

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT



The Board is committed to the highest standards of corporate governance and recognises its responsibility to serve the interests of shareholders by creating sustainable growth. 

NIGEL RICH CBE

Chairman

QCA SUMMARY

Principle disclosure in the 2021 report:

1. Establish a strategy and business model which promotes long-term value for shareholders.
See pages 12 to 24.
2. Seek to understand and meet shareholder needs and expectations.
See pages 37 and 38.
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success.
See pages 32 and 33.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.
See pages 26 to 28.
5. Maintain the Board as a well-functioning, balanced team led by the Chairman.
See pages 36 and 37.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.
See pages 34 and 35.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
See page 44.
8. Promote a corporate culture that is based on ethical values and behaviours.
See page 38.
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.
See pages 36 to 39.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.
See pages 29 to 31.

The Board 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.

During the year ended 31 March 2021, the Company has complied with the QCA Corporate Governance Code (the "QCA Code"), which the Board has deemed to be the most appropriate corporate governance code to adopt due to the Company's size and the stage in its development. Compliance with each of the principles set out in the QCA Code is summarised in this section.

ROLE OF THE CHAIRMAN

As Chairman of the Board, I have overall responsibility for the quality of the corporate governance arrangements of the Company and the approach that is taken to ensure corporate governance compliance is achieved. The Board as a whole has responsibility and a legal obligation to promote the interests of the Company and is responsible for defining the Company's corporate governance arrangements.

My role as Chairman is to lead the Board and I am responsible for its overall effectiveness in directing the Company. I strive to promote a culture of openness and debate amongst the Board and to facilitate effective contribution from all Board members.

STRATEGY AND BUSINESS MODEL

The Company has a clear and established strategy and business model which promotes long-term value for shareholders. Further detail in this regard can be found in the Manager's Report on pages 12 to 24.

THE BOARD

The Board is responsible for determining the Company's 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 arranged as required. The Board (and Board Committees) are provided with high quality information in advance of each meeting which enables proper debate and consideration of all matters being presented.

The Board regularly reviews the Manager's investment performance and assesses the progress of new investment opportunities. The Company's strategy is regularly reviewed in the context of a broader market outlook and future financial forecasting as well as historic financial performance is considered. The Board works closely with the Company's Nominated Adviser ("NOMAD") and broker, N+1 Singer and its joint broker, Panmure Gordon, as well as its other advisers. The Board receives reports regarding investor relations as well as regular updates from the Manager and the Company Secretary on regulatory and compliance matters.

The Board has direct access to the services of its Company Secretary, Link Company Matters Limited ("Company Matters"), who were appointed as Company Secretary on 1 February 2021, as well as a range of other service providers. Company Matters, in their role as Company Secretary, are responsible to the Board for ensuring that Board and governance procedures are followed, and that applicable rules and regulations are complied with. When deemed necessary, the Board may seek independent professional advice in the furtherance of their duties, at the Company's expense.

The Company's Senior Independent Director is Jonathan Gray. He provides a channel for any shareholder concerns regarding the Chairman and leads the Chairman's annual performance evaluation.

The Company has arranged a Directors' and Officers' liability insurance policy which includes cover for legal expenses. The policy remains in force as at the date of this report.

DIRECTORS

The Board possesses a sufficient balance of skills, relevant sector experience, and knowledge to ensure the Board as a whole functions well and that discussions and/or decisions are not dominated by any one Director. The collective experience amongst the Board includes senior board level/chairmanship positions, financial services experiences, and directorships within the property sector, all of which contribute expertly to the deliberations of the Board.

The majority of Directors are independent from the Manager. Those Directors deemed to be independent can be found in the Director biographies on pages 34 and 35 and in the table below on page 39.

All Directors are expected to attend Board and Committee meetings and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Each Director is satisfied that they have sufficient time to commit to their individual role and responsibilities on the Board. The time commitment involved from each Director involves preparation for meetings, meeting attendance, as well as ad hoc meetings with the Manager and external advisers as required. Individual Directors are responsible for their own professional development and for ensuring their skills and expertise are refreshed in order to support their role on the Board.

BOARD PERFORMANCE

Further details regarding the Board evaluation process conducted by the Board during the year ended 31 March 2021 can be found in the Nomination Committee Report on page 44.

SHAREHOLDER ENGAGEMENT

We are confident in our approach to ongoing communication with our shareholders and recognise the value in positive shareholder engagement. We strive to understand and meet our shareholders' needs and expectations.

Our website is kept up to date with information to help investors keep in touch and to understand our business. The website is in the process of being refreshed and updated to ensure key information is more accessible to shareholders and is expected to go live shortly.

The Manager meets with shareholders and investors on behalf of the Board by way of shareholder roadshows (which, during the year ended 31 March 2021, have typically been virtual meetings since the onset of the COVID-19 pandemic) to discuss our results, which have proven to be a popular and effective way to engage with shareholders and develop our understanding of their needs and expectations.

The Manager provides feedback to the Board following these roadshows and also regularly updates the Board with the views of shareholders and analysts.

We encourage two-way communication with both institutional and private investors, and shareholders are encouraged to write to the Company via the Company Secretary at the registered office address, should they wish. We endeavour to respond promptly to all enquiries.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT CONTINUED

SHAREHOLDER ENGAGEMENT CONTINUED ANNUAL GENERAL MEETING

The ongoing impact of the COVID-19 pandemic led to the imposition of government restrictions on public gatherings and the Board was disappointed to be unable to invite shareholders to attend the Annual General Meeting in person in 2020. The Board recognises and appreciates the engagement with shareholders that takes place at the Annual General Meeting.

However, in accordance with current government instructions and guidance regarding COVID-19 and the restrictions in place on social contact, public gatherings, and non-essential travel, regrettably shareholders will also be unable to attend the 2021 AGM in person. The safety and well-being of our shareholders remains our priority. Arrangements will be made to ensure that the legal requirements to hold the meeting will be satisfied and the format of the meeting will be purely functional. The meeting will comprise only the formal votes and no business updates will be given. Shareholders are therefore encouraged to vote on all resolutions online or by appointing the Chairman as proxy.

Shareholders will note that a resolution is to be put to shareholders for approval at the forthcoming AGM to amend the Company's Articles of Association to enable the Company to hold virtual or hybrid general meetings in the future.

For further information please see the Notice of Annual General Meeting on pages 87 to 92.

Any further updates regarding the Annual General Meeting will be made via the appropriate Regulatory Information Service and on the Company's website www.urbanlogisticsreit.com.

Shareholders will be given the opportunity to ask questions in advance of the Annual General Meeting. Shareholders are encouraged to email ir@urbanlogisticsreit.com and they will be responded to in writing on the Company's website.

The voting results of the 12 July 2021 Annual General Meeting will be announced to the market once it has been held.

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. An ongoing process has been implemented for identifying, evaluating and managing the principal and emerging strategic and operational risks faced by the Company. This process has been in place for the year ended 31 March 2021. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives and it should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Pages 27 and 28 set out the Company's Principal Risks and Uncertainties. The Company's Risk Appetite Statement can be found on page 26.

CULTURE

The Board acknowledges that it has the responsibility to "set the tone from the top" in terms of the culture and ethical behaviours of the Company and strives to promote a culture that is based on sound ethical values and behaviours. This is achieved by ensuring sound corporate governance frameworks and Company policies are in place and ensuring the Manager is appropriately challenged and held to account for its investment decisions. This culture is consistent with the Company's business model and strategy and facilitates the best possible opportunity to build a high quality, diversified logistics property portfolio by conducting exceptional asset management and delivering sector-leading returns to investors.

The Board expects all service providers, including its Manager, to exhibit high standards of ethical behaviour and for the employees of the service providers to behave in a professional and respectful manner. Further detail regarding the Management Engagement Committee's review of all service providers can be found on page 43.

The Company's Section 172 Statement can be found on pages 29 to 31.

BOARD COMMITTEES

The Board has delegated a number of responsibilities to its Audit, Nomination and Management Engagement Committees. Each Committee has Terms of Reference in place, which outline the duties of those Committees that are delegated from the Board, including their statutory and regulatory responsibilities. The Terms of Reference are reviewed on at least an annual basis. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. Details on each Committee and a report of the activities undertaken during the year ended 31 March 2021 can be found on pages 40 to 44.

The Board has not established a Remuneration Committee and Director remuneration is considered by the Board as a whole. Further information regarding Director remuneration can be found in the Directors' Report on page 47. A copy of each Committee's Terms of Reference can be found on our website www.urbanlogisticsreit.com.

Since the end of the financial year, the Board has formed an Environmental, Social & Governance ("ESG") Committee which is chaired by Heather Hancock and whose membership comprises all independent Directors. An ESG Steering Group met to discuss the formation of this Committee and the Board has formally approved its creation. As at the date of this report there have been no formal meetings of the ESG Committee. Further information regarding the Company's approach to ESG can be found on pages 32 and 33.

The membership of the Board Committees is as follows:

Name	Independent	Audit Committee	Nomination Committee	Management Engagement Committee
Nigel Rich CBE	✓	Member	Chairman	Chairman
Bruce Anderson	✓	Chairman	Member	Member
Heather Hancock	✓	Member	Member	Member
Jonathan Gray ¹	✓	Member	Member	Member
Richard Moffitt	—	—	—	—
Mark Johnson	—	—	Member	—

1. Senior Independent Director.

Richard Moffitt and Mark Johnson are not deemed to be independent due to their existing roles at, and interest in, the Manager. Both Richard and Mark exclude themselves from voting on matters concerning Pacific Capital Partners Limited and during the approval of property sales and acquisitions proposed to the Board by the Manager, or where there is any other perceived potential conflict of interest. Despite their non-independence, the Board considers that both Richard and Mark remain able to provide constructive challenge and scrutiny to the Board, as well as valuable and relevant skills and experience.

MEETING ATTENDANCE

During the year ended 31 March 2021, there were 15 Board meetings. The Company is currently in a growth phase, so the Board convened a substantial number of additional meetings during the year, to consider and undertake equity fundraisings and investment or divestment opportunities.

Details of Directors' attendance at each of the scheduled Board and Committee meetings during the year are set out below.

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Nigel Rich CBE	15/15	6/6	1/1	2/2
Bruce Anderson	15/15	6/6	1/1	2/2
Jonathan Gray	15/15	6/6	1/1	2/2
Heather Hancock ¹	9/9	3/3	1/1	1/2
Richard Moffitt	15/15	—	—	—
Mark Johnson	15/15	—	—	1/2

1. Appointed during the year on 15 June 2020.

CONFLICTS OF INTEREST

The Articles of Association allow the Board to authorise potential conflicts of interest that may arise, subject to imposing limits or conditions when giving authorisation if this is appropriate. Only independent Directors (who have no interest in the matter being considered) will be able to take the relevant decision and, in taking the decision, the Directors must act in a way they consider will be most likely to promote the Group's success. Procedures have been established to monitor actual and potential conflicts of interest on a regular basis, and the Board is satisfied that these procedures are working effectively.

The Manager regularly uses M1 Agency LLP ("M1") for its purchase and sale of assets. M1 is a limited liability partnership in which Richard Moffitt has an interest. Each property transaction introduced by M1 is reviewed by the independent Directors to ensure that the fees paid to M1 are incurred on an arm's length and commercial basis. The Company ensures full compliance with AIM Rule 16 and disclosure of all relevant related party transactions are disclosed to the market where required. The independent Directors consult with N+1 Singer Advisory LLP to ensure each related party transaction is considered fair and reasonable in so far as the Company's shareholders are concerned.

ANTI-BRIBERY AND CORRUPTION

The Manager has a zero-tolerance anti-bribery and corruption policy and is committed to carrying out business fairly, honestly and openly. The Manager undertakes annual regulatory training on anti-money laundering and anti-bribery and corruption. The Manager has a Compliance Officer in place who monitors adherence to anti-bribery and corruption policies. The Company has a whistleblowing policy with appropriate links to the Chairman and/or Audit Committee Chairman.

NIGEL RICH CBE

Chairman

8 June 2021