

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

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, the Company 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") in 2018 as it considers it to be suitable for the current size and stage of development of the Company.

Compliance with each of the principles set out in the QCA code is summarised in this section.



### 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 those 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.

### Strategy and business model

The Company's business model, strategy and key markets are set out in the Manager's Report on pages 14 to 18.

### 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 Manager'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 advisors 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.

### Directors

The Directors believe that the Board possesses a sufficient breadth of skills, relevant experience and knowledge to ensure it functions correctly and is not dominated by any one Director. Details of qualities and capabilities that each director brings to the Board are included in the biography section.

Full biographies of each Director can be found on pages 26 and 27.

### Board performance

During the year, the Board engaged an external provider to carry out a formal Board and Committee performance review. The results from this review have been reviewed and analysed by the Board.

In summary, the review concluded the Board members have a clear understanding of the Company and their role within it and the Board, as a whole, has sufficient skills, experience, time and resources to undertake their duties. The Board diversity was highlighted as an area for further consideration, which the Board have addressed.

### 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 Management Engagement Committee formally reviews the Manager's performance each year, to allow the Board to state, if appropriate, that the Manager's continued appointment is in the shareholders' interests.

The Board has also delegated a number of responsibilities to its Audit, Nomination and Management Engagement Committees. Each Committee has 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. A copy of each Committee's Terms of Reference can be found on our website [www.urbanlogisticsreit.com](http://www.urbanlogisticsreit.com)

### Shareholders

We are confident in our approach to ongoing communication with our shareholders as we recognise the value in positive shareholder engagement. Our website is kept up to date with information to help our investors keep in touch and understand our business. The Manager meets with the shareholders and investors on behalf of the Board by way of 'shareholder roadshows' 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 its institutional and private investors and respond quickly to all queries received either orally or in writing.

In accordance with current government instructions and guidance regarding the Covid-19 situation and the restrictions on social contact, public gatherings and non-essential travel, regrettably shareholders will not be able to attend the AGM in person. We will

make arrangements to ensure that the legal requirements to hold the meeting can be satisfied and the format of the meeting will be purely functional. The meeting will comprise only the formal votes without any business update.

Shareholders are strongly encouraged to vote on all of the resolutions online or by appointing the Chair of the AGM as a proxy in advance of the meeting (appointing the Chair of the AGM as your proxy, rather than another named person, ensures your vote will be counted in the meeting). Please refer to the Shareholder Information provided in the Notice of AGM for instructions on how to vote online or by proxy. Shareholders will be given the opportunity to raise questions before the meeting by sending them to [ir@urbanlogisticsreit.com](mailto:ir@urbanlogisticsreit.com) and they will be responded to in writing on the Company's website. The Covid-19 situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period.

If it is necessary to provide shareholders with further information about the AGM, or notify them about any alternative arrangements, we will do so on our website ([www.urbanlogisticsreit.com](http://www.urbanlogisticsreit.com)) and, where appropriate, by RNS announcement. The outcome of the votes at our 10 July 2020 AGM will be announced by RNS announcement once it has been held.

### 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 or liquidity. Pages 20 and 21 sets out the Company's principal risks and uncertainties.

### Ethical values and stakeholder responsibility

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. In addition, the Board expects its service providers, including its Manager, to have a high standard of ethical behaviour and for the employees of the service providers to behave in a proper manner. The Management Engagement Committee reviews the behaviours of its service providers, including the Manager as part the annual review.

### Nigel Rich CBE

Chairman

12 June 2020