

## **Chairman's Corporate Governance Statement**

### **Introduction**

The Board of Urban Logistics REIT plc (the "Company" or "Urban Logistics") is committed to the highest standards of corporate governance and recognises its responsibility to serve the interests of shareholders by creating sustainable growth and shareholder value over the medium to long-term, whilst also reducing or mitigating risk.

As an AIM quoted company, Urban Logistics is required to declare which recognised corporate governance code it has adopted and state how that code has been applied. The Board formally adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") on 23 May 2018 which it considers to be suitable for our current size and stage of development. An explanation of how the QCA Code is applied and how compliance with its principles will promote the success of the Company is set out below, together with any areas of non-compliance.

Further corporate governance disclosures have been included in the Company's Annual Report for the year ending 31 March 2018 (the "2018 Annual Report").

### **Role of the Chairman**

The Board as a whole is responsible for effective corporate governance. As Chairman of the Board, I have overall responsibility for the corporate governance arrangements of the Company, in addition to ensuring that these arrangements are fully adopted within the Company.

My role as Chairman is to lead the Board, ensuring its smooth running and the effective contribution of all Board members.

### **The Board**

The Board is responsible for determining strategy, investment policy and overseeing the Company's performance and business conduct. The Board is also responsible for supervising our Manager, Pacific Capital Partners Limited.

The Board holds formal scheduled meetings each quarter, with additional ad hoc meetings as required. These meetings are typically held at the Company's head office and are subject to a quorum of three Directors.

The Board follows a formal agenda at its quarterly meetings, which the Company circulates in advance of the meeting. This agenda includes reviewing investment performance, assessing the progress of new investment opportunities, reviewing the Group's strategy in the context of a broader market outlook, reviewing our historical financial performance and future forecasting. The Board reviews reports on investor relations and receives regular updates from the Manager and other advisers on regulatory or compliance matters.

When considering investment opportunities, the Board reviews detailed proposals prepared by the Manager and approves investment decisions, as appropriate, in collaboration with any external advice received from the Nomad, legal and other professional advisers etc.

## **Directors**

The Directors believe that the Board is well balanced and that between the Directors, it possesses a breadth of skills, variety of backgrounds, relevant experience and knowledge.

The Board is comprised of five Directors with Nigel Rich, Jonathan Gray and Bruce Anderson considered independent by the Board. Jonathan Gray is the Senior Independent Director and he stands in for the Chairman when he is not available, reviews the performance of the Chairman with the other Directors annually and is available to shareholders if required. As Richard Moffitt and Mark Johnson have a commercial interest in the Manager, they are not considered independent and exclude themselves from voting on matters that involve Pacific Capital Partners Limited, or where there is a conflict of interest. Whilst not independent, the Board considers that both Richard Moffitt and Mark Johnson remain able to provide constructive challenge and scrutiny to the Board, as well as having relevant skills and experience. Pages 22 and 23 of the 2018 Annual Report identify each Director and explain their experience and employment history.

All Directors are expected to attend Board and Committee meetings and to devote sufficient time to our affairs to fulfil their duties as Directors. The number of meetings attended by the Board are disclosed on page 18 of the 2018 Annual Report.

## **Board performance**

The Board has not yet undertaken a formal review of its performance but has undertaken to carry out a review during the 2019 financial year. Details of the review, its findings and the resulting actions agreed by the Board will be published in the 2019 Annual Report.

## **Ethical values and behaviours**

The Board is committed to ensuring the highest legal and ethical standards and acknowledges its responsibilities in relation to corporate governance.

The Board will review the culture within the Company during the 2019 financial year and provide an update to shareholders in the 2019 Annual Report.

## **Governance structure and processes**

The Board has delegated day-to-day responsibility for running the Company to the Manager who deals with all the property transactions including ongoing asset management. A report is received from the Manager at each Board meeting. The Board formally reviews the Manager's performance each year, to allow the Board to state, if appropriate, that the Manager's continued appointment is in shareholders' interests.

The Board has also delegated a number of responsibilities to its Audit, Nomination and Management Engagement Committees. Each Committee has prepared appropriate Terms of Reference which have been reviewed and approved by the Board. The Board has not established a Remuneration Committee as it currently has no Executive Directors or employees.

Other than the adoption of the QCA Code in May 2018 and the changes in governance arrangements arising from its adoption, there have been no other significant changes in governance arrangements during the year. There are no current plans to make any further amendments to the Company's governance framework.

## **Strategy and business model**

In our 2018 Annual Report, the Manager's Report sets out our business model, strategy and key markets. A copy of the 2018 Annual Report is available [here](#).

## **Shareholders**

We are confident in our approach to ongoing communication with our shareholders as we recognise the value in positive shareholder engagement. Our website has recently been updated to help our investors in understanding our business and we have found the Manager's roadshows to be an effective way for us to hear from shareholders and develop our understanding of their needs and expectations. The Manager also regularly updates the Board with the views of shareholders and analysts.

Urban Logistics encourages two-way communication with both its institutional and private investors and responds quickly to all queries received either orally or in writing. All shareholders have at least 21 days' notice of the AGM, where all directors and committee members are available to answer questions.

At the AGM all votes are dealt with on a show of hands and the number of proxy votes cast is indicated. Votes on separate issues are proposed as separate resolutions.

## **Stakeholder and social responsibilities**

The Board recognises that effective engagement with key stakeholders is a key component of long-term sustainability and success. The Manager holds regular meetings with each of its tenants and ad hoc meetings with other key stakeholders. Key concerns and feedback are communicated to the Board by the Manager's representatives.

The Board will review the Company's engagement with its key stakeholders during the 2019 financial year and provide an update to shareholders in the 2019 Annual Report.

## **Risk Management**

The Board is responsible for determining the nature and extent of the principal risks that the Group is willing to take in achieving its objectives and has carried out a robust review of those risks facing the Group, including those that would threaten the business model, future performance, solvency and liquidity. A detailed risk review is undertaken annually by the Board. Page 16 of the 2018 Annual Report sets out the Company's principal risks and uncertainties.

**Nigel Rich CBE**  
**Chairman**

28 September 2018