TRITAX EUROBOX

Press Release

10 December 2019

THIS ANNOUNCEMENT HAS BEEN DETERMINED TO CONTAIN INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014.

Tritax EuroBox plc

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

RESULTS FOR THE PERIOD FROM 1 JULY 2018 TO 30 SEPTEMBER 2019

Tritax EuroBox plc (tickers: EBOX (Sterling), BOXE (Euro)), which invests in Continental European logistics real estate assets, is today reporting its results for the Group for the period from 1 July 2018 to 30 September 2019.

Financial highlights

- Basic net asset value ("**NAV**"): €477.3 million
- EPRA NAV[1]: €484.2 million
- Basic net asset value ("**NAV**") per share: €1.13
- EPRA NAV[1] per share: €1.15
- IFRS earnings per share ("**EPS**")[1]: 6.25 cents
- Adjusted EPS[2]: 3.25 cents
- EPRA EPS[2]: 2.96 cents
- Dividends paid or declared for the period: 3.4 cents (85.3% covered by adjusted EPS)
    - Remain on track to meet our dividend target once fully invested and geared and expect then to be able to increase the dividend progressively, supported by the regular indexation events in the underlying lease agreements, and the capture of market rental growth
- Total return for the period: 3.4%
- Total unsecured revolving credit facility of €425 million with an average cost of debt of 2.2%
- Loan to value ("**LTV**") ratio of 33.3% at 30 September 2019, against the Company's medium-term target of 45% LTV[1]
- The portfolio had a contracted annualised passing rent of €34.8 million as at 30 September 2019
- Gross equity proceeds raised in two tranches of €474.3 million (€339.3 million at the Company's significantly oversubscribed IPO in July 2018 and €135.0 million raised on 29 May 2019 through a placing, with investment from both new investors and existing Shareholders.)

Operational highlights

- Acquired 10 prime Big Box logistics assets totalling 785,276 sqm of logistics space in five core Continental European countries
- 70% acquired off-market
- The weighted average net initial purchase yield of the portfolio is 5.1%
- Independent valuation of the asset acquired in the period of €691.7[4] million
- Portfolio weighted average unexpired lease term[1] of 11 years
- 100% cash producing[3]

- 81% of tenants are multi-billion Euro businesses
- 93% of leases are subject to an element of indexation
- On 7 May 2019, the shares were listed on the Official List and trading transferred to the premium segment of the Main Market
- The shares were included in the FTSE All-Share index on 24 June 2019 and anticipate inclusion in the FTSE EPRA NAREIT Index Series at the end of the first quarter of 2020

Post balance sheet activity

- Signed an agreement with Mango our tenant in Barcelona to fund the extension of the property by 88,000 sqm at an attractive yield on cost, which will enhance the income and capital value of the asset
- Today, the Board declared an interim dividend of 1 cent per Ordinary Share in respect of the period from 1 July 2019 to 30 September 2019
- Today, the Board announced the appointment of Eva-Lotta Sjöstedt as a Non-Executive Director with immediate effect

Robert Orr, Chairman of Tritax EuroBox plc, commented:

"The outlook for our market remains compelling. The structural change which is driving occupier demand for Big Boxes has only recently started and hence has much further to run, while the supply of appropriate new assets to meet this demand is likely to remain constrained. This implies a continuation of the supportive market conditions for our Company's strategy.

When acquiring, the Group will continue to target the largest logistics assets, while maintaining our rigorous focus on quality, location and capital discipline.

Overall, the Board remains confident in the future of the business and I look forward to reporting on continued progress next year."

Notes:

1. *See Key Performance Indicators*
2. *Adjusted Earnings per Share attributable to Shareholders, adjusted by other earnings not supported by cashflows. EPRA Earnings per Share earnings from operational activities (which excludes licence fees receivable on our forward-funded assets.) See Note 12 to the accompanying financial information for reconciliation of these measures to Basic EPS*
3. *Including licence fee income and rental guarantees*
4. *Including property held for sale and rent guarantees*

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The Company's LEI is: 213800HK59N7H979QU33

NOTES:

Tritax EuroBox plc invests and manages a well-diversified portfolio of well-located Continental European logistics real estate assets that are expected to deliver an attractive capital return and secure income to shareholders. These assets fulfil key roles in the logistics and distribution supply-chain focused on the most established logistics markets and on the major population centres across core Continental European countries.

Occupier demand for Continental European logistics assets is in the midst of a major long-term structural change principally driven by the growth of e-commerce. This is evidenced by technological advancements, increased automation and supply-chain optimisation, set against a backdrop of resurgent economic growth across much of Continental Europe.

The Company's Manager, Tritax Management LLP, has assembled a full-service European logistics asset management capability including specialist "on the ground" asset and property managers with strong market standings in the Continental European logistics sector. The appointed asset managers Logistics Capital Partners ("**LCP**") and Dietz AG ("**Dietz**") are logistics specialists and offer the Company exposure to high quality asset management expertise and access to their respective development pipelines, providing acquisition opportunities across Continental Europe.

The Company is targeting, on a fully invested and geared basis, an initial Ordinary Share dividend yield of 4.75% p.a.[1], which is expected to increase progressively through regular indexation events inherent in underlying lease agreements, and a total return on the Ordinary Shares of 9.0% p.a.[1] over the medium-term. The Company intends to pay dividends on a quarterly basis with shareholders able to receive dividends in Sterling or Euro.

Further information on Tritax EuroBox plc is available at www.tritaxeurobox.co.uk

1. Euro denominated returns, by reference to IPO issue price, on a fully invested and geared basis. These are targets only and not profit forecasts. There can be no assurances that these targets will be met and they should not be taken as indications of the Company's expected or actual future results. Accordingly, investors should not place any reliance on the targets in deciding whether or not to invest in the Company and should not assume that the Company will make any distributions at all and should decide themselves whether or not the targets are reasonable or achievable.

A Company presentation for investors and analysts will be held at 8.30am today at:

Jefferies International Limited
100 Bishopsgate
London EC2N 4JL

Those wishing to attend the presentation or access the live webcast and conference call are kindly asked to contact Maitland/AMO at tritax-maitland@maitland.co.uk or by telephone on +44 (0) 20 7379 5151.

The presentation will also be accessible on-demand

In addition, a recorded webcast of this meeting and the presentation will also be available to download on-demand via the Company website: www.tritaxeurobox.co.uk.

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

AT A GLANCE

Who we are and what we do

Tritax EuroBox floated on the London Stock Exchange in July 2018. We invest in and manage a well-diversified portfolio of large, high-quality logistics real estate assets, known as Big Boxes, across Continental Europe.

We focus on key logistics hubs, which are close to major population centres in Europe's most-established logistics markets and have good availability of labour. Our assets benefit from strong transport links and are often near to Europe's major ports and railheads, making them well positioned for regional, national and global distribution occupiers. Their modern designs and state-of-the-art construction helps them to meet both our tenant partners' sustainability goals, and our ambition to invest in assets which demonstrate minimal long term environmental impact. By choosing areas of constrained supply, our investments provide the best platform for rental growth, underpinning strong future returns.

The Manager

Our Manager, Tritax Management LLP, has assembled a full-service European investment management capability. This combines the Manager's outstanding stock-picking and portfolio management expertise with dedicated on-the-ground asset and property managers, with strong market standings. This gives us a deep understanding of individual market dynamics and the ability to implement our strategy and effectively manage our assets.

CHAIRMAN'S STATEMENT

Ahead of our IPO in July 2018, we identified a clear opportunity to establish a listed investment vehicle with a clear focus on the big box subsector of the European logistics market, which we believe represents a compelling investment proposition.

The Board has set a focussed strategy for the business to ensure we rapidly scale up to capitalise on this opportunity. The business model is scalable, and we have the financial and real estate expertise to execute this strategy. We have delegated responsibility of delivering this strategy to Tritax Management LLP, a Manager that brings proven sector knowledge and expertise. Together we believe we are uniquely placed to capitalise on it.

An expert and dedicated Manager

We are already benefitting significantly from the Manager's capabilities and relationships which have enabled us to acquire and manage an attractive portfolio of assets. Just as importantly, the team is demonstrating an energy and passion for driving our business forward and for seizing the opportunity that was originally identified. The Manager's culture is firmly aligned with our purpose and strategy and its "can do" ethos is a key differentiator for us. Building our pan-European platform has been a sizeable task and the team's dedication stands us in good stead for the future. The Board engages closely with the Manager and we look forward to continuing to work with the team to create further value for our Shareholders.

Constructing an attractive portfolio

The effective platform the Manager has created and now operates has allowed us to build rapidly a well-diversified portfolio of ten assets, spread across key logistics locations in five core Continental European countries. Europe is a large, fragmented and disparate market and buying the right type of assets, in the most sought- after locations, which combine to form a diversified, yet cohesive and complementary portfolio is a critical skill. In an increasingly competitive environment, the Manager's valuable relationships, supplemented by the market intelligence and pipelines of our specialist asset managers, have enabled us to buy well, with 70% of the portfolio by value secured off-market.

We believe our portfolio is well placed to benefit from the continuing structural change in the logistics market, which is generating such strong occupational demand for Big Box assets. At the same time, the financial strength of our tenant partners, their geographic diversity and the average unexpired lease term of 11 years all combine to give us a robust and secure income stream, underpinned by the quality of the properties. This should help to safeguard our business from any economic headwinds.

At 30 September 2019, the portfolio was independently valued at €691.7 million[1]. This valuation assumes the deduction of a notional €14.3 million of Real Estate Transfer Tax ("**RETT**"), which would be payable if the assets were sold outside a corporate structure. European market practice is typically for assets to be acquired via a corporate structure, in which case some or even all of the RETT attributed to the portfolio would not be payable.

Adding value through asset management

Although the Group has only been operating for a short time, the Manager has already demonstrated its asset management capabilities, completing two value-enhancing lettings and restructuring a lease on improved terms. In addition, there are attractive opportunities in the short to medium term to add value by utilising unused or adjacent land within the portfolio. These opportunities confirm the Manager's ability to source assets for us with built-in value creation potential.

Following the period end, we signed an agreement with our tenant in Barcelona, Mango, to fund the extension of the property by 88,000 sqm. We have been able to secure this at an attractive yield on cost, which will enhance the income and capital value of the asset.

A solid capital base

The Company's IPO in July 2018 was significantly oversubscribed and raised gross proceeds of €339.3 million or £300 million, which we were able to invest quickly. On 29 May 2019, we raised a further €135.0 million of gross proceeds through a placing, with investment from both new investors and existing Shareholders. This demonstration of support from Shareholders has enabled us to achieve a great deal in a limited time and I want to thank Shareholders for their continued support.

The Company has also been successful in obtaining attractive debt financing. In October 2018, we agreed a €200 million unsecured Revolving Credit Facility ("**RCF**") with HSBC Bank plc and BNP Paribas, for an initial term of five years. We have since expanded the facility with Bank of America Merrill Lynch ("**BAML**") providing an additional €100 million commitment in December 2018. Bank of China and Banco de Sabadell committed a further €125 million in aggregate, in September 2019. This gave us a total facility at the period end of €425 million.

The RCF offers us an attractive cost of debt. Unusually for a company as young as ours, it is unsecured. This demonstrates our banking syndicate's understanding and support for our strategy and the potential for further growth. It provides us with operational flexibility and the scope for further expansion when the conditions are right.

At 30 September 2019, we had drawn €235.5 million against the RCF. This gave us an LTV ratio of 33.3%, against our medium-term LTV target of 45% and the maximum permitted by our investment policy of 50%.

Robust financial results

At the period end, the basic NAV attributable to owners of the Company was €477.3 million or €1.13 per share. The EPRA NAV was €484.2 million (€1.15 per share). IFRS earnings per share ("**EPS**") was 6.25 cents. The EPRA EPS was 2.96 cents. Adjusted EPS, which adjusts for non-cash items in the income statement was 3.25 cents for the period. The Board considers Adjusted EPS to be the most appropriate measure when considering dividend distributions. However, all measures of EPS for the period reflect the dilutive effect of the equity raise in May 2019 and the time taken to invest the proceeds and become income producing.

On track for our dividend target

The dividend is a vital component of our total return target of 9.0% per annum. At IPO, we set an initial dividend target of 5.37 cents per annum (representing 4.75% of the issue price of equity at the IPO)[2], on a fully invested and geared basis. The Board has declared four interim dividends in respect of the period ending 30 September 2019, totalling 3.40 cents per share. The total dividend was 85.3% covered by Adjusted Earnings. We remain on track to meet our dividend target once fully invested and geared and expect then to be able to increase the dividend progressively, supported by the regular indexation events in the underlying lease agreements, and the capture of market rental growth. The total return for the period was 3.4%.

Market listing and benchmark inclusion

At IPO, the Company's shares were admitted to the Specialist Fund Segment of the London Stock Exchange's Main Market. On 7 May 2019, the shares were listed on the Official List and trading transferred to the premium segment of the Main Market. This was an important move, since it facilitates the Company's inclusion in key stock market indices and broadens the range of potential Shareholders. The shares were included in the FTSE All-Share index on 24 June 2019 and we anticipate inclusion in the FTSE EPRA NAREIT Global Real Estate Index Series at the end of the first quarter of 2020.

Strong corporate governance

Strong corporate governance and a Board culture that promotes open, honest and robust debate have been fundamental to our success during this first period of trading. We have a fully independent Board, with a diverse range of skills and extensive European real estate experience. We have met frequently with the Manager and I believe that regular engagement and effective communication is key to our constructive working relationship.

A compelling outlook

The outlook for our market remains compelling. The structural change which is driving occupier demand for Big Boxes has only recently started and hence has much further to run, while the supply of appropriate new assets to meet this demand is likely to remain constrained. This implies a continuation of the supportive market conditions for our Company's strategy.

When acquiring, the Group will continue to target the largest logistics assets, while maintaining our rigorous focus on quality, location and capital discipline.

Overall, the Board remains confident in the future of the business and I look forward to reporting on continued progress next year.

Robert Orr, Chairman
9 December 2019

1 Including property held for sale and rent guarantees.

2 These are targets only and not profit forecasts. There can be no assurances that these targets will be met and they should not be taken as indications of the Company's expected or actual future results.

OUR MARKET

Strong market fundamentals

The Group operates in a market with strong fundamentals. While the market trends discussed overleaf are common across the countries we are targeting, it must be remembered that the Continental European real estate market is diverse and fragmented, with different laws, planning environments and tax regimes in each country. Successfully investing in and managing a Pan-European portfolio of Big Box logistics assets therefore requires us to understand and optimise the specific nuances of each country, drawing on the Manager's skills and the on-the-ground expertise of our specialist asset managers.

Driving occupational demand

Logistics property occupiers are facing profound structural and operational change in their markets, to which they must respond to ensure the sustainability of their business models. In particular, they must focus on:

- meeting the needs of modern consumers;
- optimising their supply chains to reduce costs; and
- ensuring they occupy sustainable assets.

These trends have been prevalent in the US and UK for some time and are now spreading rapidly across Continental Europe. Overall, we estimate that the effects of these changes in Continental Europe is between four and 10 years behind the UK.

Many of these trends were first identified and introduced to the logistics market by retailers who have had to adapt their businesses to the omnichannel retail model – acknowledging the impact of the benefits of using automation to improve inventory management and efficiency and the resulting cost savings.

Meeting the needs of modern consumers

Changes in the retail market and the move to online shopping are among the most significant drivers of occupier demand for Big Boxes. Faced with the high costs of occupying shops and rising online retail spending, retailers are looking to reposition their operations and have a dual in-store and online presence. These retailers have to compete fiercely in both formats on price, product range and speed of delivery. This is being implemented by store closures, improved online presence and more efficient distribution networks.

Retailers have realised that consolidation of their logistics function into very large, well located, highly automated properties is more efficient and reduces costs. Big Boxes are fundamental to this consolidation, allowing traditional stores and online consumers access to a retailer's entire product range and then facilitating quick, flexible and cheap delivery and returns of those orders. The logistics space requirements of this new business model are substantial, as use of traditional retail space contracts, and the take up of logistics space increases to better serve both in-store and online consumers.

These changes are in their relative infancy in the European market and, as a result, have much further to run.

Online sales are now increasing rapidly from a low base in many Continental European countries, following the trend seen in the UK, which began a similar growth trajectory over five years ago. It is anticipated that this growth of online sales will continue and follow and will mirror that seen in the UK.

As online retail becomes more established, consumer expectations are also evolving. Consumers are increasingly demanding faster and more flexible delivery methods, which are shaping supply chains and creating a need for more efficient property types that enable shorter throughput and delivery times.

Optimising supply chains
While e-commerce and the retail sector is a major driver of demand for Big Boxes, it is not the only one. Occupiers in many other sectors are also finding their margins under sustained pressure, and they too are looking for opportunities to increase efficiency and reduce costs and are learning from the experiences of the retail sector. As a result, across the logistics industry, there is a strategic move to fewer, larger and more modern properties. This provides all occupiers with the efficiencies and economies of scale and the opportunity to automate processes which would not be possible in smaller properties. Larger units tend to be higher, allowing for mezzanine floors and more efficient automated racking and storage systems.

Occupying sustainable assets
Sustainability is increasingly central to occupiers' corporate strategies. The pressure to be sustainable has the benefit of cost savings that can be delivered through efficiency gains and also companies' desire to be responsible corporate citizens. Companies are responding to increasing consumer awareness of environmental issues and their wish to buy from businesses which are actively looking to minimise their environmental impact.

Modern Big Boxes, such as those we invest in, help our tenant partners to meet their sustainability objectives. By occupying assets built with state- of-the-art design and materials, and which incorporate initiatives such as low-carbon technologies and energy efficiency, they can minimise their environmental footprint and optimise their use of natural resources. From an investment perspective, these more environmentally friendly properties will suffer lower obsolescence and also prove more attractive to occupiers in the long term.

Supply remains constrained

Rising occupier demand for the best logistics assets facilities and the relative lack of speculative development over the last decade have created significant shortages of high-quality stock available to rent. Currently, new supply is considerably lower than the demand for logistics space across Europe, and we do not expect this position to change in the foreseeable future for the following reasons.

In Continental Europe, the prime logistics locations are typically close to densely populated conurbations. There are comparatively few sites in these locations which can accommodate very large Big Box facilities, which have an available and affordable labour supply, and which can also meet the requirements for electrical power and proximity to appropriate transport links and infrastructure needed to service these large properties. In addition, our experience shows that local municipalities are often reluctant to zone land for the development of the largest logistics properties.

These restrictions of space, labour supply, sufficient power, good transport links and local authority sensitivities together constrict and control the supply of Big Box development land.

The difficulty of acquiring suitable new land for development means that many developers are exhausting their land banks as they pursue their development programmes with current occupier demand remaining strong. Adding all these effects together, we expect to see increasing land values which, combined with increasing construction costs, will increase overall development costs, and hence the value of these properties.

More generally, the amount of available land zoned for industrial uses has decreased, particularly around major urban centres, as developers have preferred to convert ageing industrial properties to higher-value uses such as residential. This, combined with the lack of speculative development over the last decade, is providing occupiers with few choices. The consequence is that logistics vacancies across continental Europe are at, or near, all-time lows.

Rental growth is evident

Historically, rental growth has been limited, as the European industrial and logistics development market has been able to create supply through zoning more land to meet the demand for logistics use, in particular as the demand from occupiers has been for small and mid-sized properties where land plots have been more readily available for development.

We believe that the situation in the future is likely to be different, particularly when considering the very largest buildings and the scale of sites they require. The supply of very large sites in the right locations, where occupiers want to be, is extremely limited and developers are having to pay ever-higher prices for them. Construction costs are also rising, due to raw material and labour cost inflation.

Until recently, higher input costs have not led to rental growth, as falling investment yields meant developers could offset rising costs by selling the finished property at a higher value. However, as investment yields in the sector plateau, developers are being forced to demand higher rents from occupiers to maintain their profitability on projects. This effect is now being seen in key logistics markets across Europe.

Logistics costs make up just 10% of typical supply chain operational costs, with logistics real estate forming just 0.75% of total costs. Of course, such industry standard metrics vary according to different types of occupiers. However, it does illustrate that rent comprises a small component of the overall supply chain operational costs.

We believe therefore, that occupiers have capacity to absorb higher rental costs as the economies and associated efficiency benefits, such as lower transportation costs, ensure that higher rental levels are sustainable in the longer term.

Improving lease terms

Another important trend that is now evident across European logistics markets is the improvement of lease terms in favour of the property owner. In most European markets, it has been usual for leases to contain a number of occupier-friendly clauses, such as restricted indexation provisions, provision for certain expenditure to be paid for by the landlord and options to renew on terms favourable to the occupier. Leases have also been relatively short with a typical length of around five years.

However, with the balance of the market dynamic shifting in favour of the asset owner, occupiers are increasingly signing longer leases. Occupying assets on long leases enables them to retain control of strategically important assets and to amortise their often-substantial investment in fitting out and automation over a longer period. Longer leases also suit international companies who are looking to harmonise their lease obligations across different geographies. The trend towards longer leases is evidenced by the Group’s own portfolio, which contains a number of leases in excess of ten years and had a weighted average unexpired lease term at the period end of 11 years.

We are seeing that the terms that occupiers are prepared to sign up to are more landlord friendly. Even in the relatively short time the Company has been trading, we have been able to negotiate better indexation clauses and more advantageous renewal options. This is a key focus for the Company going forward as we seek to take advantage of the strength of the occupier market and the scarcity of options open to them. The impact of these improvements in lease terms helps drive the value of the assets.

Investment demand is robust

The attractions of the market for investors mean that investment demand is strong and looks set to remain so. Competition is therefore fierce for openly marketed opportunities. Effectively sourcing investment opportunities at favourable prices therefore requires a different strategy to competing in the open market.

The Manager's broad network of pan-European relationships spans occupiers, developers and other investors. The Manager has an established reputation for providing security, reliability, honesty and speed in transacting. Together, these attributes help the Group to acquire suitable assets directly from sellers, without properties being openly marketed. The evidence of this approach is that seven of the ten assets acquired to date have been secured off-market.

The Manager will continue to maintain and develop relationships, particularly with top-quality European development companies, to ensure a continuing robust pipeline of assets to support future portfolio expansion. These long-term relationships are particularly fruitful with developers who are keen to generate repeat business with reliable counterparties.

WHAT THIS MEANS FOR US

Stock selection is key

Only the best assets in the best locations will meet the demands of occupiers now and into the future. 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 typically:

- are well located in established distribution hubs, within or close to densely populated areas;
- are in locations with limited supply, that are likely to benefit from structural changes in occupational demand;
- fulfil a key part of the occupiers' logistics and distribution
- supply chain;
- are large and modern; and
- benefit from index-linked leases.

When reviewing potential acquisitions, we also consider:

- transport connectivity, the availability of labour and operational efficiencies;
- the duration of the lease and potential for future rental growth;
- the tenant's financial strength;
- the tenant's commitment to the asset, in terms of the capital expenditure committed to it and the role it plays in the tenant's operations; and
- the potential for asset management and value-adding initiatives during and after the lease term.

Proactive asset management is vital for long-term value

We need to actively manage our assets, to ensure they remain fit for the evolving business needs of our tenant partners, as megatrends such as the rise in e-commerce continue.

Sustainability will underpin our success

In order to meet the requirements of today's occupiers, we need to continue to acquire modern assets with the strongest sustainability credentials and further enhance the sustainability performance of existing assets, through our active asset management.

OUR BUSINESS MODEL

THE ROLE OF THE BOARD

The Board has overall responsibility for setting and reviewing our Investment Objectives and Policy. It also monitors our investment and corporate activity, performance, business conduct and strategy against our Investment Objectives and Policy. The Board meets the Manager at Board meetings to challenge, debate and discuss potential investment decisions and ensure ongoing compliance with the Company's Investment Policy and Investment Objectives. The Board also has a Management Engagement Committee, which reviews the performance of the Manager and its principal service providers.

THE ROLE OF THE MANAGER

The Board has delegated day-to-day decision-making responsibility to the Manager in respect of portfolio strategy and composition and risk management, in line with the Investment Management Agreement. The Manager is our key source of competitive advantage. Its extensive record in the logistics sector, deep market knowledge and extensive networks of contacts enable us to identify and transact assets, where appropriate forward fund pre-let developments and proactively manage the portfolio to add value.

OUR RESOURCES

We use the following resources to create value for Shareholders and other stakeholders:

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

Physical assets
We have a portfolio of high-quality Big Box logistics assets strategically throughout Continental Europe, let to financially sound tenants

Our people
We have an experienced Board and a Manager with a high calibre specialist team with a strong reputation which make us a partner of choice for vendors, developers and occupiers

Valuable relationships
We build mutually beneficial and long-term relationships with our occupiers and draw on the Manager's extensive contacts with key influencers across the subsector

WHAT WE DO

We acquire, lease and manage Big Box logistics assets across strategic locations in core countries in Continental Europe.

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

Our sector focus and the fact that we typically hold investments for the medium to long term, as well as avoiding taking speculative development risk, distinguishes us from other competitors in our market, who are often primarily developers or financial institutions investing in a range of different asset classes and looking for shorter-term gains.

Source high-quality investments

To source suitable assets, the Manager uses its extensive logistics experience and established network of relationships. This enables the Manager to acquire properties for us which are not being openly marketed, thereby reducing the 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.

Buy and sell for value

Before making an offer to acquire an asset, the Manager carefully assesses its fit with our investment criteria. 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 potential upside opportunities in disposing of assets and recycling capital into new opportunities, and we have a track record of doing this profitably. These disposals are typically of mature assets where our estimates of forward-looking returns are below target levels, assets where we believe the risk profile has changed, or assets sold to special purchasers.

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 in this way enables us to invest in brand new buildings leased to institutional grade tenants on long leases, while substantially reducing any development risk.

The Manager can also acquire land for us which is zoned for logistics use, allowing 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 has assembled a full-service European logistics asset management platform. As well as providing a local presence in our target markets the platform enables the Manager to work with our tenant partners to maximise the building's usefulness to their operations and to adapt the space as their needs change.

HOW WE DELIVER RETURNS

A significant majority of our revenue is rental income which our tenants are obliged to pay to us under multi-year lease contracts. The weighted average length of these leases to expiry was 11 years at 30 September 2019, giving us excellent predictability of income generated by the current portfolio.

Rents typically increase each year through a relevant inflation index, in some cases with a cap or collar on the increase. Rental payments are usually received quarterly or monthly, converting our revenue quickly into cash, and the financial strength of the tenants minimises the risk of bad debts.

Assets we acquire typically have an occupier in place and strong demand for our high-quality properties helps 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.

We also generate capital growth as the value of our portfolio increases. This may come from yield compression across the market, rising income from our assets or the benefits of our asset management activities.

THE VALUE WE CREATE

For our tenant partners

Our tenant partners benefit from large, modern, flexible and well- located logistics space, owned by a landlord who is an expert in the sector and committed to supporting their operations in the long term.

For lenders
Our lenders benefit from having interest serviced from regular and stable cash flows, underpinned by financially strong tenants.

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. When building new properties, we will development partners to ensure that the properties are as energy efficient and environmentally friendly as possible. We also look to enter into new leases with occupiers that aim to facilitate working together with the occupier to reduce the environmental impact of their occupation of the property.

For shareholders
We look to pay a progressive, secure and sustainable dividend and generate capital growth in a low risk way.

OUR OBJECTIVES, STRATEGY AND KEY PERFORMANCE INDICATORS

Objectives

At IPO, we set two targets for the returns we aim to deliver to Shareholders:

- **Dividends:** we are targeting an initial 5.37 cents per annum, reflecting 4.75% of the IPO issue price, on a fully invested and geared basis, which is expected to increase progressively thereafter.
- **Total return:** we aim to achieve a total return of 9.0% per annum over the medium term.

Our strategy

Our strategy for achieving our target returns to investors is set out below.

Investment strategy
Our investment strategy is informed by our Investment Policy, which determines the type of assets we want to acquire. This is overlaid by the strategic choices we make 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.

We look to diversify the portfolio by geography and tenant partner, and to maintain a Weighted Average Unexpired Lease Term of more than five years. A proportion of the portfolio may offer exposure to urban distribution hubs, which help fulfil the final mile part of the distribution chain.

Our investment philosophy
Our investment strategy also encompasses our four-pillar investment philosophy. Our strategy is to build up a core of Foundation assets to underpin the delivery of secure and attractive dividends, while acquiring assets in the other pillars that help us to capture greater capital and income growth for our Shareholders.

The four pillars are:

- **Foundation assets:** modern buildings in prime locations, let on long leases to institutional-grade tenants. They provide our core, low-risk rental income.
- **Value Add assets:** let to strong tenant covenants and offering opportunities to enhance returns through asset management.

- **Growth Covenant assets:** fully let and well located but undervalued due to the current financial strength of the occupier. Asset value is expected to be driven by improvements in tenant credit quality.
- **Strategic land:** we can invest in land zoned for logistics use, with the opportunity to deliver enhanced returns through pre-let forward funded developments. We will not speculatively develop buildings.

Our asset management strategy

The Manager develops a business plan for each asset we acquire. This business plan identifies where we can expect to create value through applying asset management techniques such as:

- restructuring leases, for example to remove tenant break clauses, extend lease terms, or amend rental levels or indexation clauses;
- funding key tenant fit out which enhances the building, such as mezzanine floors, racking or energy efficiency initiatives, to improve income levels or deliver more favourable lease terms;
- funding an extension to the building to meet the tenant partners' business; or
- growth plans, again to improve income levels and deliver more favourable lease terms.

Where we acquire Value Add assets, we look to turn them into Foundation assets through asset management. We regularly monitor and assess the delivery of each asset's business plan.

Our financing strategy

Our financing strategy is to fund acquisitions using our unsecured revolving credit facility, then refinance when necessary by raising further equity. This reduces the dilutive effects of holding large cash balances, which arise when using an equity-first approach.

We also look to buy assets in corporate structures which helps to minimise transaction costs and therefore improve returns generated by the asset.

We have a medium-term loan-to-value target of 45% and the maximum permitted by our investment policy is 50%. We use interest rate caps to hedge the cost of our variable rate debt. As the business grows, we may look to secure additional sources of debt financing, such as private placements or bond issues.

Our sustainability strategy

We recognise the critical importance to our tenant partners and to our own long-term success of ensuring our assets provide sustainability advantages, such as high levels of energy efficiency and ensuring that the construction and occupation of our buildings has a positive effect on the surrounding community and environment.

KEY PERFORMANCE INDICATORS

KPI and definition	Relevance to strategy	Performance
1.Dividend Dividends paid to shareholders and declared in relation to the period.	The dividend reflects pour ability to deliver a growing income stream from our portfolio and is a key element of our Total return. The Company's dividend target set at IPO is, once fully invested and geared, 4.75% per annum by reference to the IPO issue price equating to 5.37 cent per annum.	**3.40 CENTS/SHARE** for the period to 30 September 2019
2.Total return (TR) TR measures the change in the EPRA net asset value 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.	**3.4%** for the period to 30 September 2019
3.Basic Net Asset value Net asset value in IFRS GAAP.	Basic Net Asset Value measures the net value of the Company under IFRS.	**€477.27m/** **€1.13/SHARE** as at 30 September 2019
4.Adjusted Earnings Post-tax adjusted EPS attributable to shareholders, adjusted for other earnings not supported by cash flows.	Adjusted EPS reflects our ability to generate earnings from our portfolio, which ultimately underpins our dividend payments.	**€10.79m/** **3.25 CENTS/SHARE** for the period to 30 September 2019
5.Loan to value ratio (LTV) 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).	**33.3%** at 30 September 2019

6.Weighted average unexpired lease term (WAULT) 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.	**11.0 YEARS** at 30 September 2019
7.Dividend cover 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.	**85.3%** for the period to 30 September 2019
8.Interest cover The ratio of net property income to the interests incurred in the period.	It is a measure of a company's ability to meet its interest payments.	**6.0 TIMES** for the period to 30 September 2019
9.Like for like rental growth Like for Like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation and not under development during the two full preceding periods.	This measures the company's ability to grow its rental income over time.	**1%/€0.3m** This is not applicable being a first period reporting. As an exception for this period, this is comparing the annualised passing rent at the Balance Sheet date against the annualised passing rent at acquisition date.

EPRA PERFORMANCE MEASURES

KPI and definition	Relevance to strategy	Performance
1.EPRA NAV Basic NAV adjusted for mark-to-market valuation of derivatives.	The EPRA NAV reflects our ability to grow the portfolio and to add value to it throughout the lifecycle of our assets.	**€484.21m/** **€1.15/SHARE** at 30 September 2019
2.EPRA Earnings 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.	**€9.81m/** **2.96 CENTS/SHARE** for the period to 30 September 2019
3.EPRA Net Initial Yield (NIY)	This measure should make it easier for investors to judge for themselves how the	**4.5%** at 30 September 2019

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.	valuations of portfolios compare.	
4. EPRA 'Topped-up' NIY This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	This measure should make it easier for investors to judge for themselves how the valuations of portfolios compare.	**4.8%** at 30 September 2019
5.EPRA Vacancy Rate Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio. Currently 100% of the portfolio is income producing whereby the vacant space is under rental guarantee from vendors.	A "pure" (%) measure of investment property space that is vacant, based on ERV.	**1.2%** for the period to 30 September 2019
6.EPRA Cost Ratio Administrative and operating costs (including 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.	**34.5%** for the period to 30 September 2019
7.EPRA Triple net Asset value (NNNAV) EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	**€477.27m** **€1.13/SHARE** at 30 September 2019

MANAGER'S REPORT

This was a strong first period for the group. Following the successful IPO in July 2018, we were able to deploy the net proceeds rapidly on the Group's behalf, creating a cornerstone portfolio of top-quality assets which will deliver long and secure income and provide the potential for capital growth. This portfolio underpins the Group's dividend and total return aspirations."

OUR PORTFOLIO CHARACTERISTICS

Big
49.4% of our assets are over 100,000 sqm. The average size of our assets is 78,528 sqm[1]

Modern

84% of our portfolio has been built since 2016. The average age of our assets is 2.9 years[2]

Highly specified
40% of our portfolio benefits from high levels of automation, with the remaining 60% being high-quality, flexible distribution space[1]

Well located
100% of our portfolio is located in key logistics locations, within our target investment markets

Well diversified
16 different tenant partners occupy our assets, which are spread across five countries

Pure logistics
100% of our portfolio are logistics assets – we do not invest in other industrial real estate asset classes

Sustainable
53/100 was the score the Company achieved in the 2019 Global Real Estate Sustainability Benchmark (‘GRESB’) Real Estate Assessment

[1] Split by Investment Value

[2] Split by Gross Internal Area

ASSEMBLING A HIGH-QUALITY AND WELL-DIVERSIFIED PORTFOLIO

During the period, we demonstrated our ability to execute our pan-European investment strategy on behalf of our Shareholders. The Group acquired nine standing assets and one pre-let forward funded developments.

In total, we successfully deployed €669.3 million of cash (excluding acquisition costs) for the Group, in line with its investment policy. Seven of the ten assets were acquired off-market, utilising our direct relationships with developers and vendors, a result of the strength of our relationship network.

Six of the assets are Foundation assets, which provide the Group’s core, low-risk income. The two Value Add assets and two Growth Covenant assets provide enhanced opportunities for value creation.

The Group has benefited from our expertise in structuring transactions, in order to reduce costs, mitigate risk and preserve long-term income. This requires a detailed understanding of Europe’s disparate legal and taxation regimes, as we look to minimise leakage to rental income.

Having completed the first phase of investment, we are delighted with the composition of the portfolio. We have developed strong relationships with our tenants and have already uncovered a number of significant opportunities to work with them to help deliver their business objectives, and importantly also providing the Company with the opportunity to add value to the portfolio.

DELIVERING SECURE INCOME

The income generated by the portfolio is well-diversified. In total, the Group has 16 tenant partners, 81% of which are multi-billion Euro companies, representing a diverse spread of different businesses.

DELIVERING LONG INCOME

The Group benefits from a long income profile, with an average unexpired lease term at the period end of 11 years, compared with the target of at least five years.

The unexpired lease terms at the period end ranged from one year to seventeen years. 96% of the portfolio income is secured for more than five years, with 57% secured for more than ten years.

DELIVERING GROWING INCOME

All leases within the portfolio benefit from annual indexation increases, either fixed or indexed to local inflation, offering the regular annual compounding of income that supports the Group's dividend growth policy.

We also look for opportunities to capture market rental growth, which we expect to exceed indexation, through asset management initiatives, providing further upside to the Group's income.

Capturing embedded value

Our sector expertise, specialist occupier knowledge and proactive approach to asset management are all key to unlocking further value and to protecting and enhancing the Group's income streams.

When we review potential acquisitions for the Group, we use our stock-picking intelligence to identify assets to which we can add value in the near to medium term. Opportunities can also be found through strong relationships with occupiers, which we build through ongoing engagement.

As a result, there are opportunities to add value to assets across all of the Group's portfolio, but particularly for those we classify as Value Add assets. These assets are well-located, good- quality buildings, which are typically let to financially sound tenant partners and offer the potential for us to apply our asset management expertise to enhance income and/or capital value. In doing so, we seek to change these assets from Value Add to Foundation assets.

An important feature of significant asset management opportunities is that they offer the potential to capture market rental growth now evidenced in many of the Group's markets. For example, a tenant partner may agree to an increase in rent to market rates, in return for the Group funding an extension to the building in support of the tenant partner's strategic ambitions.

The timing of the portfolio's lease expiries over the coming years also facilitates the Group's ambition to capture and deliver income growth. Our strategy is to balance long secure leases which benefit from annual indexation, with shorter leases which provide the opportunity to capture rising market rents. However, we have carefully constructed the portfolio to ensure that there is no particular concentration of lease expiries in a particular year.

Our proactive approach delivers results

On acquisition, there were two vacant units at the Bochum site and one at the Bornem property, all of which benefited from rental guarantees from the vendors. We have let two of these units and are close to securing the third. We have also negotiated a lease re-gear at the Group's asset in Bornem.

The successful execution of these initiatives so soon after acquisition demonstrates our asset management capabilities. These draw on a combination of our in-house expertise and the pan-European asset and property management platform we have put in place for the Group. Such prompt lettings and re-gears are also evidence of our ability to buy the right assets in the right locations.

At Bochum in Germany we secured the letting of the first vacant unit to Gruber Logistics, an established transportation and logistics service provider in Germany. The five-year lease began on 1 April 2019, with the initial rent in line with the rental guarantee provided by Dietz AG at acquisition. Rent is subject to annual uplifts reflecting 100% of the German Consumer Price Index, with a hurdle of 2%.

One of the two units at our Bornem property in Belgium had been vacant for more than 18 months before the Group acquired it. Through our understanding of the local market, we were able to identify the reasons why it had not let, and we let the unit ahead of the timescale expected at acquisition. The new tenant partner, Belgische Distributiedienst NV ("BD NV"), is part of the BD myShopi NV group, which acts as guarantor to the lease. The nine-year lease from 1 July 2019 has an initial annual headline rent in line with the expected rental value and 30% above the level of income cover secured at acquisition. The new rent will compound annually at 100% of the Belgian Health Index.

The second building at Bornem, a single warehouse, is let to two occupiers with interconnected business activities. On acquisition, the principal tenant Alcon- Couvreur NV occupied the majority of the property on a lease expiring on 31 August 2027, with a break option in August 2022. The second tenant, Pharma Distri Centre, a third-party logistics supplier to Alcon, occupied the remainder of the property on a lease expiring on 31 January 2020.

In September 2019, we negotiated a lease re-gear, whereby Alcon Laboratories Belgium took occupation of the entire premises and their 2022 break option was removed, delivering a combined WAULT to expiry of 7.2 years. Swiss based Alcon Pharma Ltd is the guarantor to the new lease.

The successful implementation of the business plan we developed as part of the acquisition process has resulted in a longer income profile and enhances the value of this well-located asset.

Expansion and land sale opportunities

Looking forward, there are a number of further opportunities to add value across the portfolio. Part of the value of Big Boxes for occupiers is their inherent flexibility – they are agile assets that can be adapted in response to evolving requirements.

The Group's tenant partners have fast- moving businesses and we are aware of their need to expand their logistics operations in response to growing demand. We have, therefore. sought to acquire assets for the Group that can accommodate extensions to existing properties. This helps future proof the Group's assets and assists tenant partner retention for the longer term.

Following the period end, we have signed an agreement with Mango, our tenant partner in Barcelona, to fund the extension of the property by 88,000 sqm. We have been able to agree this at an attractive yield on cost, which will enhance the income and the capital value of the asset overall.

Five assets out of the Group's portfolio of ten assets have adjacent expansion land. There are several plots adjacent to the properties in Bornem and Rumst, which together could accommodate 28,000 sqm of logistics space.

Following the period end, we exchanged conditional contracts to sell a 16,400 sqm plot of non-core development land at Bornem, Belgium. This plot of land sits outside of our core strategy as it is better suited to smaller industrial unit development which sits. Once completed the sale receipt will reflect a 60% increase on latest valuation.

The Group's assets in Barcelona, Rome and Wunstorf also have identified plots of expansion land. We are appraising these projects, with the expectation of delivering value enhancing opportunities in the short to medium term.

Looking forward

Our portfolio is in great shape. It achieves the objectives we set out at IPO and also provides a strong base for future performance for shareholders. We have achieved a lot over the last 18-month period, with our internal team and platform of advisers settling in well and working effectively together.

The market trends that we identified before IPO remain favourable, with occupiers continuing to expand, particularly targeting the largest format logistics properties. Coupled with ever tightening supply, we are seeing rental values increase in most key logistics markets.

Looking forward, with the benefit of the portfolio we have established and the team we have built up, we are looking to continue the growth of the Company. Our relationships and reputation in the investment market allow us to continue to access interesting investment opportunities that meet our investment objectives. With a strong pipeline of new opportunities, along with our established and performing portfolio we are confident about the future growth of the Company.

FINANCIAL REVIEW

The Group benefitted from the support of Shareholders through a further equity raise in May 2019. The Group was also able to obtain, and subsequently increase, an unsecured credit facility to provide debt to sit alongside equity raised. The support shown by both our Shareholders and our syndicate of lending banks reinforces the attractions of the sector and their confidence in our ability to implement the Group's strategy to facilitate its growth.

Valuation

The portfolio was independently valued by JLL as at 30 September 2019, in accordance with the RICS Valuation – Global Standards 2017.

The portfolio's total value at the period end was €691.7 million[1], including forward funded development commitments of €27.5 million of which €6 million of which remained to be incurred at the period-end. This valuation is calculated after an assumed €14.3 million of real estate transaction tax ("RETT"), which would arise if the assets were sold outside a corporate structure. It is market practice in Europe to buy and sell assets such as these via a corporate structure, in which case some or all of the RETT attributed to the portfolio would not be payable.

Equity financing

On IPO on 4 July 2018, the Company issued 300 million ordinary shares at a price of €1.1311 (or £1.00) per share, through a placing, offer for subscription and intermediaries offer. This raised gross proceeds of €339.3 million (or £300 million). The issue was significantly oversubscribed.

Having deployed the IPO proceeds and debt financing, on 24 May 2019, the Company raised a further €135 million of gross proceeds (approximately £119.1 million) through the placing of 122,727,273 ordinary shares at a price of €1.10 (or £0.97) per share.

Debt financing

The Group maintains a prudent level of debt and looks to achieve a low cost of borrowing, while maintaining operational flexibility. The medium-term target is an LTV ratio of 45%, with a maximum of 50%, in each case calculated at the time of borrowing.

In October 2018, the Company agreed a €200 million revolving credit facility ("**RCF**") with HSBC Bank plc and BNP Paribas. The RCF had an opening margin of 1.55% over the higher of zero or Euribor. This increases up to 2.2%, depending on the LTV ratio. The RCF has an initial maturity of five years, which can be extended for a further two years with lender support. Importantly, the facility is unsecured, providing operational flexibility for the Group.

Subsequently in December 2018, the Company announced that Bank of America Merrill Lynch had agreed to provide a further €100 million commitment alongside HSBC and BNP Paribas, increasing the unsecured RCF to €300 million.

Following the May 2019 equity raise, the Company agreed a further increase in the RCF and added two institutions to its lending syndicate. This increased the facility by €125 million to €425 million, with the additional commitment provided by Bank of China and Banco de Sabadell.

At 30 September 2019, €235.5 million had been drawn against the RCF. This resulted in an LTV ratio of 33.3% at that date.

The Group's hedging strategy for its variable-rate debt 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 Group therefore holds derivative instruments, which hedge €300 million of its borrowing commitments. The derivative instruments comprise two interest rate caps running coterminous with the debt facilities, with a total weighted average cap of 0.67%.

Since financial period-end, four out of five lenders approved a one-year extension of the RCF. This results in €325 million debt maturing in 2024 and €100 million maturing in 2023.

1. Including property held for sale and rent guarantees.

Financial results

Rental income for the period was €24.5 million. The Group's operating and administrative costs were €8.5 million, which primarily comprised:

- the Management Fee payable to the Manager of €3.3 million;
- a fee for running an SGR structure in Italy, which ensures the Italian property holding company is exempt from corporation tax;
- the Administration fee; and
- the Directors' fees.

The EPRA cost ratio was 34.5%. This is a key measure of the Group's operational performance, as rigorous cost control supports profitability and the ability to pay dividends. As a start-up, the Company incurred fixed and exceptional costs during its first financial period while income was staggered over the period as new assets were acquired. We expect the EPRA cost ratio to decrease over time as the size of the portfolio increases and the Group benefits from economies of scale.

Total interest expense for the period were €4.1 million resulting in a comfortable interest cover ratio of 6.0 times. The profit before tax for the period was €26.3 million, with Adjusted Earnings for the period of €10.8 million[2].

The current taxation charge for the period was 4.2% of the Group's net property income. This taxation 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 Group acquires assets, given the differing tax rates across Continental Europe. The Group 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.

Basic Earnings Per Share ("**EPS**") for the period was 6.25 cents. The EPRA EPS, which excludes the valuation movement, was 2.96 cents for the period.

Given the Group's income focus, the Board has adopted adjusted EPS as a key performance indicator. This adjusts the income shown in the Group Statement of Comprehensive Income to reflect the underlying cash movements. Adjusted EPS for the period was 3.25 cents. More information about the calculation of basic, EPRA and adjusted EPS can be found in note 12 to the financial statements.

Dividends

The interim dividends declared and paid in respect of the financial period are set out below:

Declared	Amount per share	In respect of	Date paid/to be paid
7 March 2019	0.4 cents	1 July to 31 December 2018	29 March 2019
9 May 2019	1.0 cent	1 January to 31 March 2019	12 June 2019
8 August 2019	1.0 cent	1 April to 30 June 2019	9 September2019
10 December 2019	1.0 cent	1 July to 30 September 2019	15 January 2020

The total dividend in respect of the period was, therefore, €12.7 million. The total dividend was 85.3% covered by Adjusted Earnings of €10.7 million.

Cash Flow

The Group benefits from stable, growing and long-term cash flows generated from rental income from the tenants. The cash from operations was negative €2.9 million. The artificially negative figure is driven by unrecovered VAT paid (€12 million) on the acquisition of the Group's Italian asset. We expect the full amount to be recovered in 2020. Excluding the Italian VAT element, the Group generated €9.1 million from its operations over the period. We expect the figure to increase significantly in the next financial year as the Group's properties will be cash generating for the full financial year.

Net assets

The EPRA NAV per share at 30 September 2019 was €1.15, after adjusting for the deferred tax and fair value adjustments recognised against our interest rate derivatives. The basic NAV per share was €1.13 at that date.

Related-party transactions

Transactions with related parties in the period included the Management Fee paid to the Manager, the Directors' fees and agency fees paid to SG Commercial. 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.

Looking Forward

The Company has ambitious growth plans for the short to medium term. The financial structure of the Group has been designed to benefit from economies of scale and we aim to help the Group to achieve critical scale during 2020. We believe there is a healthy pipeline of suitable investment opportunities and the team is fully committed to sourcing new real estate assets that fit the Company's investment strategy.

We expect that the Company will qualify for inclusion in the FTSE EPRA NAREIT Global Real Estate Index series in early 2020. This should allow the Group to access a broader investor base, seeking exposure to the listed European real estate sector, as well as increasing the liquidity in its shares.

From a debt perspective, the Group will aim to obtain a credit rating in the short to medium term. Should the Group achieve an Investment Grade rating, the cost of debt would automatically reduce by 25 to 30 bps (dependant on LTV) under the current terms of the RCF. It should also open new borrowing possibilities, including access to the bond markets.

Above all, the Group will seek to increase the level of quarterly dividend payments gradually, with the aim to achieve the returns objectives set at IPO. Specifically, the Group will aim to deliver a fully covered dividend during the next financial year.

Tritax Management LLP
9 December 2019

Notes

1 Including property held for sale and rent guarantees.

2 See Note 12.

PRINCIPAL RISKS

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.

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 4 years most of which is subject to interest rate derivative caps.

Principal risks and uncertainties

Our principal risks and uncertainties 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.

PRINCIPAL RISKS

PROPERTY RISKS

1 Default of one or more tenant partners		
Probability	**Impact**	**Mitigation**
Low	**Medium** 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.	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. 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.

2 The performance and valuation of the property portfolio		
Probability	**Impact**	**Mitigation**
Low	**Medium** 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. 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. 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.	As at 30 September 2019, our property portfolio was 100% cash generating from leases, license fees and rental guarantees, with long unexpired weighted average lease terms of 11 years and a strong tenant partner base. 93% 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.
3 Our ability to grow the portfolio may be affected by the availability of suitable assets at acceptable prices		
Probability	**Impact**	**Mitigation**
Medium	**Medium** 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. 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.	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. 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. 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.
4 Concentration of risk, in particular, exposure to country risk		
Probability	**Impact**	**Mitigation**
Low	**Low** 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 the Group has invested in, or the Eurozone, generally, could have an adverse impact on the income derived from investments within said country and, hence, on the valuation of those assets. This could	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.

	lead to weaker overall portfolio performance, both in terms of revenue generation and value.	
5 Development activities are likely to involve a higher degree of risk than investment in standing investments		
Probability	**Impact**	**Mitigation**
Low	**Low** 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. If any of the risks associated with our developments materialised, this could reduce the value of these assets and our portfolio.	Only one of our investments is a forward funded development asset, totalling with c. 16,000 sqm under construction as at 30 September 2019. This asset is pre-let to a sound tenant covenant. 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.

OPERATIONAL RISKS

6 We rely on the continuance of the Manager		
Probability	**Impact**	**Mitigation**
Low	**High** 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). 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	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. 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.

FINANCIAL RISKS

7 Our use of floating rate debt will expose the Group to underlying interest rate movements		
Probability	**Impact**	**Mitigation**
Low to medium	**Medium** Interest on our revolving credit ("**RCF**") facility is payable based on a margin over Euribor. Any adverse movement in Euribor could affect our profitability and ability to pay dividends to Shareholders.	The Company has entered into interest rate derivatives to hedge our direct exposure to movements in Euribor. These derivatives cap our exposure to the level to which Euribor can rise and have terms coterminous with the loans. We aim to minimise the level of

		unhedged debt whilst also considering the average level of draw down on the RCF.
8 A lack of debt funding at appropriate rates may restrict our ability to grow		
Probability	**Impact**	**Mitigation**
Low	**Medium** 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.	During the 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. 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.
9 We must be able to operate within our debt covenants		
Probability	**Impact**	**Mitigation**
Low to medium	**Medium** If we were unable to operate within our debt covenants, this could lead to a default and our debt funding being recalled. This may result in us selling assets to repay loan commitments.	We continually monitor our debt covenant compliance and perform stress tests. We have significant headroom before there is a risk of a breach and our covenants have a soft breach feature, which enables the Manager to act and remedy in case of breach.

TAXATION RISKS

10 Maintenance of Investment Trust status		
Probability	**Impact**	**Mitigation**
Low to medium	**Medium** If the Company fails to maintain approval as an Investment Trust, its income and gains will be subject to UK corporation tax and it will be unable to designate dividends as interest distributions.	The Board is ultimately responsible for ensuring we adhere to the UK Investment Trust regime and we monitor strict adherence to the relevant regulations. We have also engaged top-tier third-party tax advisers to help monitor our compliance requirements.
11 Changes to local tax legislation in countries in which the Company has investments		
Probability	**Impact**	**Mitigation**
Medium	**Low** A change in local taxation status or tax legislation in any of the countries we invest in may lead to increased taxation of the Group and have a negative impact on the Company's profits and returns to Shareholders.	The Board relies on top-tier third-party providers to advise of 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.

POLITICAL RISKS

12 The vote to leave the EU could result in political and/or economic uncertainty that could have a negative effect on the performance of the Company		
Probability	**Impact**	**Mitigation**
Low to medium	**Low to medium** The UK has been granted an extension of Article 50 TEU up until 31 January 2020, with flexibility for the UK to leave the EU before this deadline if a withdrawal agreement is approved by Parliament. Failure of the UK to agree a withdrawal agreement resulting in a “no-deal Brexit” may have the following consequences: - We may lose our AIFMD passporting rights, which would affect our ability to raise further equity from investors in certain EU member states - 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 - There may be significant volatility in equity markets, which could have an impact on our share price The economy in Europe may be impacted or demand for European property may decrease, hence leading to potentially lower valuations.	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. 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 in 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.

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 July 2018 to 30 September 2019

	Note	**Period from 1 July 2018 to 30 September 2019 €m**	Period from 17 May 2018 to 30 June 2018 €m
Rental income	6	**24.49**	–
Service charge income	6	**3.32**	–
Other income	6	**0.37**	
Gross property income	6	**28.18**	–
Direct property costs	7	**(3.70)**	–
Net property income		**24.48**	–
Fair value gain on investment properties	14	**17.85**	–
Administrative and other expenses	8	**(8.45)**	–
Operating profit		**33.88**	–
Finance expense	10	**(5.03)**	–
Effect of foreign exchange differences		**(0.16)**	–
Changes in fair value of interest rate derivatives	20	**(2.35)**	–
Profit before taxation		**26.34**	–
Taxation	11	**(5.62)**	–
Profit for the period		**20.72**	–
Total comprehensive income for the period attributable to the Shareholders		**20.72**	–
Earnings Per Share (EPS) (expressed in cents per share)			
EPS – basic and diluted	12	**6.25**	–

GROUP STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note	**30 September 2019 €m**	30 June 2018 €m
Non-current assets			
Investment properties	14	**687.58**	–
Derivative financial instruments	20	**0.12**	–

Trade and other receivables	15	**1.17**	–
Deferred tax assets	11	**0.59**	–
Total non-current assets		**689.46**	–
Current assets			
Assets held-for-sale	14	**1.52**	–
Trade and other receivables	15	**31.75**	0.06
Cash and cash equivalents	16	**17.90**	–
Total current assets		**51.17**	0.06
Total assets		**740.63**	0.06
Current liabilities			
Trade and other payables	17	**(16.72)**	–
Income tax liability		**(1.06)**	–
Total current liabilities		**(17.78)**	–
Non-current liabilities			
Loans and borrowings	18	**(231.95)**	–
Deferred tax liabilities	11	**(5.18)**	–
Other liabilities	19	**(7.28)**	–
Tenant deposit	23	**(1.17)**	–
Total non-current liabilities		**(245.58)**	–
Total liabilities		**(263.36)**	–
Net assets		**477.27**	0.06
Equity			
Share capital	24	**4.23**	0.06
Share premium reserve		**131.21**	–
Retained earnings		**341.83**	–
Total equity		**477.27**	0.06
Net Asset Value (NAV) per share (expressed in Euro per share)			
Basic NAV	25	**1.13**	–
EPRA NAV	25	**1.15**	–

GROUP STATEMENT OF CHANGES IN EQUITY

	Note	Share capital €m	Share premium €m	Retained earnings €m	Total €m
At incorporation		–	–	–	–
Net result for the period		–	–	–	–
Total comprehensive income		–	–	–	–
Contributions and distributions:					
New preference shares subscribed	24	0.06	–	–	0.06
At 30 June 2018		**0.06**	**–**	**–**	**0.06**

	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
Contributions and distributions:					
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		–	(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
At 30 September 2019		**4.23**	**131.21**	**341.83**	**477.27**

The 1 cent shares listed on 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 the High Court cancelled this share premium on 25 September 2018. This resulted in the full balance being transferred into distributable reserves.

GROUP CASH FLOW STATEMENT

For the period from 1 July 2018 to 30 September 2019

	Note	**Period from 1 July 2018 to 30 September 2019 €m**	Period from 17 May 2018 to 30 June 2018 €m
Cash flows from operating activities			
Profit for the period		**20.72**	–
Changes in fair value of investment properties		**(17.85)**	–
Changes in fair value of interest rate derivatives		**2.35**	–
Tax expense		**5.62**	–
Finance expense		**5.03**	–
Accretion of tenant lease incentive	6	**(3.65)**	–
Amortisation of tenant lease incentives and lease commissions	6	**0.02**	–
Increase in trade and other receivables		**(32.50)**	–
Increase in trade and other payables		**17.37**	–
Cash generated from operations		**(2.89)**	–
Tax paid		**(0.53)**	–
Net cash flow used in operating activities		**(3.42)**	–
Investing activities			
Purchase of investment properties		**(645.57)**	–
Improvements to investment properties and development expenditure		**(14.76)**	–
Net cash flow used in investing activities		**(660.33)**	–
Financing activities			
Proceeds from issue of Ordinary Share capital		**474.33**	–
Cost of share issues		**(9.35)**	–
Loans received	18	**235.50**	–
Loan arrangement fees paid	18	**(4.03)**	–
Loan interest paid		**(4.01)**	–
Interest rate cap premium paid	20	**(2.47)**	–
Dividends paid to equity holders	13	**(8.43)**	–
Net cash flow generated from financing activities		**681.54**	–
Net movement in cash and cash equivalents for the period		**17.79**	–
Cash and cash equivalents at start of the period		**–**	–

Unrealised foreign exchange gains		**0.11**	–
Cash and cash equivalents at end of the period		**17.90**	–

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Corporate information

The Company is a public limited company incorporated and domiciled in England and Wales. The Company was established on 17 May 2018. Prior to the listing of the Company on the London Stock Exchange, the Company filed unaudited dormant company financial statements as of and for the period to 30 June 2018. The Company's ordinary shares were listed on the Official List of the UK Listing Authority and admitted to trading on the Main Market of the London Stock Exchange on 9 July 2018. The registered address of the Company is disclosed in the Company Information.

Accounting policies

2. Basis of preparation

2.1. RNS basis of preparation

The financial information set out below does not constitute the company's statutory accounts for the periods ended 30 September 2019 or 30 June 2018 but is derived from those accounts. Statutory accounts for the period ended 30 June 2018 have been delivered to the registrar of companies, and those for the periods ended 30 September 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts for the period ended 30 September 2019 are the Company's first under International Financial Reporting Standards as adopted by the EU. The financial statements for the period ended 30 June 2018 were dormant company accounts and were unaudited. There were no adjustments on transition to IFRS.

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 period, 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 period 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 2019.

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 period 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.

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.

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

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

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.

4.4.2. 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 period to repayment is at a constant rate on the balance of the liability carried in the Group Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payment while the liability is outstanding.

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 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 rental 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.

4.11. 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 period. 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 period.

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 period 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 period.

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 and effective from 1 January 2019

IFRS 16: Leases

The Directors are currently assessing the impact on the financial statements of this standard; however, at present they do not anticipate that the adoption of this will have a material impact on the Group's financial statements as the Group does not hold any material operating leases as lessee.

6. Gross property income

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Rental income	**20.86**	–
Spreading of tenant incentives	**3.65**	–
Amortisation of capital contribution and lease commission	**(0.02)**	–
Gross rental income	**24.49**	–
Service charges recoverable	**3.32**	–
Other income	**0.37**	–
Gross property income	**28.18**	–

The Group derives property income from the following countries:

	Belgium	Germany	Spain	Italy	Poland	Total
Gross property income	**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	2-5 years €m	More than 5 years €m	Total €m
30 September 2019	**33.42**	**136.96**	**215.59**	**385.97**

The Group's investment properties are leased mainly to single tenants, some of which have guarantees attached, 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 four tenants representing more than 10% of rental income during the period (€8.38 million, €5.93 million, €3.31 million and €3.01 million). As at 30 September 2019, three tenants represented more than 10% of passing rent.

7. Direct property costs

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Service charge expense	**3.37**	–
Other expenses	**0.33**	–
Total property expenses	**3.70**	–

8. Administrative and other expenses

	Period from	Period from 17 May 2018 to 30 June

	1 July 2018 to 30 September 2019 €m	2018 €m
Investment management fees (note 26)	**4.64**	–
Directors' remuneration (note 9)	**0.23**	–
Auditor's fees		
Fees payable for the audit of the Company's accounts	**0.22**	–
Fees payable for the review of the Company's interim accounts	**0.14**	–
Fees payable for the audit of the Company's subsidiaries	**0.16**	–
Total Auditor's fee	**0.52**	–
Corporate administration fees	**0.97**	–
Regulatory fees	**0.10**	–
Legal and professional fees	**1.63**	–
Marketing and promotional fees	**0.23**	–
Other administrative costs	**0.13**	–
Total administrative and other expenses	**8.45**	–

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 in to the cost of the respective assets.

9. Directors' remuneration

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Directors' fees	**0.21**	–
Employer's National Insurance	**0.02**	–
Total Directors' remuneration	**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 period 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

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Interest payable on loans and bank borrowings	**3.07**	–
Commitment fees payable on bank borrowings	**1.02**	–
Loss on remeasurement of put option	**0.30**	–
Bank fees	**0.15**	–
One-off cost of extinguishment of bank loans	**0.01**	–
Amortisation of loan arrangement fees	**0.48**	–
Total finance expense	**5.03**	–

The total interest payable on financial liabilities carried at amortised cost comprises interest and commitment fees payable on bank borrowings of €4.09 million of which nil was capitalised in the period and amortisation of loan arrangement fees of €0.48 million of which €4.03 million was capitalised into the loan in the period (see note 18).

11. Taxation

a) Tax charge in the Group Statement of Comprehensive Income

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Current taxation:		
UK taxation	**–**	–
Overseas taxation	**1.03**	–
Deferred taxation:		
UK taxation	**–**	–
Overseas taxation	**4.59**	–
Total tax charge	**5.62**	–

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 period. In accordance with its status as an Investment Trust Company ("ITC").

b) Factors affecting the tax charge for the period

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

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Profit before taxation	**26.34**	–
Theoretical tax at UK corporation tax rate of 19% (30 June 2018: 19%)	**5.00**	–
Losses where no deferred taxes have been recognised	**0.21**	–
Impact of different tax rates on foreign jurisdictions	**0.41**	–
Total	**5.62**	–

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Deferred tax assets:		
Differences between tax and property revaluation	**0.59**	–
Total	**0.59**	–

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
Deferred tax liabilities:		
Differences between tax and property revaluation	**5.18**	–

Total	**5.18**	–

12. Earnings per share

Earnings per share (EPS) amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Group by the weighted average number of Ordinary Shares in issue during the period. As at 30 September 2019 there are no dilutive or potentially dilutive equity arrangement in existence.

The calculation of EPS is based on the following:

For the period ended 30 September 2019	Net profit attributable to Ordinary Shareholders €m	Weighted average number of Ordinary Shares[1] '000	Earnings per share Cent
Basic EPS	**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		
EPRA EPS	**9.81**		**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	0.30		
Rental guarantee receipts excluded from property income[2]	2.85		
Adjusted EPS	**10.79**		**3.25**

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

2 This is offset against the cost of investment properties.

Adjusted Earnings is a performance measure used by the Board to assess the level of the Group's dividend payments. The metric mainly adjusts EPRA earnings for:

i. Exclusion of non-cash items credited or charged to the Group Statement of Comprehensive Income, such as fixed rental uplift adjustments and amortisation of loan arrangement fees;

ii. Inclusion of licence fees which relates to cash received from developers during development periods, in order to access the land; and

iii. 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 as distributable income over the period of the lease which it is intended to cover – 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

	Period from 1 July 2018 to 30 September 2019 €m	Period from 17 May 2018 to 30 June 2018 €m
First interim dividend in respect of period ended 30 September 2019 at 0.4 cent per Ordinary Share (30 June 2018: nil)	**1.20**	–
Second interim dividend in respect of period ended 30 September 2019 at 1.0 cent per Ordinary Share (30 June 2018: nil)	**3.00**	–
Third interim dividend in respect of period ended 30 September 2019 at 1.0 cent per Ordinary Share (30 June 2018: nil)	**4.23**	–
Total dividends paid	**8.43**	–
Total dividends paid for the year	**2.40 cent**	Nil cent
Total dividends unpaid but declared for the year	**1.00 cent**	Nil cent
Total dividends declared for the year	**3.40 cent**	Nil cent

On 9 December 2019, the Directors of the Company declared a fourth interim dividend in respect of the period from 1 July 2019 to 30 September 2019 of 1.00 cent per Ordinary Share, which will be payable on or around 15 January 2020 to Shareholders on the register on 20 December 2019.

Out of €12.66 million dividends declared for the year, €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 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 period ended 30 September 2019 amounts to €130,400 (period ended 30 June 2018: nil). The fee is not contingent on the valuation of the properties.

Other than Tritax EuroBox plc, the external valuer provides valuation and research – related services to the Tritax Group, as well as to other funds Tritax Group manages. The Directors ensure full independence of the valuer.

All corporate acquisitions during the period have been treated as asset purchases rather than business combinations (see note 3.1).

During the period, the following investment properties were acquired:

Location	Date acquired
Barcelona, Spain	25 September 2018
Rome, Italy§	16 October 2018
Rumst and Bornem, Belgium	25 October 2018
Peine, Germany	4 December 2018
Bochum, Germany	7 November 2018
Wunstorf, Germany*§	12 February 2019
Lodz, Poland§	12 April 2019

Hammersbach, Germany	13 June 2019
Bremen, Germany	24 September 2019

* Currently under construction.

§ Acquired based on asset deal.

	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**
License fees and rental guarantees	**(2.59)**	**(1.37)**	**(3.96)**
Development expenditure	–	**16.28**	**16.28**
Fixed rental uplift and tenant lease incentives[1]	**4.24**	–	**4.24**
Amortisation on rental uplift and tenant lease incentives[1]	**(0.25)**	–	**(0.25)**
Transfer to assets held-for-sale[2]	**(1.52)**	–	**(1.52)**
Change in fair value during the period[3]	**16.15**	**1.70**	**17.85**
As at 30 September 2019	**665.75**	**21.83**	**687.58**

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 difference between this and cash receipts change the carrying value of the property against which revaluations are measured (also see note 6).

2 The Group has identified one of its investment properties as held-for-sale in accordance with IFRS 5. The carrying value at the Balance Sheet date was €1.52 million (2018: €nil).

3 Included in the fair value change in the period was unrealised gains of €45.53 million and unrealised losses of €27.68 million.

	30 September 2019 €m	30 June 2018 €m
Investment properties in Balance Sheet	**687.58**	–
Assets held-for-sale	**1.52**	–
Rental guarantee held in separate receivable	**2.57**	–
Total external valuation of investment properties	**691.67**	–

As at 30 September 2019, the Group had capital commitments of €5.99 million in relation to its forward funded pre-let development assets. All commitments fall due within one year from the date of this report. These costs are not provided for in the Statement of Financial Position. Capital commitments represent costs to bring the asset to completion under the developer's funding agreements which include the developer's margin.

Valuation risk

There is risk to the fair value of real estate assets that are part of the portfolio of the Group, comprising variation in the yields that the market attributes to the real estate investments and the market income that may be earned.

Real estate investments can be impacted adversely by external factors such as the general economic climate, supply and demand dynamics in the market, competition and increase in operating costs.

Besides asset specific characteristics, general market circumstances affect the value and income from investment properties such as the cost of regulatory requirements related to investment properties, interest rate levels and the availability of financing.

The Manager of the Group has implemented a portfolio strategy with the aim to mitigate the above stated real estate risk. By diversifying in regions, risk categories and tenants, it is expected to lower the risk profile of the portfolio.

As of the date of this Annual Report, the only investments of the Group that have been identified consist of the current portfolio as specified in the management report. While the Group is negotiating to acquire further properties, there is no guarantee that these properties will form part of the portfolio of the Group.

With respect to new investments, management will be targeting specific investment categories based on the Group's investment objective and restrictions. Because such investments may be made over a substantial period of time, the Group faces the risk of interest rate fluctuations in case of leveraging these investments and adverse changes in the real estate markets.

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

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

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

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

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

Valuation techniques

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 equity interest or 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 (range: €32.10-€71.12 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: 4.77% or range: 4.26%-5.78%).

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:

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

* 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. Under the assumption that all assets in the portfolio are disposed under a "corporate sale" scenario, the fair valuation of the assets would be adjusted by the saving of the RETT and would result in a valuation of €705.96 million (€14.29 million increase).

15. Trade and other receivables

Non-current trade and other receivables	30 September 2019 €m	30 June 2018 €m
Cash in public institutions	**1.17**	–

The cash in public institutions is a deposit of €1.17 million given by the tenant for the property in Barcelona, Spain.

Current trade and other receivables	30 September 2019 €m	30 June 2018 €m
Trade receivables	**1.97**	–
Prepayments, accrued income and other receivables	**7.39**	–
Escrow cash	**6.79**	–
VAT receivable*	**15.60**	–
	31.75	–

** VAT receivable relates mainly to VAT reclaim due on the purchase of the property in Italy (€12 million).*

The following table sets out the ageing of trade receivables as at 30 September 2019:

Past due but not impaired	30 September 2019 €m	30 June 2018 €m
<30 days	**1.35**	–
30-60 days	**0.37**	–
60-90 days	**0.18**	–
90 days+	**0.07**	–
Total	**1.97**	
Past due and impaired	**–**	–
Total	**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 2019 €m	30 June 2018 €m
Cash and cash equivalents to agree with cash flow	**17.90**	–

17. Trade and other payables

	30 September 2019 €m	30 June 2018 €m

Trade and other payables	**6.47**	–
Bank loan interest payable	**0.24**	–
Deferred income	**0.34**	–
Accruals	**9.00**	–
VAT liability	**0.67**	–
	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

In October 2018, the Group agreed a long-term, Revolving Credit Facility ("RCF") of €200 million with HSBC Bank PLC and BNP Paribas. The facility is for five years, with an option to extend for a further two years and is unsecured. 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 RCF was extended in December 2018, August 2019 and September 2019 respectively, to include €100 million of accordion funding from BAML, €25 million of accordion funding from Banco de Sabadell and €100 million of accordion funding from Bank of China respectively, taking the total facility to €425 million. Following the financing activity as noted above, the weighted average term to maturity of the Group's debt as at the period-end is 4.0 years.

As at 30 September 2019, all of the Group's debt facility commitments are floating term. The LTV across all drawn debt was 33% 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 period covered by these financial statements.

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

	30 September 2019 €m	30 June 2018 €m
Bank borrowings drawn: due in more than one year	**235.50**	–
Loan issue costs paid	**(4.03)**	–
Non-cash amortisation of loan issue costs	**0.48**	–
Non-current liabilities: loan and borrowings	**231.95**	–

Maturity of loans and borrowings

	30 September 2019			30 June 2018
	Drawn €m	**Undrawn €m**	**Total debt available €m**	Total debt available €m
Repayable between one and two years	**–**	**–**	**–**	–
Repayable between two and five years	**235.50**	**189.50**	**425.00**	–
Repayable in over five years	**–**	**–**	**–**	–
	235.50	**189.50**	**425.00**	–

19. Other liabilities

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.

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.

As at the period end 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 period-end was 0.67%. The total premium payable in the period towards securing the interest rate caps was €2.47 million.

	30 September 2019 €m	30 June 2018 €m
Interest rate cap premium paid	**2.47**	–
Fair value movement	**(2.35)**	–
Non-current assets: interest rate derivatives	**0.12**	–

The interest rate derivatives are marked to market 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 period-end date the total proportion of debt hedged via interest rate derivatives equated to 127%. The percentage is above 100% at the end of the period due to the feature of the bank debt which allows flexible drawdown/repayment. This allows the Company to manage its treasury in the context of timing difference between an equity raise and an equity deployment.

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 period 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 period.

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 €0.41 million to net assets, based on the nominal borrowings at the period-end.

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

	Belgium	Germany	Spain	Italy	Poland	UK	Total

Total assets	**91.50**	**273.65**	**163.03**	**146.64**	**63.47**	**2.34**	**740.63**

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).

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
30 September 2019							
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 2019 the Group has a cash balance of GBP 0.54 million and PLN 6.49 million, equivalent to €0.61 million and €1.48 million respectively, at the Balance Sheet date.

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 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 period end was 33.3%.

23. Tenant deposit

Non-current liabilities	**30 September 2019 €m**	30 June 2018 €m
Tenant deposit	**1.17**	–

This 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 2019 Number	**30 September 2019 €m**	30 June 2018 Number	30 June 2018 €m
Issued and fully paid at 1 cent each				
Balance at beginning of period - €0.01 Ordinary Shares	**1**	**–**	–	–
Shares issued in the period	**422,727,272**	**4.23**	1	–
Balance at end of period	**422,727,273**	**4.23**	1	–

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 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 2019 Number	**30 September 2019 €m**	30 June 2018 Number	30 June 2018 €m
Issued and fully paid at €1 each				
Balance at beginning of period – €1.00 Preference Shares	**57,100**	**0.06**	–	–
Shares issued in the period	**–**	**–**	57,100	0.06
Shares cancelled in the period	**(57,100)**	**(0.06)**	–	–
Balance at end of period	**–**	**–**	57,100	0.06

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.

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

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 period. As there are dilutive instruments outstanding basic NAV per share is shown below:

	30 September 2019 €m
Net assets per Group Statement of Financial Position	**477.27**
EPRA NAV (see Additional Information)	**484.21**
Ordinary Shares:	
Issued share capital (number)	**422,727,273**
NAV per share (expressed in Euro per share)	
Basic NAV per share	**1.13**
EPRA NAV per share	**1.15**

EPRA NAV 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.

No comparative is disclosed as the Group did not hold any investment properties in the prior period.

26. Transactions with related parties

For the period ended 30 September 2019, 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 period to 30 September 2019 was €3.28 million (2018: €nil).

The total amount outstanding at the period-end relating to the Investment Management Agreement was €1.06 million.

Details of amounts paid to Directors for their services can be found within the Directors' Remuneration Report. Throughout the period SG Commercial LLP ("SG Commercial") has provided general property agency services to the Group. SG Commercial has been paid fees totalling €0.67 million in respect of agency services for the period; this represents a total of 14.70% of agency fees paid by the Group during the period. None was outstanding as at the period end. Of the four controlling Members of the Manager, namely Mark Shaw, Colin Godfrey, James Dunlop and Henry Franklin, all except Henry Franklin are also the controlling Members of SG Commercial. While there are currently no existing contractual arrangements between the Group and SG Commercial, the Group may choose to appoint SG Commercial in the future from time to time on either a sole or joint agency basis. Any such appointments have been and will continue to be made on normal market-based contractual terms. In the event that any such appointment is proposed by the Manager, the Board has and shall continue to be consulted and asked for its approval.

During the period the Directors received the following dividends: Robert Orr: €480, Keith Mansfield: €4,560 and Taco De Groot: €600.

During the period the four controlling Members of the Manager received the following dividends: Colin Godfrey: €3,011, Mark Shaw: €3,011, James Dunlop: €3,011 and Henry Franklin: €2,008. None of the Directors received any dividends in the period from 17 May 2018 to 30 June 2018.

27. Subsequent events

Since financial year-end, four out of five lenders approved a one-year extension of the RCF. This results in €325 million debt maturing in 2024 and €100 million maturing in 2023.

On 27 November 2019, the Group announced that it would finance the construction of the extension to its global distribution centre in Barcelona, Spain, for an estimated capital commitment of €30.5 million.

NOTES TO THE EPRA AND OTHER KEY PERFORMANCE INDICATORS (UNAUDITED)

1. EPRA earnings per share

	Period ended 30 September 2019 €m
Total comprehensive income (attributable to Shareholders)	20.72
Adjustments to remove:	
Changes in fair value of investment properties	(17.85)
Deferred tax adjustment	4.59
Changes in fair value of interest rate derivatives	2.35
Profits to calculate EPRA Earnings per share	**9.81**

Weighted average number of Ordinary Shares	331,599,364
EPRA earnings per share – basic and diluted	**2.96 cents**

2. EPRA NAV per share

	Period ended 30 September 2019 €m
Net assets at end of period	477.27
Adjustments to calculate EPRA NAV:	
Changes in fair value of interest rate derivatives – 2019	2.35
Deferred tax adjustment	4.59
EPRA net assets	**484.21**
Shares in issue at 30 September 2019	422,727,273
Dilutive shares in issue	–
	422,727,273
Dilutive EPRA NAV per share	**€1.15**

3. EPRA NNNAV

	Period ended 30 September 2019 €m
EPRA net assets	484.21
Include:	
Fair value of financial instruments	(2.35)
Deferred tax adjustment	(4.59)
EPRA NNNAV	**477.27**

Shares in issue at 30 September 2019	**422,727,273**
Dilutive shares in issue	**–**
	422,727,273
EPRA NNNAV per share	**€1.13**

No comparative is disclosed as the Group did not hold any investment properties in the prior period.

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

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

5. EPRA vacancy rate

	Period ended 30 September 2019 €m
Annualised estimated rental value of vacant premises	**0.41**
Portfolio estimated rental value[1]	**33.43**
EPRA vacancy rate	**1.22%**

1 Excludes land held for development.

6. EPRA cost ratio

	Period ended 30 September 2019 €m
Property operating costs	**0.33**
Administration expenses	**8.45**
Net service charge costs	**0.05**
Other operating income	**(0.37)**

Total costs including vacant property costs (A)	**8.46**
Vacant property costs	**(0.16)**
Total costs excluding vacant property costs (B)	**8.30**
Gross rental income – per IFRS (C)	**24.49**
Total EPRA cost ratio (including vacant property costs) (A/C)	**34.54%**
Total EPRA cost ratio (excluding vacant property costs) (B/C)	**33.89%**

7. Total return

	Period ended 30 September 2019 cents
Opening EPRA NAV	**113.11**
Closing EPRA NAV	**114.54**
Growth in EPRA NAV	**1.43**
Dividends Paid	**2.40**
Total growth in EPRA NAV plus dividends paid	**3.83**
Total return	**3.39%**

No comparative is disclosed as the Group did not hold any investment properties in the prior period.