders	Prior to developing the sustainability strategy, the business engaged Gather, a specialist communications and sustainability consultant, to undertake a materiality assessment where they interviewed internal and external stakeholders. The results of these interviews were taken into consideration and implemented within the overall sustainability strategy. In addition, the business looked at further strengthening its relationships with Green Building Councils in various jurisdictions to assist in raising the Company's sustainability profile.	During the period, the business defined and implemented a sustainability strategy that supports the Company's overall sustainability goal to create a positive environmental and socio-economic impact by 2030 and developed four key objectives (full details of which can be found on pages 30 to 33).	The Sustainability strategy creates long-term value for Shareholders and other stakeholders through the identification of new opportunities. Having a clearly defined sustainability strategy will also help to future proof the business' assets to ensure they remain attractive, resilient and long-term investments. By making responsible, sustainable investment and asset management decisions, we aim to create more attractive assets for occupiers, that benefit the environment and society as a whole.
<b>Company Strategy</b>	Shareholders Tenants The Manager Suppliers	As part of the annual strategy review, the Board discussed feedback received from a number of different Stakeholders to understand their views on the Company's growth, progression to the next phase and share price performance over the period. To support this discussion, the business undertook stress testing analysis and engaged with the Company's investors and advisors in order to consider the level of dividend payment, in particular taking into account the impact of the Covid-19 pandemic.	The overall investment policy and acquisition criteria has not changed but the strategy and dividend policy will evolve to tilt to a value-add approach with the aim of acquiring assets at an earlier point in the development cycle to enable it to control more effectively the value-add opportunity. In addition, the business will aim to adopt a more active capital allocation programme. The Board agreed to update the dividend policy, aiming to pay out 90-100% of Adjusted EPS each year, with a minimum pay-out of 85% of Adjusted EPS.	As the market evolves, the Company continues to refine its investment focus in order to maximise value for Shareholders and continues to consider the long-term strategy of the business for the benefit of the wider stakeholder group.
<b>The Manager's employees</b>	The Manager	To understand the view of the Manager's employees during the Covid-19 pandemic, the Manager circulated a questionnaire to all employees to understand their main concerns with returning to the office. The Manager reported regularly to the Board on how its employees have been affected by the Covid-19 pandemic. The Manager has implemented a Working from Home Policy to ensure that teams remain focused and supported through uncertain times. The Manager remains engaged with its staff through weekly catch up calls and questionnaires to gauge appetite for returning to the office.	The Manager introduced various initiatives for the benefit of its employees and took into account their views on returning to the office. This has involved a grading system and rota.	The Company was able to continue successfully functioning remotely with minimal impact and staff remained connected and productive.

#### Looking forward to 2021

Going forward, we will build on our formal reporting of stakeholder engagement by ensuring that we continue to evaluate the impact our business has on our key stakeholders. This will in turn help to enhance our stakeholder communications across the full portfolio. By continuing to formally monitor and track how the Board engages with stakeholder groups, we can ensure that we maintain positive working relationships with our key stakeholders for the long term, while also having an understanding of their concerns and priorities, which will help to inform Board decisions. The Board will also continue to foster Shareholder engagement through investor lunches and roadshows.

Throughout the period, we received regular feedback from both investors and tenants on the importance they place on sustainability and ESG. As a result of this, we have developed a long-term sustainability strategy to mitigate sustainability and ESG risks and to help us identify and maximise sustainability opportunities. The Board has formally approved the sustainability strategy in May 2020. As part of our increased focus on ESG, in 2019, the Manager hired a dedicated Sustainability Lead and created a new CSR Committee which seeks to ensure that the Group is effective in meeting its social and environmental obligations.

# 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 67. The Chairman has been in post for two and a half years since IPO. The Chairman's other significant commitments include Non-Executive Directorships of APCOA Parking Holdings GmbH and M&G Property Fund SICAV. For the Chairman's full biography please refer to page 64 and the Company website. The Board believes he continues to dedicate sufficient time to his Chairmanship of the Company.

The Chairman sets the agenda for Board meetings with assistance from the Company Secretary, manages the meeting timetable and facilitates open and constructive dialogue during the meetings.

The Senior Independent Director (SID), Keith Mansfield, and the other Directors met during the year, without the Chairman, to appraise his performance. The outcome of this meeting is detailed on page 67.

## The Board

The Board currently consists of four Non-Executive Directors, all independent of the Manager. This follows the appointment of Eva-Lotta Sjöstedt in December 2019. 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.

Directors' biographies are set out on pages 64 and 65. 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 9 February 2021 (subject to advancements with Covid-19).

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 2020 are included in the Directors' Remuneration Report on page 76.

## 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.

## The Manager

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.

All decisions to invest in or divest of an asset are made by the Manager following a recommendation by the Investment Committee and discussions with the Board. The Manager provides a detailed paper to the Board on any selected potential acquisition or disposal and notifies it when an offer is made for and accepted on a site, and also regularly updates the Board on the progress of the transaction.

## Board meetings

During the period we held 10 scheduled Board meetings including two strategy meetings, plus five further ad hoc meetings which dealt with transactional and other specific events such as debt financing, additional stress testing linked to Covid-19 and strategy refinement.

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. 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 in 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 (Joint Financial Adviser and Corporate Broker), Kempen (Joint Financial Adviser and Corporate Broker), Akur Limited (Joint Financial Adviser) 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.

### Attendance at Board and Committee meetings during the year ended 30 September 2020

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 <sup>2</sup>
Board	8/8	8/8	8/8	6/6
Audit Committee	3/3 <sup>1</sup>	5/5	4/5	2/2 <sup>3</sup>
Management Engagement Committee	2/2	2/2	2/2	2/2
Nomination Committee	2/2	2/2	2/2	N/A
Strategy Meeting	2/2	2/2	2/2	2/2

1 Robert Orr stepped down from the Audit Committee in May 2020.

2 Eva-Lotta Sjöstedt was appointed to the Board and Management Engagement Committee in December 2019.

3 Eva-Lotta Sjöstedt was appointed to the Audit Committee in May 2020.

### Committees

The Board has delegated some of its responsibilities to its three formal Committees; the Nomination, Audit and Management Engagement Committees, details of which are set out on pages 66, 70 and 73. The Company ensures that all of the Board Committees have sufficient resources and skills to carry out their obligations.

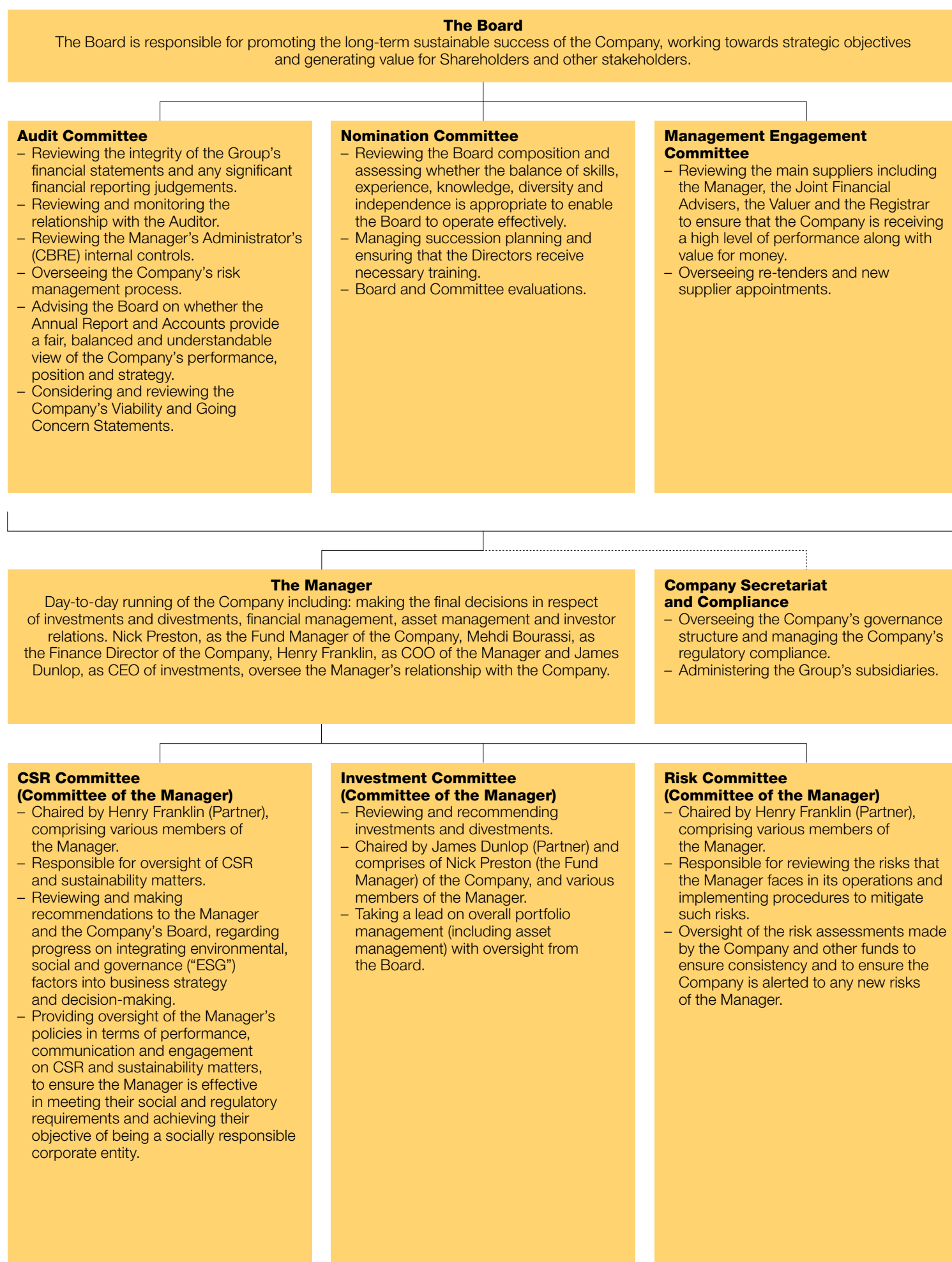
These Committees are each chaired by a different Non-Executive Director and have their own Terms of Reference which can be found on the Company's website (or copies are available on request from the Company Secretary).

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.

We also establish further sub-committees of the Board 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.



## Our Governance Structure



# Composition, Succession and Evaluation

**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**

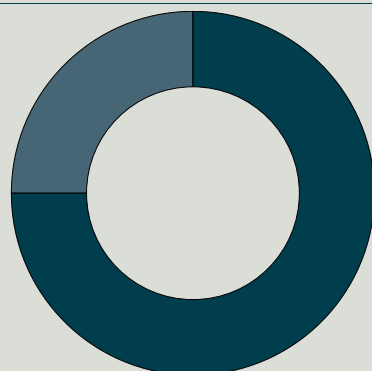
- JLL Inc.'s European CEO
- Non-Executive Director of RDI REIT P.L.C.
- Non-Executive Director of Tishman Speyer Properties UK Limited
- Senior Advisor to Canaccord Genuity Limited

**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.
- Non-Executive Director 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)
- Investment Committee Member of ESAS Holdings

**Gender split**

- Male 75%
- Female 25%



**Keith Mansfield, BSC ACA ATII**  
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 Pricewaterhouse Coopers ("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 Fair Oaks Airport Limited
- Non-Executive Director of Real Time Sports Bingo Limited
- Non-Executive Director and Chairman of the Audit Committee of Motorpoint Group PLC

**Non-Executive Director tenure**

1-3 years

4

**Taco de Groot, MRE MRICS**  
Independent Non-Executive Director



**Appointed**  
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\*

(\* Effective until 30 November 2020)

**Principal external appointments**

- Non-Executive Director of EPP NV, a real estate investment company that operates throughout Poland
- Visiting lecturer at the University of Amsterdam and Hogeschool of Rotterdam

**Eva-Lotta Sjöstedt**  
Independent Non-Executive Director



**Appointed**  
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

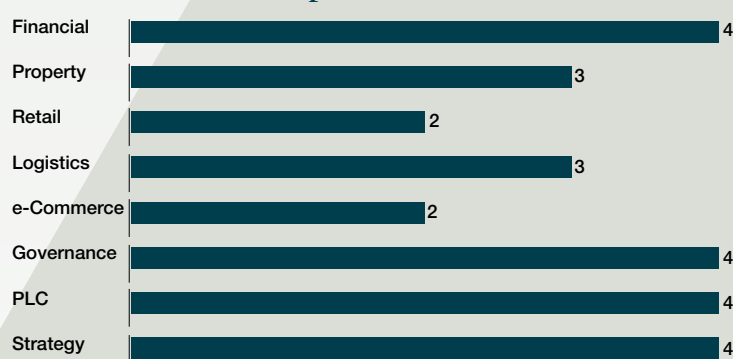
**Significant previous external experience**

- 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

**Board relevant sector experience**



# Nomination Committee Report

**Robert Orr**  
Chairman



## **Membership**

Robert Orr (Chair)  
Taco de Groot  
Keith Mansfield

For full details on Committee attendance please refer to page 62.

## **Key areas of focus in 2019/2020:**

- the size, structure and composition of the Board;
- the appointment of a new Non-Executive Director;
- succession planning;
- Board and Committee performance evaluation; and
- the proposal for re-election/election of the Directors at the AGM which we plan to hold on 9 February 2021 (subject to developments with Covid-19 restrictions).

## “We have a stronger, more diverse Board with the appointment of Eva-Lotta.”

### **Dear Shareholders,**

I am pleased to present the Nomination Committee Report for the year ended 30 September 2020. The Nomination Committee's focus during the period was on reviewing the Board's composition and we were delighted to welcome Eva-Lotta Sjöstedt to the Board in December 2019.

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.

### **New appointments**

We met for two scheduled and two additional meetings during the period.

In 2019, the Committee identified the need to appoint an additional Non-Executive Director with extensive knowledge of global retail and supply chain management, with a particular focus on strengthening cognitive diversity on the Board.

The Committee was responsible for leading the process and met four times during the period to evaluate the skills and experience considered necessary to complement the existing Board composition and to discuss potential candidates. Korn Ferry was engaged to assist with the recruitment process and has no other connection with the Company, apart from the provision of Non-Executive Director recruitment services. Following our unanimous recommendation, the Board decided to appoint Eva-Lotta on 10 December 2019. Eva-Lotta is a global senior executive with an in-depth knowledge of global retail, supply chain and digital transformation strategy. She was elected for office at the Company's AGM on 13 February 2020 and is a member of the Audit and Management Engagement Committees.

During the year, we also reviewed the composition of the Board's Committees and recommended some modest changes to members in order to best utilise existing skills and experience. In line with Provision 24 of the 2018 UK Corporate Governance Code, where the Chair of the Board should not be a member of the Audit Committee, the Board decided that I, as Chairman of the Board, should step down as a member of the Audit Committee. As a result, the membership of each Committee is as follows:



Committee	Membership
Audit Committee	Keith Mansfield (Chair) Taco De Groot Eva-Lotta Sjöstedt
Management Engagement Committee	Taco De Groot (Chair) Robert Orr Keith Mansfield Eva-Lotta Sjöstedt
Nomination Committee	Robert Orr (Chair) Taco De Groot Keith Mansfield

### 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 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 mandatorily 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. We support the recommendations of the Hampton-Alexander and Parker Reports and believe in the value and importance of cognitive diversity in the boardroom and recognise that the Board will need to continue to address gender diversity in its next Non-Executive Director recruitment, as the Company grows.

### Board performance and evaluation

The Committee is also responsible for reviewing the ongoing independence of each of the Directors, their respective skills and experience and whether they are able to commit sufficient time to the Company, in light of their other external commitments. All Directors are required to notify the Chair and Company Secretary of any other professional commitments they have, which place demands on their time. The Committee concluded that each Director has contributed significantly since their respective appointments during the formative years in the Company's evolution.

During the period, the Committee carried out an internal Board and Committee evaluation, which took the form of comprehensive questionnaires which were sent to each of the Directors and two key representatives of the Manager. It also contained a section designed specifically as an appraisal of the Chairman.

The Directors and Manager representatives were asked to consider: Board composition and dynamics, stakeholder engagement, management and focus of meetings, Board support, Board Committees, strategic oversight, risk management and internal control, and succession planning.

The outcome of the Board evaluation was positive, displaying a strong working relationship between the Board members and the Manager, which is reflected in the effective challenge by the Board and a constructive atmosphere in Board meetings.

The Board met in September 2020 to discuss the findings from the Board evaluation report and the following top three priorities for the coming year were identified:

- **Addressing strategy:** The Board agreed to spend more time discussing strategic issues in Board meetings.
- **Personal development and training:** The Board agreed to focus on more extensive training for the Board and the Manager in 2021.
- **Timeliness of Board papers:** The Board requested that timeliness of papers be improved.
- **Stakeholder engagement:** The Board agreed to further focus on stakeholder engagement in order to better understand the views of its key stakeholders.

Led by Keith Mansfield, the Senior Independent Director, the Non-Executive Directors appraised my performance as Chairman, without me present. The review was positive and the conclusions are set out below:

- The Chairman has played an influential role during a period of formation of the Company;
- The Chairman continues to lead the Board of the Company effectively, particularly during the challenging Covid-19 period.

### Director training programme

We recognise that it is essential to keep abreast of regulatory and compliance changes. Accordingly, 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 a 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.

### Committee evaluation

The overall performance of the Nomination Committee was rated highly, particularly its performance in reviewing the composition of the Board. The Committee was seen to have worked diligently to produce a good outcome. Board diversity and personal development and training were highlighted as areas of development for 2021.

### Outlook for 2021

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. We will also focus on each Director's personal development and training.

**Robert Orr**  
Chair of the Nomination Committee  
2 December 2020

# Audit, Risk and Internal Control

The Board is responsible for delivering robust and sustainable value to its Shareholders and wider stakeholders by setting and working toward 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 40 to 45 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 40 to 45.

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 report quarterly to the Board and the Manager.

The Manager also employs a Head of Risk & 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 40 to 45.

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 2020.

The Company does not have an internal audit function and, following an internal risk review, the Audit Committee does not consider it necessary for the Company to have one. 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 69. 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 receive quarterly compliance reports prepared by Langham Hall UK Depositary LLP and 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 40 to 45 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 pages 63 and 68.

### 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. Responsibility for anti-bribery and corruption has been assigned to the Head of Risk and Compliance within the Manager.

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.

### 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 based in the United Kingdom, who 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 statement

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 \$50 billion and we deploy our services to over 90 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 2020 our work included the review of two investment property acquisitions, one investment property disposal and four property income distributions. 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 Depository

For and on behalf of  
Langham Hall UK Depository LLP,  
London, UK  
30 November 2020

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

# Audit Committee Report

## 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 62.

### Key areas of focus in 2019/2020:

- reviewed and recommended to the Board that the Annual Report and Interim Accounts 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; and
- reviewed and monitored the Company's relationship with its Auditor.
- reported to the Board on how the Committee discharged its responsibilities.

“The Committee discussed the impact of Covid-19 on the Company's risks and internal controls in detail during the period.”

### Dear Shareholders,

The membership of the Audit Committee changed over the course of the year, and we were pleased to welcome Eva-Lotta Sjöstedt with effect from 5 May 2020. Following a refresh of the Board's Committees, Robert Orr also stepped down as a member on the same date. I would like to thank Robert for his valuable contribution to the Committee during his appointment. All current members continue to be independent Non-Executive Directors of the Company and have no connection to the Manager nor the Auditor.

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 them 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 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 64 and 65.

We met for five scheduled and two ad-hoc 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 process. 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.



The impact of Covid-19 on the business was discussed at length by the Committee and the Board during the period. The Committee included Covid-19 as a Principal Risk of the business which reflects the fact that, although we believe that the impact of Covid-19 has been modest on the Company, it remains a key focus for the Board and Manager into 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 judgment 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 two acquisitions in the period, both 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 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 €837.9 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 2020, to discuss and challenge the valuation and to ensure it was conducted properly, 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.

The Valuer's Report as at 31 March 2020 included a material uncertainty clause due to the Covid-19 pandemic, and we were pleased to note that this clause was removed for the September 2020 valuations, reflecting the greater understanding of Covid-19 and its impact on the logistics asset class.

### **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 advise 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, Administrator, Joint Financial Advisers, Auditor and the Audit Committee, which are intended to ensure consistency and overall balance;
- controls enforced by the Manager, Administrator and other third-party service providers, to ensure complete and accurate financial records and security of the Company's assets;
- the satisfactory ISAE 3402 control report produced by the Administrator for the year ended 30 September 2020, 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 2020, 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 are appointed as the Company's external Auditor. The Audit Partner and wider team remained consistent during the period, with David Neale as Lead Audit Partner. The Auditor formally confirmed their independence for the period.

The Committee, having met with key members of the audit team, are 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, found them to be sufficient and continue to ensure that the audit process is of good quality and transparency. 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 adopted a Non-Audit Services Policy during the period. As a general rule, it is not expected that the Auditors 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 £43,500 in fees to the Auditor for non-audit services during the period. These fees are set out in the table below.

Work undertaken	Rationale for using the external Auditor	Fee (£)
Interim Review	Ordinarily performed by external auditor given the close relationship with the year-end audit.	40,000
Statutory report for a capital increase in Belgium subsidiary	Local law requirement	3,500
Total		43,500

Non-audit fees as a percentage of total fees paid to KPMG was 11% (2019: 27%).

### Committee evaluation

The Audit Committee conducted their own annual performance evaluation. The evaluation identified a number of positive trends, including active engagement with the external auditors; Committee composition; and the management and focus of meetings. There were no discernable trends when comparing to last year's evaluation, with nearly all ratings remaining broadly in line. An improvement in the Annual Report process, more focus on risk appetite and personal development and training were highlighted as possible areas of development for 2021.

### Outlook for 2020/2021

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**  
Chair of the Audit Committee  
2 December 2020

# Management Engagement Committee Report

## 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 62.

### Key areas of focus in 2019/2020:

- 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.

“The Committee believe that all its suppliers add value and in several cases provide exceptional value for money and service.”

### Dear Shareholders,

I am pleased to present the Management Engagement Committee report which covers the period to 30 September 2020. During the period, the Committee focused on embedding the framework for future reporting which enabled a comprehensive review of the Manager's performance as well as establishing the framework for the annual review of each third-party service provider.

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 2020. 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.

Eva-Lotta Sjöstedt was appointed to the Management Engagement Committee with effect from 10 December 2019, following her appointment to the Board.

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. All of the Company's subsidiaries and therefore all of its assets are wholly owned and controlled by the Company as at 30 September 2020, and the Board exercises direct control in respect of the Group's holdings.

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.

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.

Details of the Company's performance during the period are set out in the Strategic Report on page 4 and 22 to 25.

### 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 dedicated Investor Relations Director. It is also worth noting that the Manager appointed a new Chief Financial Officer in order to provide additional support to the Finance Director.

### 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 may not be served until 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 €1 billion	1.30%
Above €1 billion and up to and including €2 billion	1.15%
Above €2 billion	1.00%

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 and LCP) and non-recoverable property management services are paid by the Manager from the Management fee.

On 5 February 2020, the Manager purchased shares in the market and allocated 116,416 Ordinary Shares to the Manager's Partners and its staff in respect of the net cash amount, relating to the nine-month period to 30 September 2019. The purchase price was 90.2 pence per Ordinary Share compared to the prevailing and latest published NAV of €1.13p per Ordinary Share.

On 17 June 2020, the Manager purchased shares in the market and allocated 99,129 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 2020. The purchase price was 92.4 pence per Ordinary Share compared to the prevailing and latest published NAV of €1.16p per Ordinary Share.

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 as at 2 December 2020
Mark Shaw	157,576	0.0373%
Colin Godfrey	157,069	0.0372%
James Dunlop	157,069	0.0372%
Henry Franklin	106,460	0.0252%
Bjorn Hobart	25,116	0.0059%
Petrina Austin	25,116	0.0059%
Nick Preston	85,576	0.0202%
Tritax Management LLP	0	0%
Staff of Tritax Management LLP <sup>1</sup>	91,944	0.0218%
<b>Total</b>	<b>805,926</b>	<b>0.1907%</b>

<sup>1</sup> 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.

### Suppliers

As mentioned earlier in this report, the Committee undertook a thorough review of the Company's key suppliers for the first time since IPO. The review did not identify any material weaknesses in the advice and support provided to the Group. It was also agreed that a detailed tender schedule and recommendation would be prepared in 2021, which would enable the Committee to consider whether any additional services are required or any suppliers would benefit from being tendered. 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.

During the period, the Manager, with oversight from the Committee, tendered the appointment of the Company's Tax Advisor. As part of the tender exercise, the business identified the key criteria for selection, which included: (i) capabilities in each target country with strong local teams; (ii) capacity to absorb a new significant client, and to perform a centralised co-ordination from the UK with a holistic view at portfolio level; (iii) be able to demonstrate an excellent track record in real estate; and (iv) appropriate fee level. Based on the above criteria, it was felt there was a mandate for a big four advisor. Following a recommendation from the Manager, the appointment of PricewaterhouseCoopers LLP was approved with effect from 23 April 2020. A transition period with the incumbent Tax Advisor was arranged to ensure a smooth transition.

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. 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.



We will review the continuing appointment of all of the Company's principal service providers and the performance of the Manager on an annual basis, in order to ensure they are in the best interest of the Company.

#### **AIFM Directive**

The AIFMD became part of UK law in 2013. It regulates AIFMs and imposes obligations on managers who manage alternative investment funds ("AIFs") in the EU or who market shares in AIFs to EU investors. 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 pages 22 to 25. 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 2020.

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. Personal development and training were highlighted as an area of focus for 2021.

#### **Outlook for 2020/2021**

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

#### **Taco De Groot**

#### **Chair of the Management Engagement Committee**

2 December 2020

# Directors' Remuneration Report

## Annual statement

The Company only has Non-Executive Directors and therefore does not consider it necessary to establish a separate Remuneration Committee. No remuneration decisions have taken place in the year under review, other than the submission of the Directors' Remuneration Policy and Directors' Remuneration Report for Shareholder approval at the Company's 2020 AGM, which was received on 13 February 2020. The Directors' remuneration is disclosed below.

## 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.

## External Advisers

The Board has access to sufficient resources to discharge their duties. No remuneration advisers were used in the period.

## Annual report on remuneration

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 and 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 30 September 2020	Notice period
Robert Orr	5 June 2018	5 June 2021	9 months	3 months
Keith Mansfield	5 June 2018	5 June 2021	9 months	3 months
Taco De Groot	5 June 2018	5 June 2021	9 months	3 months
Eva-Lotta Sjöstedt	10 December 2019	10 December 2022	26 months	3 months

The fees paid to the Directors in the year to 30 September 2020, 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 2020 totaled £11,235 (2019: £7,570). No other remuneration was paid or payable during the year to any Director. There have been no payments to past Directors.

Director	Fee*		Expenses		Total	
	For the period ended 30 September 2020 (£)	For the period ended 30 September 2019 (£)	For the period ended 30 September 2020 (£)	For the period ended 30 September 2019 (£)	For the period ended 30 September 2020 (£)	For the period ended 30 September 2019 (£)
Robert Orr	70,000	86,513	281	1,483	70,281	87,996
Keith Mansfield	45,000	55,615	475	1,203	45,475	56,818
Taco De Groot	40,000	49,436	5,168	4,884	45,168	54,320
Eva-Lotta Sjöstedt <sup>1</sup>	32,462	N/A	5,311	N/A	37,773	N/A
Total	187,462	191,564	11,235	7,570	198,697	199,134

<sup>1</sup> Eva-Lotta was appointed effective 10 December 2019.

\* The period ended 30 September 2019 was longer than 12 months.

## 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 approved by Shareholders at the Company's AGM held on 13 February 2020. 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>	100%	0%	0

\* Including votes in favour and discretion.

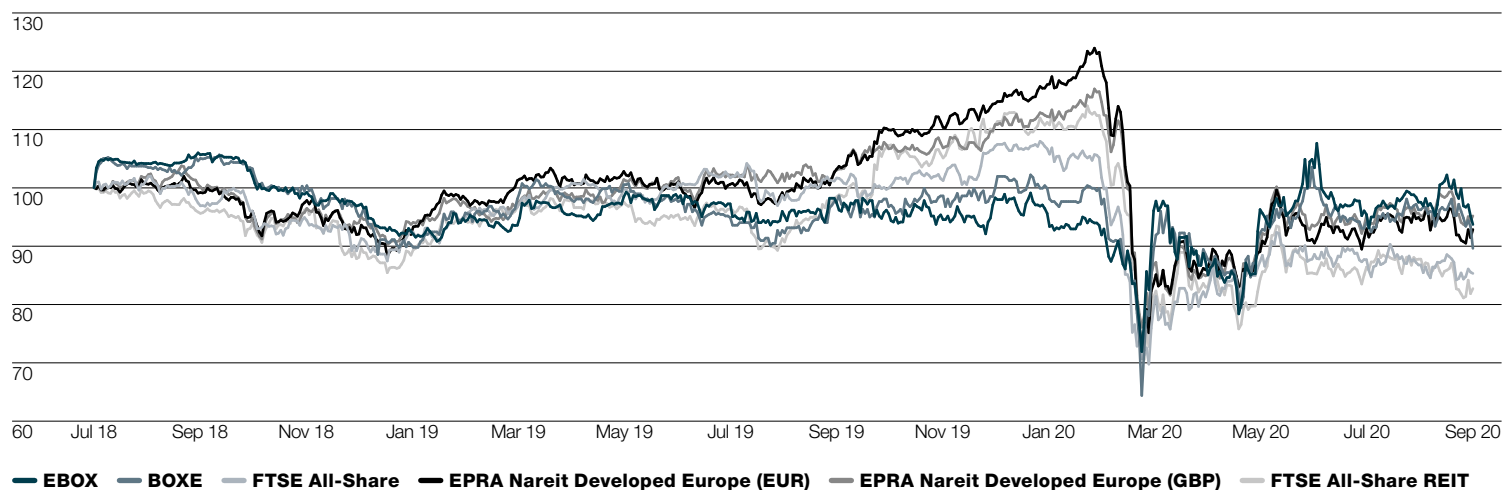
<sup>1</sup> Voting as at AGM held 13 February 2020.

<sup>2</sup> Voting as at AGM held 13 February 2020.

## 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.

Pence



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

## Directors' shareholdings (audited)

There is no requirement for the Directors of the Company to own shares in the Company. As at 2 December 2020, 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 2020 €
Robert Orr	20,000	0.005%	860
Keith Mansfield	290,000	0.069%	12,470
Taco De Groot	25,000	0.006%	1,075
Eva-Lotta Sjöstedt	5,750	0.001%	127

\* Includes Directors and persons closely associated shareholdings (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 on spend on pay

	2020 € million	2019* € million	Change %
Directors' remuneration	0.23	0.23	0
Investment management fees	6.02	4.64	29.74
Dividends paid to Shareholders	18.18	8.43	115.66

\* Period from 1 July 2018 to 30 September 2019.

## Other items

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

## Robert Orr

Chairman

2 December 2020

# Directors' Report

## 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 2020.

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 64 and 65
s172	Page 47
Business Relationships	Pages 13 to 17, 47, 58 to 60 and 73
Directors' interest in shares	Page 77
Future developments of the Company	Pages 18 to 21, 28 and 29
Financial instruments	Note 4.4 on page 94
Corporate Governance Statement	Pages 53 to 55
Going Concern and Viability	Page 46
Disclosure of information to Auditor	Page 80
Share capital	Page 78

## Incorporation by reference

The Governance Report (pages 51 to 75 of this Annual Report and Accounts for the year ended 30 September 2020) 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 88.

The following interim dividends amounting to, in aggregate, 4.40 pence per share were declared in respect of the year ended 30 September 2020:

On 14 February 2020 we declared an interim dividend in respect of the period from 1 October 2019 to 31 December 2019 of 1.10 cents per Ordinary Share, paid on 27 March 2020 to Shareholders on the register on 6 March 2020.

On 19 May 2020, we declared an interim dividend in respect of the period from 1 January 2020 to 31 March 2020 of 1.10 cents per Ordinary Share, paid on 15 June 2020 to Shareholders on the register on 29 May 2020.

On 4 August 2020, we declared an interim dividend in respect of the period from 1 April 2020 to 30 June 2020 of 1.10 cents per Ordinary Share, paid on 7 September 2020 to Shareholders on the register on 14 August 2020.

A fourth interim dividend in respect of the three months ended 30 September 2020 of 1.10 cents per Ordinary Share, was declared on 3 December 2020, payable on 8 January 2021.

## Political donations

No political donations were made during the year.

## Employees

The Group has no employees and therefore no employee share scheme or policies on equal opportunities and disabilities.

## Share capital

No new shares were issued in the period.

As at 2 December 2020, there were 422,727,273 Ordinary Shares in issue.

Balance at the start of the year	422,727,273	N/A
Shares issued in relation to further equity issuance	0	
Shares issued in relation to share consideration	0	
Balance at end of the year	422,727,273	

## 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.



## Streamlined Energy and Carbon Reporting Regulations

In line with the Streamlined Energy and Carbon Reporting Regulations, the Company is disclosing its energy use and Scopes 1, 2 and 3 emissions for the period ended 30 September 2020.

Energy consumption used to calculate emissions (kWh)	9,701,841		
GHG Emissions (TCO <sub>2</sub> e)	Location-based emissions	Market-based emissions	TCO <sub>2</sub> e/m <sup>2</sup> *
<b>Total Scope 1 – Direct emissions TCO<sub>2</sub>e</b>	869	0	
Head Office of the Manager Scope 1 – Direct emissions	0.83	0	0.01
<b>Total Scope 2 – Indirect emissions TCO<sub>2</sub>e</b>			
Head Office of the Manager Scope 2 – Indirect emissions	3,001	0	0
<b>Total Scope 3 – Other indirect emissions TCO<sub>2</sub>e</b>			
Head Office of the Manager Scope 3 – Other indirect emissions	20	20	0.04
<b>Total GHG emissions</b>	<b>3,890</b>	<b>20</b>	<b>0.05</b>

\* Tonnes of carbon dioxide equivalent per m<sup>2</sup>.

## Methodology

The Greenhouse Gases (“GHG”) emissions data was compiled in accordance with the GHG Protocol methodology and the 2019 HM Government Environmental Reporting Guidelines.

The Company Head Office is located in London and uses 100% renewable energy and has no gas supplies. The Company reports on both location and market-based emissions for its Head Office.

The Company takes the operational control approach, which covers the Head Office and seven assets with landlord supplies for common part areas (CPA) (“managed assets”) for electricity and gas: Mango, Barcelona; Bornem, Belgium; Bochum, Germany; Castorama, Poland; Bremen I and II, Germany; and Strykow, Poland.

Scope 1 and 2 emissions for managed assets are calculated using country-specific conversion factors sourced from the European Commission. Scope 3 emissions relating to business travel for Head Office activities are calculated using the Defra 2020 Conversion Factors.

Scope 1 emissions relate to gas consumption, Scope 2 emissions relate to purchased electricity, Scope 3 relates to emissions associated with business travel.

The intensity measurement used is floor area, which is the recommended ratio for real estate. This relates to Head Office only as managed assets are provided external services with no related floor area.

## Energy efficiency action in the year

The Company moved to a new office in December 2019 and installed a number of energy efficiency measures as part of the fit-out. This included LED lighting, PIR sensors, high-efficiency IT equipment, and efficient HVAC. The Company Head Office procures 100% renewable energy. Business travel in the year has been significantly lower than expected due to the restrictions as a result of Covid-19.

The Company supplies gas and electricity for the management of common part areas (CPA) for managed assets. The Company employs property managers who apply a range of measures to ensure the assets are managed as efficiently as possible.

The Company will switch to 100% renewable energy for its electricity use in early 2021.

## Substantial shareholdings

As at 20 November 2020, 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 20 November 2020, the issued share capital remained the same as at 30 September 2020 with 422,727,273 shares in issue.

Shareholder name	Holding as at 20 November 2020	%
Aviva Investors	35,073,073	8.30
Timbercreek Asset Management	33,533,589	7.93
CCLA Investment Management	25,037,862	5.92
East Riding of Yorkshire	20,000,000	4.73
Primonial REIM	19,535,315	4.62
BlackRock	19,508,120	4.61
Close Brothers Asset Management	18,803,445	4.45
EFG Harris Allday, stockbrokers	14,840,416	3.51

## 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 13 February 2020, 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 2019 AGM. These authorities expire at the next AGM in Q1 2021 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 66 and 67.

### **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 2021.

### **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 73 to 75.

### **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 98.

### **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 9 February 2021 (subject to advancements with Covid-19).

This report was approved by the Board on 2 December 2020.

### **Tritax Management LLP**

#### **Company Secretary**

2 December 2020

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 Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

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 their 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 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 complies 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 Financial 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 Annual 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.

Signed on behalf of the Board by:

**Robert Orr**  
Chairman  
2 December 2020

# 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 2020 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- 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 9 December 2019. The period of total uninterrupted engagement is for the two financial years ended 30 September 2020. 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>	€8.7m (2019: €7.4m)
Group financial statements as a whole	1% (2019: 1%) of total Group assets
Coverage	100% (2019: 100%) of total Group assets
<b>Key audit matters</b>	<b>vs 2019</b>
<b>Recurring risks</b>	<b>Group:</b> Valuation of investment properties 
	<b>Parent:</b> Recoverability of investment in subsidiaries and amounts receivable from Group companies 



## 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 2019), 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.

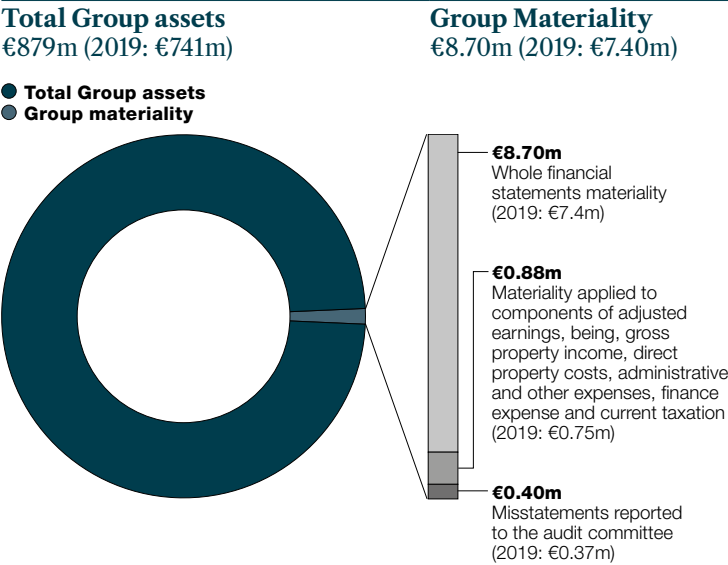
	The risk	Our response
<b>Valuation of investment properties (Group)</b> €837.90 million (2019: €687.58 million)  Refer to page 71 (Audit Committee Report), pages 93-94 (accounting policy) and pages 101-104 (financial disclosures).	<b>Subjective valuation</b> Investment properties are the largest balance in the group financial statements. At the date of this report, the portfolio comprises 12 properties which are externally valued by a qualified independent valuer (JLL) and held at fair value at the balance sheet date.  Each property is unique and the fair value includes subjective selection of assumptions, most significantly the estimated rental value and the yield. These key assumptions will be impacted by a number of factors including location, quality and condition of the building, tenant credit rating and lease length.  Whilst comparable market transactions, including the price paid by the Group for the property 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.  The effect of these matters is that, as part of our risk assessment, we determined that the valuation of investment 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 estimated by the Group.	Our procedures included:  <ul style="list-style-type: none"> <li>– <b>Assessing 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 assessed the methodology used by the valuer by using our own property valuation specialist to assist us in determining whether the valuation report is in accordance with the RICS Valuation – Global Standards, IFRS and that the valuation methodology adopted is appropriate by reference to acceptable valuation practice;</li> <li>– <b>Benchmarking assumptions:</b> We selected a sample of properties using various criteria including analysis of valuation movements, value of individual properties, movement in yield rates and specific risks that are relevant to the country. 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> <b>Our results</b> – We found the valuation of investment properties to be acceptable (2019: acceptable).
<b>Recoverability of investment in subsidiaries and amounts receivable from Group companies (Parent)</b> €786.46 million (2019: €691.44 million)  Refer to page 71 (Audit Committee Report), pages 114-115 (accounting policy) and pages 116-117 (financial disclosures).	<b>Low risk, high value</b> The carrying amount of the Parent Company’s investments in and receivables from subsidiaries represents 99% (2019: 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.	Our procedures included:  <b>Tests of detail:</b> We compared the carrying amount of 100% of investments with the relevant subsidiaries’ draft balance sheets to identify whether their net assets, which include investment property held at fair value, were in excess of their carrying amount. We assessed 100% of Group receivables to identify, with reference to the relevant subsidiaries’ draft balance sheets, whether they have a positive net asset value and therefore coverage of the debt owed.  <b>Our results</b> – 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 (2019: acceptable).

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 €8.7 million (2019: €7.4 million), determined with reference to a benchmark of total Group assets of €879 million (2019: €741 million), of which it represents 1.0% (2019: 1.0%).

In addition, we applied materiality of €0.88 million (2019: €0.75 million) to components of adjusted earnings, being gross property income, direct property costs, 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 €7.9 million (2019: €7.2 million), determined with reference to a benchmark of Company total assets of €791 million (2019: €694 million), of which it represents 1.0% (2019: 1.0%).



#### 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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's 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 the impact of changes in valuation of investment properties and the impact of a default of one or more tenants on liquidity and debt covenant compliance.

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2.1 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 a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 80 is materially inconsistent with our audit knowledge.
- We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

#### 5. 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

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement (page 46) 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 Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the 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.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

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 report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

### 6. 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.

### 7. Respective responsibilities

#### Directors' Responsibilities

As explained more fully in their statement set out on page 81, 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 other irregularities (see below), 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, other irregularities 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).

### Irregularities – ability to detect

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 and other management (as required by auditing standards), and discussed with the Directors and other management 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.

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 legislation, taxation legislation and specifically 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, and 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 or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **8. 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

3 December 2020



# Group Statement of Comprehensive Income

For the year ended 30 September 2020

	Note	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Rental income	6	<b>36.00</b>	24.49
Service charge income	6	<b>6.42</b>	3.32
Other income	6	<b>0.46</b>	0.37
<b>Gross property income</b>	6	<b>42.88</b>	28.18
Direct property costs	7	<b>(7.40)</b>	(3.70)
<b>Net property income</b>		<b>35.48</b>	24.48
Fair value gain on investment properties	14	<b>38.57</b>	17.85
Gain on disposal of investment property		<b>0.83</b>	–
Administrative and other expenses	8	<b>(10.73)</b>	(8.45)
<b>Operating profit</b>		<b>64.15</b>	33.88
Net finance expense	10	<b>(10.57)</b>	(5.03)
Effect of foreign exchange differences		<b>0.03</b>	(0.16)
Changes in fair value of interest rate derivatives	20	<b>(0.03)</b>	(2.35)
<b>Profit before taxation</b>		<b>53.58</b>	26.34
Taxation	11	<b>(8.79)</b>	(5.62)
<b>Profit for the year</b>		<b>44.79</b>	20.72
<b>Total comprehensive income for the year attributable to the Shareholders</b>		<b>44.79</b>	20.72
<b>Earnings Per Share (EPS) (expressed in cents per share)</b>			
EPS – basic and diluted	12	<b>10.60</b>	6.25

# Group Statement of Financial Position

As at 30 September 2020

	Note	30 September 2020 €m	30 September 2019 €m
<b>Non-current assets</b>			
Investment properties	14	<b>837.90</b>	687.58
Derivative financial instruments	20	<b>0.09</b>	0.12
Trade and other receivables	15	<b>1.17</b>	1.17
Deferred tax assets	11	<b>1.15</b>	0.59
<b>Total non-current assets</b>		<b>840.31</b>	689.46
<b>Current assets</b>			
Assets held-for-sale	14	<b>–</b>	1.52
Trade and other receivables	15	<b>14.72</b>	31.75
Cash and cash equivalents	16	<b>24.44</b>	17.90
<b>Total current assets</b>		<b>39.16</b>	51.17
<b>Total assets</b>		<b>879.47</b>	740.63
<b>Current liabilities</b>			
Trade and other payables	17	<b>(9.29)</b>	(16.72)
Income tax liability		<b>(0.34)</b>	(1.06)
<b>Total current liabilities</b>		<b>(9.63)</b>	(17.78)
<b>Non-current liabilities</b>			
Trade and other payables	17	<b>(1.46)</b>	–
Loans and borrowings	18	<b>(340.63)</b>	(231.95)
Deferred tax liabilities	11	<b>(13.64)</b>	(5.18)
Other liabilities	19	<b>(8.89)</b>	(7.28)
Tenant deposit	23	<b>(1.31)</b>	(1.17)
<b>Total non-current liabilities</b>		<b>(365.93)</b>	(245.58)
<b>Total liabilities</b>		<b>(375.56)</b>	(263.36)
<b>Net assets</b>		<b>503.91</b>	477.27
<b>Equity</b>			
Share capital	24	<b>4.23</b>	4.23
Share premium reserve		<b>131.24</b>	131.21
Retained earnings		<b>368.44</b>	341.83
<b>Total equity</b>		<b>503.91</b>	477.27
<b>Net Asset Value (NAV) per share (expressed in Euro per share)</b>			
Basic NAV	25	<b>1.19</b>	1.13
EPRA NRV (formerly EPRA NAV) <sup>1</sup>	25	<b>1.30</b>	1.21

<sup>1</sup> Note the prior period has been recomputed in line with the latest EPRA guidance over Net Asset Value measures.

These financial statements were approved by the Board of Directors on 2 December 2020 and signed on its behalf by:

**Robert Orr**  
Chairman

# Group Statement of Changes in Equity

For the year ended 30 September 2020

	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>

	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At 1 July 2018		0.06	–	–	0.06
Net profit for the period		–	–	20.72	20.72
Total comprehensive income		–	–	20.72	20.72
<b>Contributions and distributions:</b>					
New share capital subscribed	24	4.23	470.10	–	474.33
Associated share issue costs		–	(9.35)	–	(9.35)
Share premium cancelled by special resolution	24	–	(329.54)	329.54	–
Cancellation of preference shares	24	(0.06)	–	–	(0.06)
Dividends paid	13	–	–	(8.43)	(8.43)
Total contributions and distributions		4.17	131.21	321.11	456.49
<b>At 30 September 2019</b>		<b>4.23</b>	<b>131.21</b>	<b>341.83</b>	<b>477.27</b>

# Group Cash Flow Statement

For the year ended 30 September 2020

	Note	For the year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
<b>Cash flows from operating activities</b>			
Profit for the year/period		<b>44.79</b>	20.72
Gain on disposal of investment property		<b>(0.83)</b>	–
Changes in fair value of investment properties		<b>(38.57)</b>	(17.85)
Changes in fair value of interest rate derivatives		<b>0.03</b>	2.35
Tax expense		<b>8.79</b>	5.62
Net finance expense		<b>10.57</b>	5.03
Accretion of tenant lease incentive	6	<b>(3.56)</b>	(3.65)
Amortisation of tenant lease incentives and lease commissions	6	<b>0.04</b>	0.02
Decrease/(increase) in trade and other receivables		<b>18.70</b>	(32.50)
(Decrease)/increase in trade and other payables		<b>(6.48)</b>	17.37
<b>Cash generated from/(used in) operations</b>		<b>33.48</b>	(2.89)
Tax paid		<b>(1.20)</b>	(0.53)
<b>Net cash flow generated from/(used in) operating activities</b>		<b>32.28</b>	(3.42)
<b>Investing activities</b>			
Purchase of investment properties		<b>(102.41)</b>	(645.57)
Disposal of assets held-for-sale		<b>2.33</b>	–
Improvements to investment properties and development expenditure		<b>(7.65)</b>	(14.76)
<b>Net cash flow used in investing activities</b>		<b>(107.73)</b>	(660.33)
<b>Financing activities</b>			
Proceeds from issue of Ordinary Share capital		–	474.33
Cost of share issues		–	(9.35)
Loans received	18	<b>121.00</b>	321.00
Loans repaid	18	<b>(12.50)</b>	(85.50)
Loan arrangement fees paid	18	<b>(0.74)</b>	(4.03)
Loan interest paid		<b>(7.61)</b>	(4.01)
Interest rate cap premium paid	20	–	(2.47)
Dividends paid to equity holders	13	<b>(18.18)</b>	(8.43)
<b>Net cash flow generated from financing activities</b>		<b>81.97</b>	681.54
Net movement in cash and cash equivalents for the year/period		<b>6.52</b>	17.79
Cash and cash equivalents at start of the year/period		<b>17.90</b>	–
Unrealised foreign exchange gains		<b>0.02</b>	0.11
<b>Cash and cash equivalents at end of the year/period</b>		<b>24.44</b>	17.90

# Notes to the Consolidated Accounts

## 1. Corporate information

The consolidated financial statements of the Group for the year ended 30 September 2020 comprise the results of Tritax EuroBox plc ("the Company") and its subsidiaries (together "the Group") and were approved by the Board for issue on 2 December 2020. 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 Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and in accordance with the Companies Act 2006. 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 reinstatement value (NRV) and earnings per share. The Group has elected to early adopt the three new EPRA NAV measures as introduced in October 2019. 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 these 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 21 tenants across over 12 properties in six European countries. The Group's largest tenant represents 19% of contracted rent at 30 September 2020 and the top five tenants together represent 60% of contracted rent.

As at the date of approval of these consolidated financial statements, the Group has not experienced a significant increase in rent arrears compared to the equivalent period last year. As a result of Covid-19, a number of the Group's tenants have requested deferral or a re-profiling of rent payments. Such requests have been considered on a case by case basis and based on the merits of such request and the circumstances of the tenant. However, as at the date of approval of these 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 33% of rental income is unpaid for a 12 months' duration, which forecasts 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 has an unsecured revolving credit facility, which does not require any repayment until 2023. 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 41% 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 68% against the limit of 150%.

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 318% against the limit of 150%.

As a result of the above and considering the Nivelles acquisition, the Directors forecast that covenant compliance will continue for at least the next 12 months. For details on the Director's longer-term viability assessment, see page 46.

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.

#### 2.2. 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 have Euro as the functional currency.

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.



### 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.

#### 3.1. 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 IFRS 3, a business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. A business will usually consist of inputs, processes and outputs. 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.

#### 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 July 2017 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in note 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 2020.

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. Any non-controlling interests are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

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.

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.

#### 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 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, being the estimated amount that the Group would receive or pay to terminate the agreement at the year-end date, taking into account current interest rate expectations of the Company and its counterparties. 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 (eg 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.

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

#### **4. Summary of significant accounting policies continued**

##### **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:

##### ***Bank borrowings***

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 ensure 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, 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 market 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.

##### **4.9. 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. Summary of significant accounting policies continued

##### 4.11. Taxation

The Company is approved by HMRC as an investment trust under sections 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.

#### 5. Standards in issue

##### 5.1. Standards in issue and effective from 1 October 2019

The following new accounting amendments have been applied in preparing these consolidated financial statements:

##### **IFRS 16: Leases**

The Directors have assessed the impact on the financial statements of this standard. As the Group does not hold any material operating or leasehold agreements as lessee, the impact of IFRS 16 is immaterial.

Amendment to IFRS 16 regarding Covid-19-related rent concessions was issued in May 2020, for annual reporting periods beginning on or after 1 June 2020 (earlier application is permitted). It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The impact of this amendment is considered immaterial as the Group does not hold any material operating or leasehold agreements as lessee.

##### **IFRIC 23: Uncertainty over income tax treatments**

The Directors have considered the impact on the financial statements of this standard. There is no material impact to the Group as a result of the recognition and measurement requirements of IFRIC 23.

## 5. Standards in issue continued

### 5.2. New standards issued but not yet effective

- Amendments to IFRS 3 “Business Combinations”, definition of a business.
- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, definition of material.
- Revised Conceptual Framework for Financial Reporting.
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

They are not expected to impact 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.

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 condensed consolidated financial statements of the Group.

## 6. Gross property income

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Rental income	<b>32.48</b>	20.86
Spreading of tenant incentives	<b>3.56</b>	3.65
Amortisation of capital contribution and lease commission	<b>(0.04)</b>	(0.02)
Gross rental income	<b>36.00</b>	24.49
Service charges recoverable	<b>6.42</b>	3.32
Other income	<b>0.46</b>	0.37
Gross property income	<b>42.88</b>	28.18

The Group derives property income from the following countries:

Gross property income (€m)	Belgium	Germany	Spain	Italy	Poland	The Netherlands	Total
<b>30 September 2020</b>	<b>6.07</b>	<b>13.84</b>	<b>8.14</b>	<b>7.07</b>	<b>6.72</b>	<b>1.04</b>	<b>42.88</b>
30 September 2019	5.10	5.87	9.00	6.67	1.54	–	28.18

The 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 2020</b>	<b>37.73</b>	<b>36.91</b>	<b>36.99</b>	<b>34.36</b>	<b>31.29</b>	<b>186.91</b>	<b>364.19</b>
30 September 2019	33.42	34.34	34.45	34.51	33.66	215.59	385.97

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 three tenants representing more than 10% of rental income during the year (€7.82 million, €6.19 million and €4.04 million) (2019: four tenants). As at 30 September 2020, three tenants represented more than 10% of passing rent (2019: three tenants).

## 7. Direct property costs

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Service charge expense	<b>6.51</b>	3.37
Other expenses	<b>0.89</b>	0.33
Total property expenses	<b>7.40</b>	3.70



## 8. Administrative and other expenses

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Investment management fees <sup>1</sup>	<b>6.02</b>	4.64
Directors' remuneration (note 9)	<b>0.23</b>	0.23
Auditor's fees:		
Fees payable for the audit of the Company's accounts	<b>0.35</b>	0.22
Fees payable for the review of the Company's interim accounts	<b>0.04</b>	0.14
Fees payable for the audit of the Company's subsidiaries	<b>0.10</b>	0.16
Total Auditor's fee	<b>0.49</b>	0.52
Corporate administration fees	<b>0.97</b>	0.97
Regulatory fees	<b>0.09</b>	0.10
Legal and professional fees	<b>2.29</b>	1.63
Marketing and promotional fees	<b>0.49</b>	0.23
Other administrative costs	<b>0.15</b>	0.13
Total administrative and other expenses	<b>10.73</b>	8.45

1 Investment management fees include fees payable to Tritax Management LLP for €4.1 million (30 September 2019: €3.3 million (see note 26)).

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. The fees in relation to the acquisition of assets have been capitalised into the cost of the respective assets.

## 9. Directors' remuneration

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Directors' fees	<b>0.20</b>	0.21
Employer's National Insurance	<b>0.03</b>	0.02
Total Directors' remuneration	<b>0.23</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.

### 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 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Interest payable on loans and bank borrowings	<b>5.82</b>	3.07
Commitment fees payable on bank borrowings	<b>1.84</b>	1.02
Loss on remeasurement of put option (note 19)	<b>1.88</b>	0.30
Bank fees	<b>0.11</b>	0.15
One-off cost of extinguishment of bank loans	<b>–</b>	0.01
Amortisation of loan arrangement fees	<b>0.92</b>	0.48
Total finance expense	<b>10.57</b>	5.03

The total interest payable on financial liabilities carried at amortised cost comprises interest and commitment fees payable on bank borrowings of €7.66 million (30 September 2019: €4.09 million) of which nil was capitalised in both periods and amortisation of loan arrangement fees of €0.92 million (30 September 2019: €0.48 million) of which €0.74 million (30 September 2019: €4.03 million) 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 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Current taxation:		
UK taxation	–	–
Overseas taxation – current year	0.68	1.03
Overseas taxation – prior year adjustment	(0.27)	–
Deferred taxation:		
UK taxation	–	–
Overseas taxation	8.38	4.59
<b>Total tax charge</b>	<b>8.79</b>	<b>5.62</b>

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”).

### b) Factors affecting the tax charge for the year/period

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

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Profit before taxation	53.58	26.34
Theoretical tax at UK corporation tax rate of 19% (30 September 2019: 19%)	10.18	5.00
Losses where no deferred taxes have been recognised	0.56	0.21
Impact of different tax rates on foreign jurisdictions	(0.22)	0.41
Expenses not deductible for tax purposes	0.09	–
Impact of UK interest distributions from the Investment Trust	(1.55)	–
Prior year adjustment to current tax	(0.27)	–
<b>Total</b>	<b>8.79</b>	<b>5.62</b>

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Deferred tax assets:		
Differences between tax and property revaluation	0.09	0.42
Tax losses carried forward	0.82	–
Other	0.24	0.17
<b>Total</b>	<b>1.15</b>	<b>0.59</b>

	Year ended 30 September 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Deferred tax liabilities:		
Differences between tax and property revaluation	13.57	4.99
Other	0.07	0.19
<b>Total</b>	<b>13.64</b>	<b>5.18</b>

All movements in deferred tax assets and liabilities have been recognised in profit and loss other than €0.52 million of tax losses acquired as part of a property acquisition.

## 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 2020 and 2019, there are no dilutive or potentially dilutive equity arrangement in existence.

The calculation of EPS is based on the following:

	Net profit attributable to Ordinary Shareholders €m	Weighted average number of Ordinary Shares <sup>1</sup> '000	Earnings per share cents
<b>For the year ended 30 September 2020</b>			
<b>Basic EPS</b>	<b>44.79</b>	<b>422,727</b>	<b>10.60</b>
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>	<b>13.80</b>	<b>422,727</b>	<b>3.26</b>
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		
Loss 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>	<b>17.56</b>	<b>422,727</b>	<b>4.16</b>
<b>For the period ended 30 September 2019</b>			
<b>Basic EPS</b>	20.72	331,599	6.25
Adjustments to remove:			
Deferred tax charge (note 11)	4.59		
Changes in fair value of investment properties (note 14)	(17.85)		
Changes in fair value of interest rate derivatives (note 20)	2.35		
<b>EPRA EPS</b>	9.81	331,599	2.96
Adjustments to include/(exclude):			
Licence fee receivable on forward funded developments	0.87		
Rental income recognised in respect of fixed uplifts	(3.63)		
Amortisation of loan arrangement fees	0.48		
Unrealised foreign exchange currency loss	0.11		
Loss on remeasurement of put option (note 10)	0.30		
Rental guarantee receipts excluded from property income-settled via cash <sup>2</sup>	2.85		
<b>Adjusted EPS</b>	<b>10.79</b>	<b>331,599</b>	<b>3.25</b>

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

<sup>2</sup> This is offset against the cost of investment properties.

<sup>3</sup> Covid-19 rent deferral that is expected to be received during next financial year.

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:

- 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;
- Inclusion of licence fees which relates to cash received from developers during development periods, in order to access the land; and
- Inclusion of rental guarantee adjustments 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 2020 €m	Period from 1 July 2018 to 30 September 2019 €m
Final dividend in respect of period ended 30 September 2019 at 1.0 cent per Ordinary Share (30 June 2018: nil)	4.23	–
First interim dividend in respect of year ended 30 September 2020 at 1.10 cent per Ordinary Share (30 September 2019: 0.4 cent)	4.65	1.20
Second interim dividend in respect of year ended 30 September 2020 at 1.10 cent per Ordinary Share (30 September 2019: 1.0 cent)	4.65	3.00
Third interim dividend in respect of year ended 30 September 2020 at 1.10 cent per Ordinary Share (30 September 2019: 1.0 cent)	4.65	4.23
<b>Total dividends paid</b>	<b>18.18</b>	<b>8.43</b>
<b>Total dividends paid for the year/period</b>	<b>3.30 cents</b>	<b>2.40 cents</b>
<b>Total dividends unpaid but declared for the year/period</b>	<b>1.10 cent</b>	<b>1.00 cent</b>
<b>Total dividends declared for the year/period</b>	<b>4.40 cents</b>	<b>3.40 cents</b>

On 3 December 2020, the Directors of the Company declared a fourth interim dividend in respect of the period from 1 July 2020 to 30 September 2020 of 1.10 cent per Ordinary Share, which will be payable on or around 8 January 2021 to Shareholders on the register on 11 December 2020.

Out of €18.60 million (30 September 2019: €12.66 million) dividends declared for the year, €5.70 million (30 September 2019: €1.70 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 July 2017 ("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 outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organization as a "Global Pandemic" in March 2020 has impacted global financial markets and the global economy. It is difficult to predict the impact that Covid-19 might have on the real estate market in the future, therefore, we will continue to monitor the performance of the portfolio closely through ongoing discussions with the Company's external valuers and pay a particular regard to comparable market evidence over the coming months. Despite the onset of Covid-19 in Q1 2020, the demand from the investment market for logistics assets has remained robust. The Company's external valuers decided that the valuations as at 30 September 2020 should not include a material uncertainty clause as had been included in the Group's 31 March 2020 Interim results.

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

Total valuation fee incurred by the Group in the year amounts to €67,600 (period ended 30 September 2019: €130,400). 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 that 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
Breda, the Netherlands	23 December 2019
Strykow Lodz, Poland	3 February 2020

#### 14. Investment properties continued

	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 <sup>4</sup>	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>3</sup>	38.57	–	38.57
<b>As at 30 September 2020</b>	<b>837.90</b>	<b>–</b>	<b>837.90</b>

	Investment properties completed €m	Investment properties under construction €m	Investment properties Total €m
At incorporation	–	–	–
Acquisition of properties	649.00	5.22	654.22
Improvements to investment properties	0.72	–	0.72
Licence fees and rental guarantees received	(2.59)	(1.37)	(3.96)
Development expenditure	–	16.28	16.28
Fixed rental uplift and tenant lease incentives <sup>1</sup>	4.24	–	4.24
Amortisation of rental uplift and tenant lease incentives <sup>1</sup>	(0.25)	–	(0.25)
Transfer to assets held-for-sale <sup>2</sup>	(1.52)	–	(1.52)
Change in fair value during the period <sup>3</sup>	16.15	1.70	17.85
<b>As at 30 September 2019</b>	<b>665.75</b>	<b>21.83</b>	<b>687.58</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 2020 was €6.23 million (30 September 2019: €3.87 million). The difference between this and cash receipts change the carrying value of the property against which revaluations are measured (also see note 6).

2 The carrying value of assets held-for-sale at the Balance Sheet date was €nil (2019: €1.52 million).

3 Included in the fair value change in the year was unrealised gains of €53.93 million (30 September 2019: €45.53 million) and unrealised losses of €15.36 million (30 September 2019: €27.68 million).

4 Included acquisition costs of €2.27 million.

	30 September 2020 €m	30 September 2019 €m
Investment properties in Balance Sheet	837.90	687.58
Assets held-for-sale	–	1.52
Rental guarantee held in separate receivable	1.41	2.57
<b>Total external valuation of investment properties</b>	<b>839.31</b>	<b>691.67</b>

As at 30 September 2020, the Group had the following potential capital commitments in relation to its forward funded pre-let development assets (30 September 2019: €5.99 million):

- Strykow of €13.5 million subject to pre-let conditions being met.
- Mango extension €30.5 million subject to permit.

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.



## 14. Investment properties continued

### 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 following 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*

The residual approach 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")*

The rent per square metre at which space could be let in the market conditions prevailing at the date of valuation at 30 September 2020 (range: €32.10-€84.97 per square metre, per annum).

ERV is dependent upon a number of variables in relation to the Group's property. These include: size, building specification and location.

#### *Unobservable input: net initial yield*

The net initial yield is defined as the initial net income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase (average: 4.57%\* or range: 3.91%-6.25%). Net initial yield is dependent on the tenant, lease length and the other variables listed above for ERV.

Net initial 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.

\* Including rental guarantee.

#### 14. Investment properties continued

##### Valuation techniques continued

##### 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% net initial yield €m	+0.25% net initial yield €m	-5% in ERV €m	+5% in ERV €m
<b>(Decrease)/increase in the fair value of investment properties as at 30 September 2020</b>	<b>48.56</b>	<b>(43.41)</b>	<b>(20.03)</b>	<b>20.03</b>
(Decrease)/increase in the fair value of investment properties as at 30 September 2019*	37.79	(34.20)	(10.51)	13.15

\* The sensitivity analysis has been prepared excluding investment properties under construction.

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

	<b>30 September 2020 €m</b>	30 September 2019 €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.

	<b>30 September 2020 €m</b>	30 September 2019 €m
Current trade and other receivables		
Trade receivables	<b>2.52</b>	1.97
Prepayments, accrued income and other receivables	<b>5.92</b>	7.39
Escrow cash	<b>0.39</b>	6.79
VAT receivable*	<b>5.89</b>	15.60
	<b>14.72</b>	31.75

\* VAT receivable relates mainly to VAT reclaim due on the purchase of the property in Italy for €4 million (30 September 2019: €12 million).

The following table sets out the ageing of trade receivables as at 30 September 2020:

	<b>30 September 2020 €m</b>	30 September 2019 €m
Past due but not impaired		
<30 days	<b>1.69</b>	1.35
30-60 days	<b>0.18</b>	0.37
60-90 days	<b>-</b>	0.18
90 days+	<b>0.65</b>	0.07
Total	<b>2.52</b>	1.97
Past due and impaired	<b>-</b>	-
Total	<b>2.52</b>	1.97

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 2020 €m	30 September 2019 €m
Cash and cash equivalents to agree with cash flow	24.44	17.90

All cash held under the Italian subsidiaries fund are subject to local dividend distribution rules which mean that dividends can only be paid twice a year. The amount of cash held in Italy as at 30 September 2020 was: €2.92 million (30 September 2019: €2.16 million).

## 17. Trade and other payables

	30 September 2020 €m	30 September 2019 €m
Non-current trade and other payables		
Other payables	1.46	–
	30 September 2020 €m	30 September 2019 €m
Current trade and other payables		
Trade and other payables	3.57	6.47
Bank loan interest payable	0.40	0.24
Deferred income	0.54	0.34
Accruals	4.44	9.00
VAT liability	0.34	0.67
	9.29	16.72

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

## 18. Loans and borrowings

The Group has a long-term, Revolving Credit Facility ("RCF") of €425 million (see table below). The loan has a margin of 1.55% to 2.2% above the higher of zero or Euribor, depending on the drawn level and the prevailing LTV (loan-to-value) ratio. The weighted average term to maturity of the Group's debt as at the year-end is 3.8 years (30 September 2019: 4.0 years). €325 million of the RCF has been extended to October 2024 during the year.

	Facility €m	Maturity date
HSBC UK Bank	100.0	19 October 2023
BNP Paribas <sup>1</sup>	100.0	19 October 2024
Bank of China <sup>1</sup>	100.0	19 October 2024
Bank of America	100.0	19 October 2024
Banco de Sabadell <sup>1</sup>	25.0	19 October 2024
<b>Total RCF</b>	<b>425.0</b>	

<sup>1</sup> Extended to 19 October 2025 in October 2020.

As at 30 September 2020, all of the Group's debt facility commitments are floating rate. The LTV across all drawn debt was 41% against a target of 45% (with a limit of 65% in the RCF). The Group has been in compliance with all of the financial covenants of the Group's bank facilities as applicable throughout the year covered by these financial statements.

Any associated fees in arranging the 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 2020 €m	30 September 2019 €m
Bank borrowings at the beginning of the year/period	231.95	–
Bank borrowings drawn in the year/period	121.00	321.00
Bank borrowings repaid in the year/period	(12.50)	(85.50)
Loan issue costs paid	(0.74)	(4.03)
Non-cash amortisation of loan issue costs	0.92	0.48
<b>Non-current liabilities: loan and borrowings</b>	<b>340.63</b>	<b>231.95</b>

## 18. Loans and borrowings continued

	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	<b>80.94</b>	<b>19.06</b>	<b>100.00</b>
Repayable between four and five years	<b>263.06</b>	<b>61.94</b>	<b>325.00</b>
Repayable in over five years	–	–	–
	<b>344.00</b>	<b>81.00</b>	<b>425.00</b>

	30 September 2019		
	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	–	–	–
Repayable between four and five years	235.50	189.50	425.00
Repayable in over five years	–	–	–
	235.50	189.50	425.00

## 19. Other liabilities

	30 September 2020 €m	30 September 2019 €m
Balance at the beginning of the year	<b>7.28</b>	–
Addition	<b>0.02</b>	7.03
Repayments	<b>(0.29)</b>	(0.05)
Loss on measurement of put option	<b>1.88</b>	0.30
Balance at the end of the year	<b>8.89</b>	7.28

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

## 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 €425 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 2019: 0.67%). The total premium payable in the year towards securing the interest rate caps was €nil (30 September 2019: €2.47 million).

	<b>30 September 2020 €m</b>	30 September 2019 €m
Interest rate derivatives valuation brought forward	<b>0.12</b>	–
Interest rate cap premium paid	<b>–</b>	2.47
Fair value movement	<b>(0.03)</b>	(2.35)
Non-current assets: interest rate derivatives carried forward	<b>0.09</b>	0.12

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 87% (30 September 2019: 127%).

### 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 that are summarised below.

### Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the Group's cash balances 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 performed to ascertain the impact on the Group Cash Flow Statement and net assets which shows that a 50 basis point decrease/increase in interest rates would result in an increase of €nil or a decrease of €0.07 million to net assets, based on the nominal borrowings at the year end.

The Group currently operates in seven countries. The current distribution of total assets is as follows:

Total assets	Belgium	Germany	Spain	Italy	Poland	UK	The Netherlands	Total
<b>30 September 2020</b>	<b>93.01</b>	<b>303.63</b>	<b>169.12</b>	<b>141.52</b>	<b>117.39</b>	<b>4.37</b>	<b>50.43</b>	<b>879.47</b>
30 September 2019	91.50	273.65	163.03	146.64	63.47	2.34	–	740.63



## 21. Financial risk management continued

### 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 case holds bank guarantee letters.

Covid-19 increased the tenant credit risk of the Group, with some tenants asking for rent deferrals with a view to help their financial position. However, as at 30 September 2020, all deferrals have been repaid as agreed with one single deferral outstanding agreed to be received during 2021 for €1.6 million.

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, who are committed lenders to the Group, with high credit ratings assigned by international credit-rating agencies.

### Liquidity risk

Liquidity risk arises from the Group's management of working capital and, going forward, the finance charges, principal repayments on its borrowings and its commitments under forward funded development arrangements (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 based on contractual undiscounted payments, including interest charges:

	Carrying amount €m	Total cash flows €m	Less than 3 months €m	3-12 months €m	1-2 years €m	Between 2-5 years €m	More than 5 years €m
<b>30 September 2020</b>							
Loans and borrowings	<b>340.63</b>	<b>374.69</b>	<b>1.70</b>	<b>5.11</b>	<b>6.81</b>	<b>361.07</b>	<b>-</b>
Trade and other payables*	<b>9.87</b>	<b>9.87</b>	<b>8.41</b>	<b>-</b>	<b>1.46</b>	<b>-</b>	<b>-</b>
Non-current liabilities	<b>8.89</b>	<b>8.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.89</b>
Tenant deposit	<b>1.31</b>	<b>1.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.31</b>
	<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>
30 September 2019	Carrying amount €m	Total cash flows €m	Less than 3 months €m	3-12 months €m	1-2 years €m	Between 2-5 years €m	More than 5 years €m
Loans and borrowings	231.95	256.23	1.30	3.89	5.18	245.86	-
Trade and other payables*	15.71	15.71	15.71	-	-	-	-
Non-current liabilities	7.28	7.28	-	-	-	-	7.28
Tenant deposit	1.17	1.17	-	-	-	-	1.17
	256.11	280.39	17.01	3.89	5.18	245.86	8.45

\* 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 Euro zone. The Group keeps some cash in foreign currency to finance its working capital.

As at 30 September 2020 the Group has a cash balance of GBP 0.41 million and PLN 5.54 million, equivalent to €0.45 million and €1.22 million respectively (30 September 2019: GBP 0.54 million and PLN 6.49 million, equivalent to €0.61 million and €1.48 million respectively).

### Development risk

Development risk is the exposure that 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 to maintain sustainable returns for Shareholders. The Group considers proceeds from share issuances, bank borrowings and retained earnings as capital. The Group's policy on borrowings is as set out below:

The level of borrowing will be on a prudent basis for the asset class, and will seek to achieve a low cost of funds.

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 loan to value ("LTV") and interest cover ratio. The Group LTV at the year end was 39.9% (30 September 2019: 33.3%).

## 23. Tenant deposit

	30 September 2020 €m	30 September 2019 €m
Non-current liabilities		
Balance at the beginning of the year	1.17	1.17
Additions in the year	0.14	–
Balance at the end of the year	1.31	1.17

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 2020 Number	30 September 2020 €m	30 September 2019 Number	30 September 2019 €m
<b>Issued and fully paid at 1 cent each</b>				
Balance at beginning of year/period – €0.01 Ordinary Shares	422,727,273	4.23	1	–
Shares issued in the year/period	–	–	422,727,272	4.23
<b>Balance at end of year/period</b>	<b>422,727,273</b>	<b>4.23</b>	<b>422,727,273</b>	<b>4.23</b>

The Group has one class of Ordinary Shares which carry no right to fixed income.

The 1 cent shares listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 9 July 2018 were issued for €1.13 (or £1.00). Following a Special Resolution of Tritax EuroBox plc, an application was made to the High Court to cancel the share premium, which was granted on 25 September 2018. This resulted in the full balance being transferred into distributable reserves.

On 7 May 2019, the Group's Ordinary Shares were listed on the premium segment of the Main Market of the London Stock Exchange from the Specialist Fund Segment.

On 29 May 2019, the Group increased its share capital by another 122,727,273 Ordinary Shares for €1.10 or £0.97 each. As a result, the Group's issued share capital increased to 422,727,273 Ordinary Shares with voting rights.

	30 September 2020 Number	30 September 2020 €m	30 September 2019 Number	30 September 2019 €m
<b>Issued and fully paid at €1 each</b>				
Balance at beginning of year/period – €1.00 Preference Shares	–	–	57,100	0.06
Shares cancelled in the year/period	–	–	(57,100)	(0.06)
<b>Balance at end of year/period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

On 26 September 2018, the Group cancelled 57,100 redeemable preference shares with a nominal value of €57,100. The preference shares did not carry any rights to a dividend.

## 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 2020 €m	30 September 2019 €m
Net assets per Group Statement of Financial Position	<b>503.91</b>	477.27
Ordinary Shares:		
Issued share capital (number)	<b>422,727,273</b>	422,727,273
<b>NAV per share (expressed in Euro per share)</b>		
Basic NAV per share	<b>1.19</b>	1.13

In October 2019, EPRA introduced three new measures of net asset value: EPRA Net Reinvestment Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV). These are applicable for accounting periods starting on or after 1 January 2020, but the Group has elected to early adopt these new measures for the year ended 30 September 2020. The Group considers EPRA NRV to be the most relevant EPRA NAV measure for the Group, replacing our previously reported EPRA NAV and EPRA NAV per share metrics. We are now reporting EPRA NRV as our primary NAV measure alongside Basic NAV. The prior year comparative figures have also been recomputed in line with the new EPRA methodology. Also refer to Notes to the EPRA and Other Key Performance Indicators section for the bridge between the new and the previous set of EPRA NAVs metrics.

	30 September 2020			30 September 2019		
	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m
NAV attributable to shareholders	<b>503.91</b>	<b>503.91</b>	<b>503.91</b>	477.27	477.27	477.27
Mark-to-market adjustments of derivatives	<b>(0.09)</b>	<b>(0.09)</b>	–	(0.12)	(0.12)	–
Deferred tax adjustment	<b>12.49</b>	<b>12.49</b>	–	4.59	4.59	–
Transaction costs <sup>1</sup>	<b>34.19</b>	–	–	29.31	–	–
<b>NAV</b>	<b>550.50</b>	<b>516.31</b>	<b>503.91</b>	511.05	481.74	477.27
<b>NAV per share in Euro</b>	<b>1.30</b>	<b>1.22</b>	<b>1.19</b>	1.21	1.14	1.13

<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 2020, all Directors and the Partners of the Manager are considered key management personnel. The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report. The fee payable to the Manager for the year ended 30 September 2020 was €4.13 million (2019: €3.28 million).

The total amount outstanding at the year end relating to the Investment Management Agreement was €1.10 million (2019: €1.06 million).

Details of amounts paid to Directors for their services can be found within the Directors' Remuneration Report. No fees were paid to SG Commercial LLP ("SG Commercial") for the year to 30 September 2020 (2019: €0.67 million) in respect of agency services for the year; this represents a total of 0% (2019: 14.70%) of agency fees paid by the Group during the year. There were no fees outstanding as at the year end and 30 September 2019. The six Members of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop, Henry Franklin, Petrina Austin and Bjorn Hobart, are also Members of SG Commercial.

During the year, the Directors received the following dividends: Robert Orr: €860 (2019: €480), Keith Mansfield: €12,470 (2019: €4,560), Taco De Groot: €1,075 (2019: €600) and Eva-Lotta Sjöstedt: €127 (2019: €nil).

During the year the six Members of the Manager received the following dividends: Colin Godfrey: €6,142 (2019: €3,011), Mark Shaw: €6,148 (2019: €3,011), James Dunlop: €6,142 (2019: €3,011), Henry Franklin: €4,137 (2019: €2,008), Petrina Austin: €981 (2019: €480) and Bjorn Hobart: €981 (2019: €480). Nick Preston, the Fund Manager received €3,156 during the year (2019: €1,306).

On 5 February 2020 the Manager has acquired in the market 116,416 Ordinary Shares at 90.2 pence per share on behalf of certain members of staff of the Manager. On 17 June 2020 the Manager also acquired in the market 99,129 Ordinary Shares at 92.4 pence per share on behalf of certain members of staff of the Manager.

On 1 October 2020, there were three new Members of the Manager, namely Nick Preston, Frankie Whitehead and James Watson. They are also Members of SG Commercial.

## **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 €133.5 million, on a lease which ends in 87.5 years. A peppercorn rent is paid and hence the associated lease liability and right-of-use asset are immaterial.

## **28. Subsequent events**

In October 2020, the loans from BNP Paribas, Bank of China and Banco de Sabadell for a total of €225 million have been extended for another year to October 2025 (see note 18).

On 2 December 2020, the Group announced that it signed the acquisition of a building located in Nivelles, Belgium for a total purchase price of €31.2 million. The transaction is expected to close in December 2020.

# Company Balance Sheet

Company registration number 11367705

	Note	At 30 September 2020 €m	At 30 September 2019 €m
<b>Non-current assets</b>			
Derivative financial instruments		<b>0.09</b>	0.12
Trade and other receivables	5	<b>466.52</b>	447.92
Investment in subsidiaries	4	<b>316.32</b>	240.84
<b>Total non-current assets</b>		<b>782.93</b>	688.88
<b>Current assets</b>			
Trade and other receivables	5	<b>4.38</b>	2.83
Cash held at bank	6	<b>3.52</b>	2.05
<b>Total current assets</b>		<b>7.90</b>	4.88
<b>Total assets</b>		<b>790.83</b>	693.76
<b>Current liabilities</b>			
Trade and other payables	7	<b>(2.22)</b>	(6.36)
Income tax liability		<b>–</b>	–
<b>Total current liabilities</b>		<b>(2.22)</b>	(6.36)
<b>Non-current liabilities</b>			
Loans and borrowings	8	<b>(340.63)</b>	(231.95)
<b>Total non-current liabilities</b>		<b>(340.63)</b>	(231.95)
<b>Total liabilities</b>		<b>(342.85)</b>	(238.31)
<b>Total net assets</b>		<b>447.98</b>	455.45
<b>Equity</b>			
Share capital	9	<b>4.23</b>	4.23
Share premium reserve		<b>131.24</b>	131.21
Retained earnings		<b>312.51</b>	320.01
<b>Total equity</b>		<b>447.98</b>	455.45

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit attributable to the Parent Company for the year ended 30 September 2020 amounted to €10.68 million (2019: a loss of €1.10 million).

These financial statements were approved by the Board of Directors on 2 December 2020 and signed on its behalf by:

**Robert Orr**  
Director



# Company Statement of Changes in Equity

For the year ended 30 September 2020

	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At 1 October 2019		<b>4.23</b>	<b>131.21</b>	<b>320.01</b>	<b>455.45</b>
Net profit for the year		–	–	<b>10.68</b>	<b>10.68</b>
Total comprehensive income		–	–	<b>10.68</b>	<b>10.68</b>
<b>Contributions and distributions:</b>					
Associated share issue costs		–	<b>0.03</b>	–	<b>0.03</b>
Dividends paid	<b>3</b>	–	–	<b>(18.18)</b>	<b>(18.18)</b>
<b>At 30 September 2020</b>		<b>4.23</b>	<b>131.24</b>	<b>312.51</b>	<b>447.98</b>

	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At 1 July 2018		0.06	–	–	0.06
Net loss for the period		–	–	(1.10)	(1.10)
Total comprehensive loss		–	–	(1.10)	(1.10)
<b>Contributions and distributions:</b>					
New share capital subscribed	9	4.23	470.10	–	474.33
Associated share issue costs		–	(9.35)	–	(9.35)
Share premium cancelled by special resolution		–	(329.54)	329.54	–
Cancellation of preference shares	9	(0.06)	–	–	(0.06)
Dividends paid	3	–	–	(8.43)	(8.43)
Total contributions and distributions		4.17	131.21	321.11	456.49
<b>At 30 September 2019</b>		<b>4.23</b>	<b>131.21</b>	<b>320.01</b>	<b>455.45</b>

# Notes to the Company Accounts

## 1. Accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2016. The Company financial statements are for the year 1 October 2019 to 30 September 2020. Comparative information is presented for the period from 1 July 2018 to 30 September 2019.

### Disclosure exemptions adopted

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

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows 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. These 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

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:

#### Fair value through profit or loss

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

#### Amortised cost

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

Impairment provisions for current 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 being recognised within cost of sales 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.

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

The 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.

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

## 1. Accounting policies continued

### Investment in subsidiaries

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

### Financial liabilities

The Company classifies its financial liabilities as amortised cost.

The Company's accounting policy for each type of financial liability is as follows:

#### Bank borrowings

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 ensure that any interest expense over the year to repayment is at a constant rate on the balance of the liability carried in the Company Balance Sheet. 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.

#### Other non-derivative financial liabilities

Non-derivative financial liabilities are recognised initially at the date that the Company 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 Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

#### 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 these financial statements.

## 2. Taxation

	30 September 2020 €m	30 September 2019 €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 2020.

## 3. Dividends paid

Please refer to note 13 of the Group accounts.

#### 4. Investment in subsidiaries

	30 September 2020 €m	30 September 2019 €m
At the beginning of the year/period	<b>240.84</b>	–
Increase in investments via share purchase	<b>76.69</b>	240.84
Impairment in the year	<b>(1.21)</b>	–
At the end of the year/period	<b>316.32</b>	240.84

The Company has the following subsidiary undertakings as at 30 September 2020:

	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 Kortenberg 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%
Tritax EuroBox (Wunstorf) Holdco Limited	Property Investment	United Kingdom	100%*
Tritax EuroBox (Bochum) Propco GmbH (previously known as Dietz Logistik 25. Grundbesitz GmbH)	Property Investment	Germany	94.9%*
Tritax EuroBox (Peine) Propco GmbH (previously known as Dietz Logistik 38. Grundbesitz GmbH)	Property Investment	Germany	94.9%*
Dietz Logistik 33. Grundbesitz GmbH	Property Investment	Germany	89.9%*
Tritax Eurobox (Bremen I) Propco GmbH (previously known as CLI Real Estate I GmbH)	Property Investment	Germany	89.9%*
Tritax Eurobox (Bremen II) Propco GmbH (previously known as Dietz Logistik 47. Grundbesitz GmbH)	Property Investment	Germany	89.9%*
Tritax Eurobox (Poland) Propco sp. z o.o. (previously known as Nestrál sp. z o.o.)	Property Investment	Poland	100%*
Central Logistics Investment sp. z o.o.	Property Investment	Poland	100%*
Tritax Eurobox (Netherlands) Propco Limited	Property Investment	United Kingdom	100%*
Tritax Eurobox (Breda) PropCo B.V.	Property Investment	The Netherlands	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: Avenida de Felipe II, 17, 1°C, 28009, Madrid, Spain Jersey entities: 13-14 Esplanade, St Helier, Jersey, JE1 1EE

Italy entities: Savills Investment Management SGR S.p.A., Fondo Minerva, Via San Paolo 7, 20121 Milano, Italy

Belgium entities: Louizalaan 331-333, 1050 Brussels, Belgium

German entities: Darmstädter Straße 246, 64625 Bensheim, Germany and Westendstraße 28, 60325 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 2020 €m	30 September 2019 €m
Amounts receivable from Group companies	470.14	450.60
Other receivables	0.76	0.15
	470.90	450.75

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 at 4% (with the exception of Poland at 2.69%). Interest is generally payable quarterly and, therefore, is classified as current assets.

	30 September 2020 €m	30 September 2019 €m
Current assets	4.38	2.83
Non-current assets	466.52	447.92
	470.90	450.75

## 6. Cash held at bank

	30 September 2020 €m	30 September 2019 €m
Cash held at bank	3.52	2.05

## 7. Trade and other payables

	30 September 2020 €m	30 September 2019 €m
Trade and other payables	2.13	2.98
Accruals	0.09	3.38
	2.22	6.36

## 8. Loans 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 2020 €m	30 September 2019 €m
<b>Income received from Group companies</b>		
Tritax EuroBox (Bochum) Propco GmbH	1.22	0.88
Tritax EuroBox (Peine) Propco GmbH	3.49	2.08
Dietz Logistik 33. Grundbesitz GmbH	1.83	0.37
Tritax Eurobox (Bremen I) Propco GmbH (previously known as CLI Real Estate I GmbH)	0.64	–
Tritax Eurobox (Bremen II) Propco GmbH (previously known as Dietz Logistik 47. Grundbesitz GmbH)	0.69	–
	<b>7.87</b>	<b>3.33</b>

Below are the amounts owed by the companies which are not wholly owned:

	Less than one year €m	More than one year €m
<b>Amount owed from/(to) Group companies as at 30 September 2020</b>		
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 (previously known as CLI Real Estate I GmbH)	–	13.16
Tritax Eurobox (Bremen II) Propco GmbH (previously known as Dietz Logistik 47. Grundbesitz GmbH)	–	14.86
	<b>0.04</b>	<b>151.28</b>

	Less than one year €m	More than one year €m
Amount owed from Group companies as at 30 September 2019		
Tritax EuroBox (Bochum) Propco GmbH	–	24.46
Tritax EuroBox (Peine) Propco GmbH	–	67.75
Dietz Logistik 33. Grundbesitz GmbH	0.38	31.10
Tritax Eurobox (Bremen I) Propco GmbH (previously known as CLI Real Estate I GmbH)	–	28.02
Tritax Eurobox (Bremen II) Propco GmbH (previously known as Dietz Logistik 47. Grundbesitz GmbH)	–	–
	<b>0.38</b>	<b>151.33</b>

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 2020 €m	Period ended 30 September 2019 €m
Total comprehensive income (attributable to Shareholders)	44.79	20.72
Adjustments to remove:		
Changes in fair value of investment properties	(38.57)	(17.85)
Deferred tax adjustment	8.38	4.59
Changes in fair value of interest rate derivatives	0.03	2.35
Gain on disposal of investment property	(0.83)	–
<b>Profits to calculate EPRA Earnings per share</b>	<b>13.80</b>	<b>9.81</b>
Weighted average number of Ordinary Shares	422,727,273	331,599,364
<b>EPRA earnings per share – basic and diluted</b>	<b>3.26 cents</b>	<b>2.96 cents</b>

## 2. EPRA NAV measures

In October 2019, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The Group has adopted these new guidelines and applies them in the 2020 Annual Report. The Group considered EPRA net reinvestment value (NRV) to be the most relevant NAV measure for the Group, replacing our previously reported EPRA NAV and EPRA NAV per share metrics. We are now reporting EPRA NRV as our primary NAV measure alongside Basic NAV. EPRA NRV 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, and including transaction costs (RETT and purchaser's costs).

	Current measures			Previously reported measures	
	EPRA NRV €m	EPRA NTA €m	EPRA NDV €m	EPRA NAV €m	EPRA NNNAV €m
<b>30 September 2020</b>					
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	–	–	–	–
<b>NAV</b>	<b>550.50</b>	<b>516.31</b>	<b>503.91</b>	<b>518.78</b>	<b>503.91</b>
<b>NAV per share in Euro</b>	<b>1.30</b>	<b>1.22</b>	<b>1.19</b>	<b>1.23</b>	<b>1.19</b>

<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 NNNAV €m
<b>30 September 2019</b>					
NAV attributable to shareholders	477.27	477.27	477.27	477.27	477.27
Mark-to-market adjustments of derivatives	(0.12)	(0.12)	–	2.35	–
Deferred tax adjustment	4.59	4.59	–	4.59	–
Transaction costs <sup>1</sup>	29.31	–	–	–	–
<b>NAV</b>	<b>511.05</b>	<b>481.74</b>	<b>477.27</b>	<b>484.21</b>	<b>477.27</b>
<b>NAV per share in Euro</b>	<b>1.21</b>	<b>1.14</b>	<b>1.13</b>	<b>1.15</b>	<b>1.13</b>

<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 2020 €m	Period ended 30 September 2019 €m
Investment property	837.90	687.58
Less: development properties	–	(21.83)
Completed property portfolio	837.90	665.75
Allowance for estimated purchasers' costs	34.19	29.31
Gross up completed property portfolio valuation (B)	872.09	695.06
Annualised cash passing rental income	39.24	31.58
Less: contracted rental income in respect of development properties	–	–
Property outgoings	(0.98)	(0.30)
Annualised net rents (A)	38.26	31.28
Contractual increases for fixed uplifts	1.41	1.84
Topped up annualised net rents (C)	39.67	33.12
<b>EPRA Net Initial Yield (A/B)</b>	<b>4.39%</b>	4.50%
<b>EPRA Topped Up Net Initial Yield (C/B)</b>	<b>4.55%</b>	4.77%

### 4. EPRA vacancy rate

	Year ended 30 September 2020 €m	Period ended 30 September 2019 €m
Annualised estimated rental value of vacant premises	2.21	0.41
Portfolio estimated rental value <sup>1</sup>	40.65	33.43
<b>EPRA vacancy rate</b>	<b>5.43%</b>	1.22%

1 Excludes land held for development.

### 5. EPRA cost ratio

	Year ended 30 September 2020 €m	Period ended 30 September 2019 €m
Property operating costs	0.89	0.33
Administration expenses	10.73	8.45
Net service charge costs	0.09	0.05
Other operating income	(0.46)	(0.37)
Total costs including vacant property costs (A)	11.25	8.46
Vacant property costs	(0.09)	(0.16)
Total costs excluding vacant property costs (B)	11.16	8.30
Gross rental income – per IFRS (C)	36.00	24.49
Total EPRA cost ratio (including vacant property costs) (A/C)	31.25%	34.54%
Total EPRA cost ratio (excluding vacant property costs) (B/C)	31.00%	33.89%

There were no overheads nor operating expenses capitalised in the year in line with IFRS (2019: €nil).

## 6. Capital expenditure

	30 September 2020 €m	30 September 2019 €m
Acquisition <sup>1</sup>	<b>105.86</b>	654.22
Development <sup>1</sup>	<b>6.22</b>	16.28
Investment properties <sup>1</sup> :		
Incremental lettable space	<b>1.43</b>	0.72
Tenant incentives <sup>2</sup>	<b>2.14</b>	3.99
Other material non-allocated types of expenditure <sup>3</sup>	<b>(3.90)</b>	(3.96)
<b>Total</b>	<b>111.75</b>	671.25

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

	Year ended 30 September 2020 cents	Period ended 30 September 2019 cents
Opening EPRA NRV	<b>120.89</b>	113.11
Closing EPRA NRV	<b>130.23</b>	120.89
Growth in EPRA NRV	<b>9.34</b>	7.78
Dividends paid	<b>4.30</b>	2.40
Total growth in EPRA NRV plus dividends paid	<b>13.64</b>	10.18
<b>Total Return<sup>1</sup></b>	<b>11.28%</b>	9.00%

1 Total Return for 30 September 2020 was 10.90% (30 September 2019: 3.39%) using the previous EPRA NAV at 122.72 cents and 114.54 cents respectively.

# Glossary of Terms

## **“Adjusted earnings”**

Post-tax earnings attributable to Shareholders, adjusted to include licence fees receivable on forward funded development assets and adjusts 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.

## **“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 well-being), 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.

## **“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 (including cash) that is funded by borrowings.

**“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 NRV 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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