PROVING RESILIENCE

Urban Logistics REIT plc

ANNUAL REPORT AND ACCOUNTS 2024

URBAN LOGISTICS REIT PLC

OUR PURPOSE

TO ACQUIRE AND MANAGE HIGH-QUALITY, SINGLE-LET LOGISTICS ASSETS TO GENERATE BOTH INCOME AND CAPITAL GROWTH FOR OUR SHAREHOLDERS

OUR VISION

TO BE THE LEADING PROVIDER OF UK URBAN LOGISTICS WAREHOUSING

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AT A GLANCE

Our investment thesis

OUR UNDERLYING BELIEF, AT IPO AND TODAY, IS THAT HIGH-QUALITY, SINGLE-LET LOGISTICS PROPERTIES REPRESENT THE MOST INTERESTING SUB-SECTOR OF THE INDUSTRIAL AND LOGISTICS MARKET.

Our commitment to shareholders is to acquire well-located assets with the correct specification for occupiers, typically at below replacement cost. Our focus on tenant covenants, in sectors which have been less volatile historically, has served us well.

See more on page 19.

A pure play on Urban Logistics

FTSE 250 UK REIT quoted on the premium segment of the Main Market of the London Stock Exchange

Ambitious but deliverable targets to **deliver on ESG** priorities of shareholders and tenants

Only London-listed REIT with a focus on single-let, mid-box logistics assets with a sweet spot of between 20,000-200,000 sq ft

Assets located in key urban **"last touch"** and **"last mile"** locations

Active asset management provides **income and total return**

Investment Adviser with decades of experience in this sector, and a strong Board providing oversight

Our portfolio

- Midlands | **37%**
- South East | **29%**
- North East | **10%**
- North West | **12%**
- South West | **6%**
- Scotland | **6%**
- Wales | **0%**

- Theo Muller Group | **5.1%**
- DHL | **4.9%**
- Unipart Group | **3.6%**
- Delice De France Limited | **3.2%**
- CEVA Logistics Ltd | **3.0%**
- XPO | **2.9%**
- Kinaxia Group | **2.8%**
- Fidens Studios Limited | **2.7%**
- DX | **2.6%**
- Giant Booker Ltd | **2.5%**
- Other tenants[1] | **66.7%**

1. Top ten tenants cover 33.3% of contracted rent. The remaining 66.6% is made up of 110 tenants.

OUR YEAR

Stable portfolio valuation and strong operational asset management performance underpin robust financials.

OPERATIONAL HIGHLIGHTS

Metric	Headline	Change	2023	2022
PORTFOLIO VALUATION	£1,100m	(0.6%)	£1,107m	£1,015m
CONTRACTED RENT	£61.9m	+4.0%	£59.5m	£47.3m
LFL VALUATION CHANGE	(0.3%)		(9.8%)	25.4%
LEASE EVENTS SIGNED	35		42	25
SIGNED RENTAL UPLIFT	£3.0m		£6.1m	£6.4m
LFL RENTAL INCREASES	19%		34%	16%
% OF THE PORTFOLIO EPC A-B	60%		52%	27%
ESTIMATED RENTAL VALUE ("ERV")	£74.8m	+0.8%	£74.2m	£54.5m
EPRA VACANCY RATE	5.8%		7.4%	6.9%

OUR YEAR CONTINUED

FINANCIAL HIGHLIGHTS

NET RENTAL INCOME
£57.4m +8.4%

2023: £53.0m
2022: £36.5m

IFRS PROFIT BEFORE TAX
£24.7m

2023: £(82.7)m
2022: £171.8m

ADJUSTED EPS[1]
6.89p

2023: 6.93p
2022: 6.71p

DIVIDEND PER SHARE
7.60p

2023: 7.60p
2022: 7.60p

IFRS NET ASSETS
£758.6m (1.5%)

2023: £769.8m
2022: £892.6m

EPRA NTA PER SHARE[2]
160.27p

2023: 162.44p
2022: 188.78p

TOTAL ACCOUNTING RETURN[2]
3.3%

2023: (9.9%)
2022: 28.9%

TOTAL COST RATIO[2]
18.9%

2023: 21.2%
2022: 21.8%

IFRS EPS
5.24p

2023: (17.51)p
2022: 48.86p

1. A full reconciliation between IFRS profit and adjusted earnings can be found in note 13 of the Financial Statements.
2. A reconciliation of other financial information can be found in the supplementary information on pages 124 to 127.

INVESTMENT CASE

Generating an industry-leading return in this market requires active asset management.

BUILDING A VALUABLE PORTFOLIO

The Company's specialist focus on last mile, single-let logistics properties exploits a unique value opportunity in this real estate sector, underpinned by companies building resilience into their supply chains.

SEE MORE ON PAGE 12

Our portfolio has shown resilience in terms of valuations, with LFL valuations down just 0.3%, the portfolio has considerable room for growth, with an equivalent yield of 6.3% and a reversion to ERV of 21%.

Reversion within the portfolio

21%

ACTIVE ASSET MANAGEMENT

We are a value-add proposition, buying properties to which we can apply our asset management expertise; improving lease length and rental rates, as well as the underlying fabric of buildings. This allows us to add value to our portfolio at the asset level at all stages in the property cycle, driving returns for shareholders.

SEE MORE ON PAGE 19

We have completed 35 lease events in the year, including 11 new lettings. Our asset management activity has generated an additional £3.0 million in rental income, with LFL rental increases of 19%.

Signed rental uplift

£3.0m

EXPERIENCED MANAGEMENT TEAM

Urban Logistics benefits from a high-quality investment team, complemented by an experienced and knowledgeable Board. The experience of our advisory team allows us to reliably execute our strategy.

SEE MORE ON PAGE 11

Advisory team fully committed to the REIT, with a new agreement in place from May 2023.

Advisory contract extended to

2027

CONSERVATIVE CAPITAL STRUCTURE

Underpinning these significant advantages, the business benefits from a conservative capital structure appropriate to its asset base and the economic climate, with a measured approach to the use of debt.

SEE MORE ON PAGE 27

We target a medium-term net LTV position of between 30-40%. Our interest expense at the year end is 97% fixed or hedged to term, providing certainty against a significant portion of our debt cost.

Net LTV

29.3%

CHAIRMAN'S STATEMENT

> AN OPERATIONALLY STRONG YEAR SETS US UP WELL FOR THE FUTURE.

Nigel Rich CBE
Chairman

Overview

2023 was characterised by geopolitical conflicts, high inflation and interest rates at higher relative levels. These factors led to UK property shares across the sector trading at substantial discounts. This made it almost impossible to raise money in the market. The presumption was that income could be affected by tenant failures and rising costs, in particular rising interest rates, resulting in potentially uncovered dividends. The industrial sector, and in particular a company like Urban Logistics associated with logistics providers as tenants, was largely unaffected by these issues. Vacancy has remained low, and asset management initiatives, including improving the environmental ratings of our properties, have led to improved lease terms. The valuation of the portfolio is only marginally down on last year. Through hedging and fixing our interest, costs have remained at a manageable level. This means we have been able to maintain our dividend, albeit it is marginally uncovered.

Financials

Our net rental income grew to £57.4 million, up from £53.0 million last year, driven primarily by a full year of income from assets acquired in the previous year, as well as our significant asset management activity. Adjusted earnings remained broadly flat at £32.5 million, marginally down from the previous period of £32.7 million, despite higher interest costs from a full year of interest from debt drawn in the prior period, as well as higher interest rates. On a per share basis, this translates to EPRA adjusted earnings of 6.89 pence, down from 6.93 pence in the prior year.

A resilient portfolio valuation has led to a stable EPRA NTA per share at 31 March 2024 of 160.27 pence, as compared to 162.44 pence twelve months earlier, and our LTV is below our target range of 30-40%, sitting as it is at 29.3%.

Growth and consolidation

Since incorporation, we have always seen the benefit of growing the Company, to allow us to apply our asset management expertise to an increasing portfolio of assets, and drive returns for shareholders. While we have done this traditionally through equity raises, in the current market conditions this has not been possible or in the best interest of shareholders. For that reason in September 2023 we performed a review of potential M&A targets, and subsequently made an indicative offer to abrdn Property Income Trust ("API") in February 2024, with the intention of acquiring its portfolio of logistics assets for their asset management potential. Our intention was to leave the non-core assets to be wound up by the API management team, and only take assets that fitted our investment criteria. We engaged with the API Board and advisers, as well as our own shareholders, but in March the API shareholders chose to pursue a managed wind down of the entire fund. Throughout the process we focused on the interests of our shareholders, and were very clear there was no intention of overpaying for these assets.

Dividends

A first interim dividend of 3.25 pence per share was paid to shareholders in December 2023. A second interim dividend of 4.35 pence per share will be paid on 19 July 2024 to shareholders on the register at the close of business on 28 June 2024. Total dividends declared amount to 7.60 pence per share, against adjusted earnings of 6.89 pence per share. The dividends are not covered by earnings in the year; however, the total shortfall, of 0.71 pence per share, amounts to £3.4 million, an amount we are comfortable to cover from ample reserves, given our prospects for future earnings growth.

CHAIRMAN'S STATEMENT CONTINUED

Management

The agreement appointing Logistics Asset Management LLP as the Investment Adviser was signed with effect from 12 May 2023, as discussed in last year's report. The notice and period for the original agreement finally expired in May 2024, from when the new improved terms with the Investment Adviser take effect. The Pacific Investments Group ("Pacific") has played no part in our affairs since May of last year and their beneficial interest in the advisory contract has now ended.

During the year, the Investment Adviser's management team has been strengthened with some new appointments in operations and finance. The Board is confident that the Investment Adviser, led by Richard Moffitt, will continue to drive the Company forward in the best interest of shareholders.

Board

In May 2023, Mark Johnson resigned as a Director, following the withdrawal of Pacific from the management contract. Jonathan Gray also resigned on appointment as Chairman of the Investment Adviser, and Heather Hancock replaced Jonathan as Senior Independent Director.

On 1 May 2023, Lynda Heywood joined the Board and will take over as Chairwoman of the Audit and Risk Committee from Bruce Anderson, following the release of the half-year results in November 2024. Bruce will remain on the Board for a period thereafter, to provide some continuity given other changes taking place. On 1 July 2024, Cherine Aboulzelof will join the Board. Cherine brings significant expertise to the Board, having managed real estate funds, assets and portfolios for several large real estate investment managers.

I am grateful to all our Directors, past and present, for their commitment to the Company.

Outlook for the year ahead

With inflation falling and interest rates very likely to reduce through the current year, opportunities for Urban Logistics should emerge once again, and we are well placed to take advantage of them. We are considering increasing our LTV towards the lower end of our stated range in order to acquire properties with suitable asset management opportunities. At the same time, we will proactively recycle those assets where we have maximised returns.

The portfolio has performed well through the property cycle, and we are well set to grow earnings, allowing us to maintain and ultimately grow the dividend. We continue to believe that our shares trade at a value which does not reflect either the demand for the underlying real estate or the operational performance of the Company, and believe there is significant upside to be captured in the years ahead.

Nigel Rich CBE
Chairman

19 June 2024

Q&A WITH THE INVESTMENT ADVISER

A STRONG PERFORMANCE IN A DISLOCATED YEAR.

Richard Moffitt
Chief Executive Officer of the Investment Adviser

Q How would you summarise Urban Logistics' performance during the period?

A Given the highly challenging economic circumstances during the financial year, the Company has put in a very resilient performance. The dislocation in the capital markets has limited the amount of asset recycling we have been able to do. On this stable portfolio, rental income has increased through asset management, demonstrating our ability to protect shareholder returns through enhancing the attractiveness of the Company's assets.

On the valuation side, the portfolio has remained stable, despite the significant economic headwinds, with a 0.3% like-for-like valuation reduction, while ERVs have grown £1.8 million, or 2.5%, on a like-for-like basis. These figures reflect both the high quality of the underlying portfolio the Company has built, and the growth that we have driven through our strategy.

The year end vacancy is 5.8%; with one lease under offer, and further asset management underway, this represents an opportunity to increase net rental income and earnings.

Q You say that the capital markets have been dislocated, could you give a little more colour on that, and how it has affected your strategy?

A The higher interest rate environment has made it hard to price industrial assets, and this can be seen in the significantly reduced transaction volumes across the property sector, compared to previous years. As an active asset manager, the Company aims each year to recycle a portion of the portfolio, where we have reduced yields and optimised the value through leasing activity and active asset management.

We only want the Company to sell assets if we are confident that we can get optimal value for shareholders from the transaction, and for this reason we have delayed some of the recycling programme. Post period end, a further asset was sold for £3.8 million at a NIY of 5.4%, and we are confident of completing further transactions over the rest of the coming financial year.

Q Urban Logistics has a refinance coming up in August 2025. Given the rates environment, what are the timings of that refinance, and what would the expectations be of earnings impact?

A Because of the strong fundamentals of our market, the Company is in the fortunate position of being a very attractive partner to lenders, with whom we have excellent relationships. We have a number of options on the table for the refinance, and work is well advanced to complete that before the publication of the September interim results, with reduced margins. The Company has hedging in place until August 2025.

Q&A WITH THE INVESTMENT ADVISER CONTINUED

Q Towards the end of the year you made a bid for abrdn Property Income Trust, but then pulled out. Why did the Company pursue this, given it is a diversified portfolio?

A In the past the Company has grown through equity raises. In the current environment that is not possible, and so with the Board we explored an all share offer for API, with the preferred structure being one where the Company took on the logistics assets only.

This was very much a property-led deal – the API portfolio had some very attractive assets which would fit well within the wider Urban Logistics portfolio, with a number of single-let, mid-sized logistics warehouses which presented substantial opportunities for us to enhance value through active asset management.

The Company therefore engaged with the API Board about a potential acquisition. The API Board however opted to put a deal with Custodian REIT to a vote, which their shareholders ultimately rejected. API has since entered a managed wind down process. £0.7 million of exceptional costs were incurred in this process.

Q In more general terms, there has been significant consolidation in the REIT market – how does this affect Urban Logistics, and will we see the Company involved in more M&A activity?

A We will always remain a specialist REIT, focused on last mile, single-let, mid-box logistics units. That is where our expertise lies; it is a sub-sector that is growing, and it is where we see the most opportunity to drive capital and earnings growth for our shareholders.

As you would expect, we will continue to look at portfolios that meet our criteria, but we will always remain focused on our specialist strategy – it has delivered exceptional value for shareholders thus far and we believe it will continue to do so in the future.

Q At the start of the year the Company entered into new management arrangements, how will that affect shareholders?

A Early in the year the Board and shareholders approved some changes to the contractual relationships within the management arrangements – including Logistics Asset Management LLP taking on the role of Investment Adviser.

The result of these changes is to ensure the senior leadership, which I lead, with Jamie Waldegrave as CFO/COO, Justin Upton as CIO and Christopher Turner as Property Director, as well as the team behind them, remain committed to Urban Logistics REIT plc and will stay in place until 2027 – providing stability and certainty.

Q What's the outlook for the coming financial year?

A The macro environment is more stable, and valuations are also stabilising. Whilst we expect rate cuts, which would be welcome to the commercial real estate sector, our model is not predicated on it and we can continue to deliver value regardless of the timing of any cuts. More important for us is the fact that the fundamentals which drive the market are strong and consistent: the UK economy's ongoing structural trend towards last mile logistics, which will drive higher rental rates for Urban Logistics' properties as demand continues to outpace supply. These factors will enable us this year to really focus on driving earnings growth and cash flow from sourcing smart asset acquisitions and undertaking active management, optimising value for the Company's shareholders.

BUSINESS MODEL

WHAT DRIVES US

Our purpose

TO ACQUIRE AND MANAGE HIGH-QUALITY, SINGLE-LET LOGISTICS ASSETS AND GENERATE BOTH INCOME AND CAPITAL GROWTH FOR OUR SHAREHOLDERS.

Our vision

TO BE THE LEADING PROVIDER OF UK URBAN LOGISTICS WAREHOUSING.

HOW WE ADD VALUE

BUY WELL

157 acquisitions since IPO

Our acquisitions are typically off market

MANAGE WELL

150 lease events since IPO

35 lease events completed this year, with a LFL rental uplift of 19%

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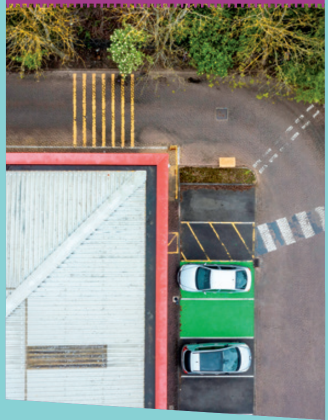
REALISE VALUE

£87m of disposals since IPO

Two disposals in the year, 3% above net book value

SEE MORE ON PAGE 17



DELIVERING VALUE FOR OUR STAKEHOLDERS

Income return

4.8%

Average annual dividend income since IPO

EPRA NTA growth

6.7%

Average annual growth since IPO

Total accounting return

11.4%

Average return per annum since IPO

ESG improvements

60%

EPC ratings: A-B[1]

1. EPC ratings at 31 March 2024, by floor area.

UNDERPINNED BY OUR CULTURE

Strategic decision-making, diligent investigation, close relationships with stakeholders and an approach focused on sustainable performance.

INVESTMENT ADVISER'S REPORT

Richard Moffitt
CEO Investment Adviser

WHAT'S IN THIS SECTION
PAGES 10 TO 27

CHIEF EXECUTIVE OFFICER REVIEW

Overview

The year to 31 March 2024 reinforces our core thesis: to deliver returns to shareholders you need to add value through active asset management, rather than relying on the macro-economic conditions to provide yield compression.

At the start of the year, many in the market anticipated rate cuts in the year; instead, under the Bank of England's 'higher for longer' philosophy, rates end the year at 5.25%, up from 4.25% on 31 March 2023. Our own valuation has remained remarkably stable, with a reduction in the portfolio on a like-for-like basis of just 0.3%.

Performance has been driven by two principal factors. The first is asset selection – ensuring the Company invests in properties that are at the right price, in the right location, and that meet the needs of occupiers. The second is our asset management expertise – increasing rental rates, lengthening leases and improving tenant covenants; all actions which add value to properties at any point in the macro cycle.

Performance

The year has been a year of two halves in terms of performance.

The first half of the year was characterised by uncertainty, as occupiers adopted a 'wait and see' approach, making asset management harder. This changed by the end of the second half of the year as tenants and potential tenants could see a route through to 'business as usual'. This shift can be seen in the asset management performance. Deals signed in the first half of the year had a 10% like-for-like increase, as opposed to a 27% increase for those signed in the second half of the year.

This activity, weighted as it was to the second half of the year, has yet to fully flow into to the Financial Statements, but sets us up well for the coming financial year. Net rental income is up 8.4% to £57.4 million, while EPS is largely flat at 6.89 pence due to higher interest expense.

Our vacancy rate fell from 7.4 down to 5.8%. The majority of our remaining vacancy is a single asset which was acquired with less than twelve months on the lease.

Future earnings

Throughout the year we have put in place the necessary work to ensure that we are well placed for growth in earnings in the subsequent financial year. In particular, a letting at Andover at the end of March, provide £0.9 million additional rental income, equating to circa 0.2 pence per share on an annual basis, much of which will be reflected in the financial year ending 31 March 2025.

In addition, we now believe the time is right for a measured and cautious approach to putting the balance sheet to work. Throughout this interest rate cycle, we have maintained an LTV below the stated range of 30-40%, a cautious approach which has served us well. We see an arbitrage opening between debt rates and asset prices, and will increase gearing to take advantage of asset buying opportunities. LTV will remain at the lower end of the targeted 30-40% range, but limited debt draws, combined with asset recycling, offers us an opportunity to deploy capital in an EPS accretive way.

This careful deployment of capital, combined with our lettings activity, supports our objective to cover our dividend and grow them thereafter.

CHIEF EXECUTIVE OFFICER REVIEW CONTINUED

Growth

Since IPO in 2016, Urban Logistics has grown significantly, via equity raises. We have never espoused growth for the sake of growth, but we believe that now is a good time in the cycle to be acquiring properties where we can apply our asset management expertise. The discount that we and our peer group have traded at over the year has made it unattractive to raise equity.

With the Board we have therefore reviewed a range of options, and in early 2024 we approached abrdn Property Income Trust ("API") about a potential share-for-share acquisition, with our desired structure consisting of a scheme of arrangement whereby we would acquire a significant portfolio of logistics and retail warehousing, while leaving in situ a smaller portfolio of retail and office assets, for API to wind down and return cash to shareholders.

We believed that this option was attractive to the API shareholders, giving them exposure to a high-performing portfolio of logistics assets in Urban Logistics, and more importantly provided a way for us to add value for our own shareholders, via a portfolio of well-located, single-let properties with asset management opportunities.

We were not prepared to overpay however, and so following due diligence and conversations with the API Board, we withdrew from the process, and API are now exploring a wind down of the company.

Team

The key to our success is the team we have built here at the Adviser. My senior team of Justin Upton as CIO, Jamie Waldegrave as CFO/COO, John Barker heading up new lettings and Christopher Turner leading on Asset Management is well established, but it is our in-house property and finance teams that allows us to manage all properties ourselves, collect our own rents and stay close to our tenants, visiting each property three times a year.

It is the depth of these tenant relationships which allows us to identify opportunities or issues early, and contributes to our record eighth year in a row of collecting more than 99% of our rents.

ESG

In recent years we have made significant progress in terms of our ESG credentials, and we are proud to have committed to a Science Based Targets initiative ("SBTi") aligned Scope 3 net zero target, and retain our MSCI ESG "A" rating.

Alongside this we have made significant progress against our core targets of installing additional solar capacity at our sites, improving our EPC ratings and engaging with our tenants on their own decarbonisation plans.

Looking ahead

The macro-economic conditions are never possible to predict with any accuracy; however, the consensus among economists would suggest that the year to March 2025 would see reductions in interest rates, which all other things being equal, would be positive for asset values and the listed real estate space.

We remain ambitious to grow, and will continue to work with our Board and advisers to evaluate all opportunities to do so, if we feel it will add value to shareholders.

Our portfolio is, we believe, well set up to perform well. In particular, our lack of tenant concentration protects us from the inevitable stresses that a period of high interest rates and low growth puts on our tenants. The occupational market is looking stronger at the end of the year, as evidenced by our post balance sheet lettings activity, and it is this activity which gives us confidence in our ability to drive value for our shareholders, whatever the economic climate.

Justin Upton

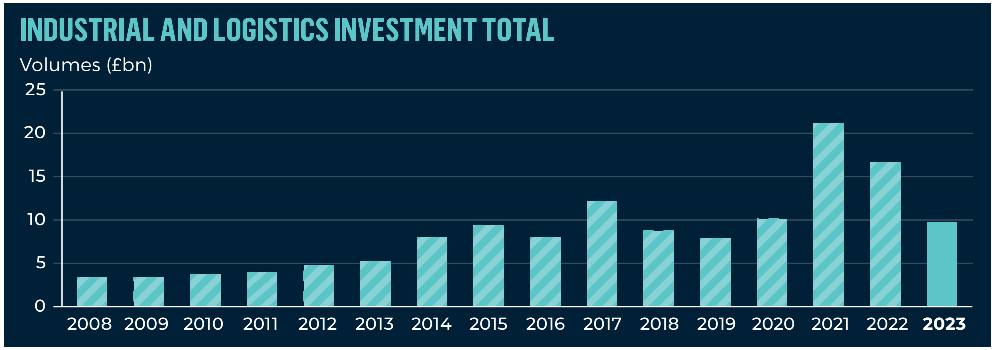
CIO Investment Adviser

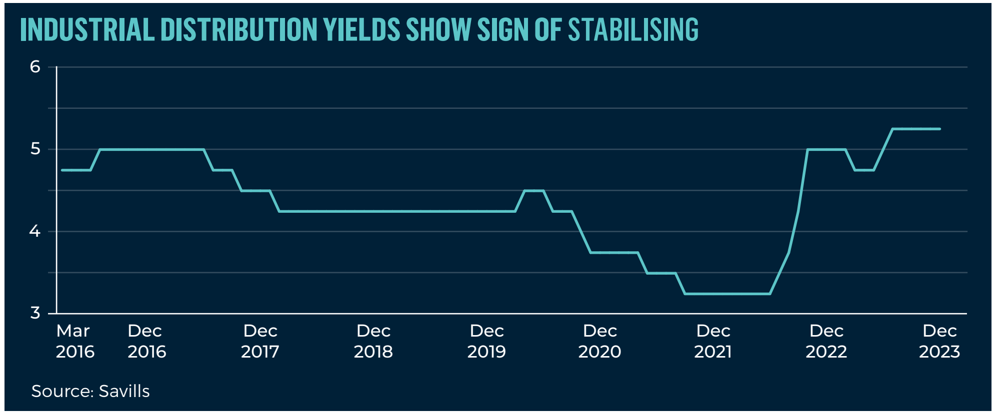
MARKET REPORT AND PORTFOLIO REPORT

Stable capital markets

Valuation yields for prime distribution have remained relatively stable at 5.25%[1] over the past twelve months, reflecting a more settled outlook, compared to March 2022 when the prime yield was at 3.25%.

The industrial sector in 2021 and 2022 was characterised by frenetic activity in both the occupational and investment markets. 2023 however witnessed a normalisation in both transaction volumes and of occupier demand, as the macro-economic outlook and increased cost of capital weighed on sentiment. Following this market reset last year, we anticipate 2024 will mark the start of a new property cycle, with UK economic growth expected to pick up over this year and next, and inflation and interest rates set to fall in line with economists' forecasts. Consequently, at the start of this year we see more grounds for positivity and cautious optimism across both occupational and investment markets compared with twelve months ago.





1. Savills - Industrial & Logistics Research Q1 2024.

MARKET REPORT AND PORTFOLIO REPORT CONTINUED

Stable capital markets continued

2023 can be characterised by an air of caution within the investment market. Annualised transaction volumes across the industrial and logistics sector suggest a total of almost £10 billion were transacted throughout 2023[1], a marked slowdown compared to the near £16.8 billion in 2022 and £21.4 billion in 2021, but more in line with the long-term trend of the last decade. Overseas (US private equity, global sovereign wealth) investors continue to dominate the landscape, accounting for over 57% of transactions in 2023[2], with institutional buyers remaining committed to acquiring in the sector, attracted by the strong fundamentals and a higher-yielding entry point than they would have achieved in 2021/2022. At the time of writing, Q1 data suggests circa £1 billion[3] of distribution assets have been traded.

Looking forward through 2024, we expect to see increasing confidence and depth of buyer pool linked to the anticipated cuts to base rates by the Bank of England. Capital Economics forecasts a 100bps cut to the base rate to support the economy by year end 2024 and for the Bank Rate to fall to 3.00% by year end 2025. This reduction in the risk-free rate of return and potential effect on finance rates should provide investors with the confidence to deploy capital into the sector. Investors remain focused on a narrow sector conviction of 'sheds, beds and meds', and we anticipate the focus of this deployment will be on standing income-producing assets rather than assets higher up the risk curve, such as speculative or development funding.

1. Savills – Industrial & Logistics Research Q1 2024.
2. Knight Frank – UK Logistics Market Dashboard March 2024.
3. Savills – Industrial & Logistics Research Q1 2024.
4. Savills – Big Shed Briefing January 2024.

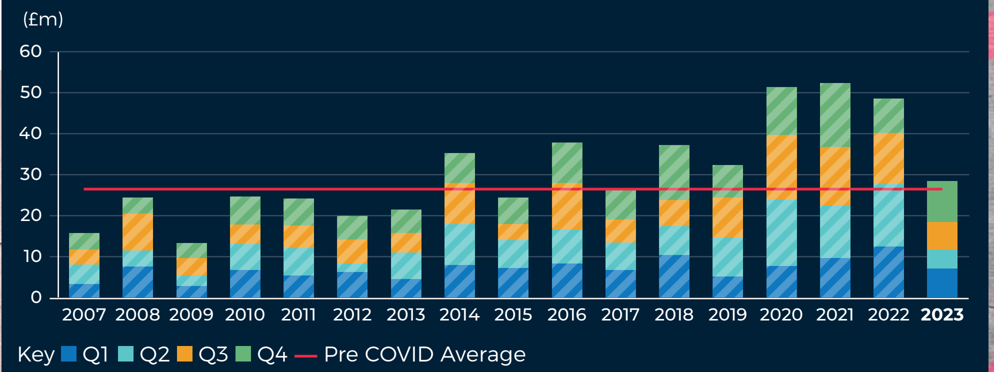
Recovering occupational markets

Mirroring the caution prevalent in the capital markets, 2023 saw a reduction in the pace of take-up in the occupational markets, particularly in the first half of the year, as the realities of higher finance costs and an increase in supply manifested itself in a pause in decision-making and expansion. Occupiers were no longer primarily in growth mode, instead they were more driven by strategic decision-making, governed by upcoming lease events and a desire to improve the ESG credentials of their real estate portfolios as part of their own corporate commitments. There are still a sizeable number of requirements in the market; however, decision-making is more protracted, with many occupiers deciding to stay in their current premises and revisit their requirement when economic and financing conditions appear more favourable.

At a national level, take-up for 2023 has totalled 28.4 million sq ft[3], a 40% fall year on year but 12% above the pre-Covid-19 average, reinforcing the view of more normalised market conditions after a record-breaking period during 2021 and 2022.

The overall supply side dynamics in 2023 witnessed around 18 million sq ft of speculative completions. This has contributed to supply vacancy rates of 7.15% compared to 5.0% twelve months ago[3,4], albeit with significant regional and size variations. Whilst no region has been immune from rising supply, there remains many markets that still have less than one year of supply and remain conducive to continued rental growth. The level of speculative completions has meant that the total Grade A supply has increased to 58% of the total, the highest level Savills has ever recorded.

TAKE-UP FALLS BUT REMAINS ABOVE PRE-COVID-19 AVERAGE[2]



Source: Savills

MARKET REPORT AND PORTFOLIO REPORT CONTINUED

Recovering occupational markets continued

We have long argued that our last mile segment of the market is less affected by the supply and demand challenges experienced in big box and multi-let. Whilst the headline vacancy rate at the end of 2023 was 7.15%, it has risen at the end of Q1 to 7.8%[1]. When broken down into specific vacancy rates by size bands, Costar regional vacancy data[2] for 'mid-boxes' of 40,000-100,000 sq ft show a far more optimistic outlook and a far more restricted vacancy rate:

Area	Vacancy (sq ft)	Vacancy (%)
East Midlands	4,396,327	5.40%
East of England	3,506,347	4.70%
London	3,720,661	5.80%
North East	1,483,875	3.90%
North West	4,233,135	3.90%
Scotland	2,128,886	3.10%
South East	5,094,009	5.40%
South West	2,472,194	4.60%
West Midlands	5,452,090	4.70%
Yorkshire and The Humber	2,879,415	3.70%
Average UK		**4.52%**

1. Savills – Industrial & Logistics Research Q1 2024.
2. Costar Regional Vacancy Data Q1 2024.
3. Savills Big Shed Briefing January 2024.
4. Gerald Eve – Prime Logistics Q4 2023.

Given vacancy and interest rates, it is no surprise to see that speculative development announcements have fallen by 34% when compared to 2022, meaning that the total development pipeline for the UK now stands at 12.63 million sq ft due for delivery in 2024 and early 2025[3]. With the development pipeline falling rapidly, vacancy rates are expected to gradually start to fall in 2024 as occupiers commit to taking existing available units. At the time of writing Savills noted that whilst the national vacancy rate has hit 7.8%, Q1 take-up of 7.25 million sq ft[1] (100,000 sq ft+ units) reflects a 15% increase on the long-term average and a further 9 million sq ft under offer.

Rental growth continues

Despite the more cautious conditions, the fundamentals of the sector continue to show attractive rental growth throughout 2023 and forecast going forward. MSCI Industrial Quarterly Index suggests that throughout the course of 2023 rental growth across the market was robust and in excess of 6.8%. Whilst the double-digit growth levels experienced between 2021 and 2022 were unsustainable, the market fundamentals remain positive with demand continuing to outstrip supply and occupiers continuing to refine their last mile strategies as part of their online fulfilment strategies. Gerald Eve forecasts the five-year outlook for rental growth being positive, but much lower than the highs of the last few years, averaging 4.2% per year to 2028, compared with 9.4% on average in the five years to 2023[4]. Savills echo this view of continued rental growth in the market with their baseline forecasts suggesting 4.9% rental growth in 2024 and an average of around 5% per annum between 2024 and 2028[3].

MARKET REPORT AND PORTFOLIO REPORT CONTINUED

THE PORTFOLIO

Portfolio performance

Given the market context discussed earlier in the report, we are very pleased to see the portfolio valuation holding up well, with valuations on a like-for-like basis down just 0.3%.

We aim to manage a balanced portfolio, split between core assets with secure, long-term income, as well as an active asset management pool where we can drive returns. We are a very active asset manager, and have signed 35 new leases, rent reviews or re-gears in the period, driving an additional £3.0 million in rental income on an annual basis, representing a like-for-like uplift of 19%. This asset management activity allows us to offset yield-driven erosions in value.

We divide the portfolio into three groups:

Core assets

The foundation of the portfolio, these assets underpin the dividend and banking covenants. Core assets are typically let on long-term leases to large-scale tenants with strong covenants.

Active asset management

These assets are typically highly reversionary, where we have a short-term asset management plan to move rents on, extend lease term, improve covenant strength or make significant improvements to the environmental performance of the building.

Developments

These assets are forward-funded developments typically on a maximum commitment basis to insulate us from build cost inflation. They are done either with or without a pre-let tenancy in place. We target a yield on cost of circa 6% and aim to further enhance the sustainability credentials of the portfolio with these assets.

	Core	Active asset management	Development	**Total**
Capital value	£563m	£530m	£7m	**£1,100m**
Percentage of portfolio	51%	48%	1%	**100%**
Area (sq ft)	4.4m	5.3m	NA	**9.7m**
Contracted rent	£33m	£29m	NA	**£62m**
ERV/Expected rent	£37m	£38m	£0m	**£75m**
Reversion to ERV	10%	34%	NA	**21%**
WAULT	9.7 years	4.8 years	NA	**7.5 years**
EPC A-B	77%	47%	NA	**60%**
Equivalent yield	5.7%	6.6%	NA	**6.3%**

In a typical year, we would aim for circa 35% of the portfolio to be made up of the 'Core' assets. The fact that this has grown to just over 50% is an inevitable result of successfully completing asset management plans in a dislocated capital market. These assets do of course have growth opportunities, as shown by the 10% reversion to ERV, but at 77% A/B in terms of EPC and a WAULT of 9.7 years, the major plans have largely been completed.

MARKET REPORT AND PORTFOLIO REPORT CONTINUED

PORTFOLIO VALUATION
£1,100m
31 MARCH 2023: £1,107m

TOTAL PROPERTY RETURN
4.6%
31 MARCH 2023: (5.0)%

PORTFOLIO VALUATION NIY
5.2%
31 MARCH 2023: 4.9%

WAULT (TO EXPIRY)
7.5 YEARS
31 MARCH 2023: 8.2 YEARS

PORTFOLIO VALUATION EY
6.3%
31 MARCH 2023: 6.2%

AVERAGE RENT PER SQ FT
£6.29
31 MARCH 2023: £6.02

Portfolio performance continued

Developments continued

Our active asset management bucket continues to show great potential, with 34% reversion and a WAULT of 4.8 years, and our team is focused on these assets to deliver value for shareholders. In recent years we have generated significant returns from development, however we have reduced our exposure this year, and have completed two pre-existing projects, but not started any new ones. We took this decision to protect against build cost inflation, and as a cautious approach to the occupational market. The £7 million of assets in this category at year end are made up of plots of development land which adjoin existing sites and were acquired as part of a larger asset deal. These represent an opportunity in the future, when we see a change in the market.

Portfolio analysis by property size (sq ft)

	0-50k	50-100k	100-150k	150k+	Yard Space	Development land	**Total**
Capital value	£306m	£346m	£249m	£176m	£16m	£7m	**£1,100m**
Percentage of portfolio	28%	31%	23%	16%	1%	1%	**100%**
Area (sq ft)	2.3m	2.9m	2.4m	2.1m	NA	NA	**9.7m**
Contracted rent	£17m	£21m	£15m	£8m	£1m	£0m	**£62m**
ERV/Expected rent	£20m	£24m	£18m	£12m	£1m	£0m	**£75m**
WAULT	7.8 years	8.6 years	5.4 years	7.5 years	5.3 years	NA	**7.5 years**
EPC A-B	52%	58%	64%	70%	NA	NA	**60%**
Equivalent yield	6.0%	6.0%	6.5%	6.0%	NA	NA	**6.3%**

MARKET REPORT AND PORTFOLIO REPORT CONTINUED

Portfolio performance continued

Portfolio analysis by property location

	Midlands	North East	North West	Scotland	South East	South West	Wales	**Total**
Capital value	£403m	£114m	£128m	£63m	£324m	£66m	£2m	**£1,100m**
Percentage of portfolio	37%	10%	12%	6%	29%	6%	0%	**100%**
Area (sq ft)	4.0m	1.4m	1.2m	0.8m	1.7m	0.6m	0.0m	**9.7m**
Contracted rent	£22m	£7m	£7m	£5m	£17m	£4m	£0m	**£62m**
ERV/Expected rent	£28m	£8m	£9m	£6m	£20m	£4m	£0m	**£75m**
WAULT	6.7 years	6.7 years	6.4 years	7.1 years	9.0 years	8.1 years	15.5 years	**7.5 years**
EPC A-B	59%	56%	81%	42%	62%	57%	0%	**60%**
Equivalent yield	5.5%	6.3%	6.1%	7.8%	6.3%	6.1%	7.0%	**6.3%**

Investment activity

During the year to 31 March 2024, the Group disposed of assets for a combined consideration of £15.00 million, representing a combined capital appreciation of 23.0% and an uplift on net book value of 3%. The proceeds of these sales was used to pay down our higher-rate, floating debt, and which was therefore accretive to earnings.

Completed in year	Purchase price	NBV[1]	Gross sale price	Capital growth	%	Uplift on NBV	%	Ungeared IRR
Hilary's Blinds, Nottingham	£8.75m	£9.50m	£9.66m	£0.9m	10.5%	£0.16m	2%	6.8%
Cogne UK, Sheffield	£3.45m	£5.00m	£5.34m	£1.9m	54.6%	£0.34m	7%	12.5%
Total	**£12.20m**	**£14.50m**	**£15.00m**	**£2.8m**	**23.0%**	**£0.50m**	**3%**	

1. NBV at time of sale.

INVESTMENT ADVISER'S REPORT CONTINUED

MARKET REPORT AND PORTFOLIO REPORT CONTINUED

Development activity

During the year to 31 March 2024, the Company invested £5.7 million, completing two development properties. This is significantly down on the prior year when £28.7 million was deployed. At 31 March 2024, all units are either occupied or under offer.

The two assets that completed in the year had a gross development cost of £17.1 million, and were valued by CBRE at 31 March 2024 at £19.1 million, generating a £2.0 million surplus, or a 11.9% uplift on cost.

Completed in year	GDC	Yield on cost	Area (sq ft)	New rent
Newhall 7, Sheffield[1]	£13.8m	7.5%	132,977	£1.0m
Unit 100, Colchester	£3.3m	6.9%	12,437	£0.2m
Total	**£17.1m**	**7.4%**	**145,414**	**£1.2m**

1. Under offer.

CAPITAL DEPLOYED IN THE YEAR
£5.7m
31 MARCH 2023: £28.7m

CURRENT YIELD ON COST
7.4%
31 MARCH 2023: 7.2%

CURRENT ERV
£1.2m
31 MARCH 2023: £4.4m

UNDER CONSTRUCTION
0 SQ FT
31 MARCH 2023: 143,566 SQ FT

COMPLETED IN THE YEAR
145,414 SQ FT
31 MARCH 2023: 406,546 SQ FT

EPC RATING A
100%
31 MARCH 2023: 100%

INVESTMENT ADVISER'S REPORT CONTINUED

Christopher Turner
Property Director, Investment Adviser

ASSET MANAGEMENT REPORT

Occupier demand grows over the year

In the year, the Group successfully completed 35 deals across 1.8 million sq ft, or 18%, of the total portfolio gross internal area at the year end. In aggregate, these deals added £3.0 million to annual contracted income and 9.7 years of WAULT.

Across all asset management activity, leases were signed on a like-for-like rental uplift of 19%. It is notable that the occupational market was much stronger in the second half of the year, and post period end. Lease events settled in H2 reflected a like-for-like increase of 27%, against a like-for-like increase of just 10% in H1.

It is this generation of additional rental income and lease length through asset management that allows us to offset market-driven yield expansion, and helps explain why the portfolio valuation has outperformed the wider market.

	No. of deals	Signed rental uplift	LFL rental uplift	WAULT (years)
New lettings	11	£2.1m	15%	9.4
Lease re-gears/other	13	£0.0m	0%	10.2
Rent reviews	11	£0.9m	20%	NA
Total	**35**	**£3.0m**	**19%**	**9.7**

TENANT CREDIT RISK RATINGS[1]

- Low | **14%**
- Low Moderate | **63%**
- Moderate | **13%**
- Moderate High | **8%**
- High | **2%**
- Severe | **0%**

1. Ratings per Dun and Bradstreet.

INVESTMENT ADVISER'S REPORT CONTINUED

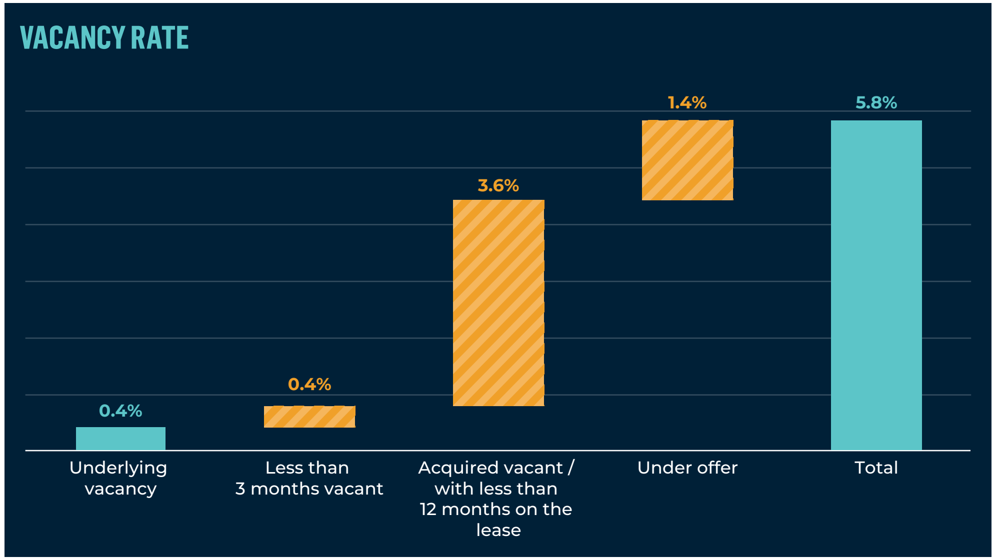
ASSET MANAGEMENT REPORT CONTINUED

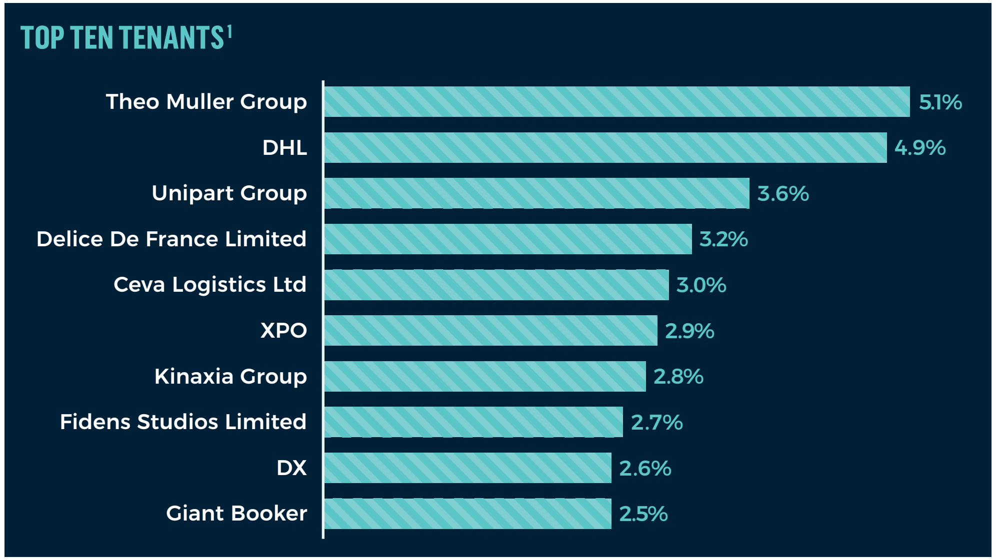
Occupier demand grows over the year continued

The vacancy rate at the year end was 5.8% (2023: 7.4%). This vacancy can be broken down into a 0.4% underlying vacancy, one asset (0.4%) that became vacant in March 2024, an asset that was acquired with less than twelve months on the lease (3.6%), and one further asset (1.4%) that is currently under offer. We believe the property that we acquired vacant gives us significant opportunity to create both income and value through our asset management expertise.

Tenant covenants and performance

In times of financial stress, we will always experience some tenants in difficulty. We protect shareholders from this by ensuring low exposure to any one tenant, with our largest tenant representing just 5% of the rent roll, as well as a focus on tenant covenants, with just 10% of our tenants rated a "moderate high" or "high" risk by Dunn and Bradstreet. Our final protection is the underlying quality of the real estate we acquire, to ensure that if a tenant does struggle the building can be re-let quickly.





1. Top ten tenants cover 33.3% of contracted rent. The remaining 66.7% is made up of 110 tenants.

INVESTMENT ADVISER'S REPORT CONTINUED

CASE STUDY | 01 MANAGE WELL

SWIFT PARK, RUGBY

The Group purchased a 128,460 sq ft industrial unit in Swift Park, Rugby, in September 2021. In March 2023 it was valued at £14.4 million, and let to H&K Distribution, yielding a rent of £0.74 million, or £5.76 per sq ft. A rent review was carried out in January 2024, resulting in a new rent of £0.95 million or £7.40 per sq ft, representing a 28% rental uplift.

Following recent works to decommission the inefficient radiant heaters and replace the boiler, in March 2024 the EPC was upgraded from D to B.

CBRE valued the asset at £15.8 million in March 2024, providing capital appreciation of £1.4 million or 9.7%, even after accounting for the low capex EPC works.

£14.4m
NBV as at 31 March 2023

28%
Rental increase at rent review

£15.8m
NBV as at 31 March 2024

9.7%
Uplift in the year

INVESTMENT ADVISER'S REPORT CONTINUED

CASE STUDY | 02 IMPROVE ESG

CATFOSS LANE, DRIFFIELD

In October 2021, the Group acquired an industrial estate comprised of four units in Driffield, East Yorkshire, totalling 137,962 sq ft for a consideration of £8.35 million. The estate was acquired and let to Premier Modular Limited, a modular building manufacturer, until November 2032.

Engagement on environmental matters with the tenant took place during the year, resulting in the installation of two PV systems on site, with a combined capacity of 383 kWh.

In January 2024, the EPC certificates across the four units were also renewed, seeing the ratings increase from B, C, D, D to A, A, B, B respectively.

A rent review was carried out during the period, seeing a new combined rent of £0.7 million, or £5.32 per sq ft, a 28% uplift on passing rent.

£8.35m
Purchase price

383 kWh peak
PV cells added

A/B
EPCs of units

28%
Rental increase at rent review

INVESTMENT ADVISER'S REPORT CONTINUED

CASE STUDY | 03 RISK CONTROLLED DEVELOPMENTS

NEWHALL, SHEFFIELD

In July 2022, the Group acquired land in Newhall, Sheffield, for £2.2 million, agreeing to forward fund the development of a mid-box industrial unit. Gross development costs amounted to £13.8 million, or £104 per sq ft.

Development began in August 2022 and saw practical completion in May 2023, with the unit achieving an 'Excellent' BREEAM rating and an EPC of A.

In March 2024, the property was valued by CBRE at £14.9 million, resulting in a £1.1 million surplus, 8.0%, uplift on cost.

The property is currently under offer at a proposed rent of £1.0 million, providing a 7.5% yield on cost.

£13.8m
Gross development cost

£1.0m
Targeted rent

7.5%
Yield on cost

£14.9m
NBV as at 31 March 2024

8.0%
Uplift on cost

INVESTMENT ADVISER'S REPORT CONTINUED

Jamie Waldegrave

CFO/COO Investment Adviser

FINANCIAL REPORT

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Revenue	**59,951**	55,305
Property operating costs	**(2,511)**	(2,313)
Net rental income	**57,440**	52,992
Other operating income	**147**	57
Administrative expenses	**(9,191)**	(9,683)
Net finance costs	**(15,896)**	(10,680)
Adjusted earnings	**32,500**	32,686
Long-term incentive plan (charge)/credit	**(11)**	4,345
Exceptional items	**(1,125)**	–
Changes in fair value of investment property	**(5,810)**	(121,119)
Profit on disposal of investment property	**55**	–
Changes in fair value of interest rate derivatives	**(865)**	1,431
Profit/(loss) before taxation	**24,744**	(82,657)

Net rental income

Net rental income increased by £4.4 million (8.4%) compared to the prior year, totalling £57.4 million for the year ended 31 March 2024. The increase is predominantly driven by the Group benefiting from the first full year of rent in relation to assets acquired in the year ended 31 March 2023.

Property operating costs increased marginally by £0.2 million, primarily driven by higher property holding costs including security, business rates and utilities. Our gross to net rental income ratio remains high at 96.4% (31 March 2023: 96.3%).

On a like-for-like basis, EPRA net rental income increased by 0.7% when compared to the prior year; whilst reversion has been captured when settling rent reviews, this has been set against cost inflation at the vacant units, as increased security and insurance costs drove property operating cost higher despite the lower level of vacancy in the portfolio.

INVESTMENT ADVISER'S REPORT CONTINUED

FINANCIAL REPORT CONTINUED

Administrative expenses and total cost ratio

Administrative expenses for the year to 31 March 2024 totalled £9.2 million, a £0.5 million reduction when compared to the prior year. This reduction, combined with increased rental income, has contributed to the continued improvement in the Group's operational efficiency, with the total cost ratio decreasing from 21.2% to 18.9%.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Total costs including vacant property costs	**18.9%**	21.2%
Total costs excluding vacant property costs	**16.2%**	18.3%

Net finance costs

The net finance costs for the year, excluding the fair value movements of interest rate derivatives, were £15.9 million (31 March 2023: £10.7 million), an increase of £5.2 million compared to the prior year. There were two key drivers of this increase – the first and most significant being the cost of a full year of interest expense in the current year compared to the prior year, and the second being the affect of the increase in interest rates on the unhedged portion of our bank lending. At the start of the year the unhedged portion of debt stood at £51.7 million; due to climbing rates, the cost of this portion of the debt rose to 7.41%, and to protect against these costs this amount was refinanced in July 2023 with term debt at a fixed cost of 6.17%.

The weighted average cost of debt for the year was 4.02% (31 March 2023: 3.21%) and the Group reported an interest cover of 3.3x (31 March 2023: 4.5x). The weighted average debt maturity has remained stable at 5.4 years (31 March 2023: 5.4 years).

Exceptional costs and disposals

During the year ended 31 March 2024, exceptional items totalling £1.1 million were incurred: £0.4 million in relation to the new management agreement that came into effect on 12 May 2023, and £0.7 million in relation to a potential all-share offer deal for abrdn Property Income Trust ("API"), an offer for which we did not proceed. Refer to page 8 for further details.

A profit on disposal of £0.1 million was achieved following the disposal of two assets, one in Nottingham and one in Sheffield, on 12 June 2023, for a combined consideration of £15.0 million.

IFRS profit and adjusted earnings

IFRS profit after tax for the year was £24.7 million (31 March 2023: loss of £82.7 million), representing a basic and diluted earnings per share of 5.24 pence, compared with -17.51 pence for the prior year.

Adjusted earnings for the year were £32.5 million, or 6.89 pence per share (31 March 2023: £32.7 million, or 6.93 pence per share), a £0.2 million decrease compared to the prior year.

The Directors consider adjusted earnings a key measure of the Company's underlying operating results, and therefore exclude non-cash and exceptional items. A full reconciliation between IFRS profit/(loss) and adjusted earnings can be found in note 13 of the Financial Statements.

Dividend

In respect of the financial year ended 31 March 2024, the Company paid and declared the following interim dividends:

Declared	Amount pence per share	In respect of financial year ended	Paid/ to be paid
8 November 2023	3.25p	31 March 2024	15 December 2023
19 June 2024	4.35p	31 March 2024	19 July 2024

A second interim dividend of 4.35 pence per share will be paid on 19 July 2024 to shareholders on the register at the close of business on 28 June 2024. The total dividend for the year will therefore be 7.60 pence per share, which is the same as was paid in the prior year.

FINANCIAL REPORT CONTINUED

IFRS net assets

	31 March 2024 £'000	31 March 2023 £'000
Investment property[1]	**1,099,547**	1,106,507
Bank and other borrowings	**(348,986)**	(346,774)
Cash	**30,274**	30,159
Other net liabilities	**(24,380)**	(23,198)
EPRA net tangible assets	**756,455**	766,694
Interest rate derivatives	**2,169**	3,034
Intangible assets	**21**	32
IFRS net assets	**758,645**	769,760

1. Per CBRE independent valuation as at 31 March 2024 and 31 March 2023.

At 31 March 2024, IFRS net assets attributable to Ordinary Shareholders were £758.6 million (31 March 2023: £769.8 million), representing a basic and diluted net asset value per share of 160.74 pence (31 March 2023: 163.09 pence).

The Group considers EPRA net tangible assets ("EPRA NTA") a key measure of overall performance. At 31 March 2024, EPRA NTA were £756.5 million (31 March 2023: £766.7 million), representing an EPRA NTA per share of 160.27 pence (31 March 2023: 162.44 pence), a decrease of 1.3%.

On a per share basis, both IFRS and EPRA net assets decreased over the financial year to 31 March 2024, primarily driven by the reduction in value of the portfolio.

The total accounting return for the year, which reflects growth in EPRA NTA plus dividends paid in the year, was 3.3% (31 March 2023: -9.9%). The average total accounting return since IPO in 2016 has been 11.4%.

Portfolio valuation

At 31 March 2024, the portfolio was valued at £1,099.5 million, a £7.0 million decrease when compared to the prior year.

During the year, the Group incurred capital expenditure of £11.2 million; £5.7 million relates to the completion of our developments in Newhall and Colchester; £2.7 million relates to significant improvement works at a unit in Southall, due to complete in August 2024; and the remaining £2.8 million relates to various small projects at several sites.

The Group recognised a valuation deficit (excluding provision for profit share) of £5.8 million (31 March 2023: deficit of £120.4 million) upon revaluation of the portfolio. On a like-for-like basis, the portfolio generated a valuation deficit of £3.7 million, or -0.3% (31 March 2023: deficit of £101.6 million, or -9.8%).

The portfolio delivered a total property return ("TPR") of 4.6% (31 March 2023: -5.0%) for the year.

Financing

At 31 March 2024, the Group had three term loan facilities totalling £418.2 million, of which £353.8 million was drawn.

On 7 July 2023, the Group entered into a £57.3 million sustainability-linked loan facility with Aviva Investors, which will mature in 2032, and came at a fixed cost of 6.17%. This facility includes margin rate improvement available on hitting environmental targets across the assets charged, and the use of funds was used to pay down higher floating rate debt.

Lender	Maturity date	Loan commitment (£m)	Drawn at 31 March 2024 (£m)	% Fixed/ Hedged at 31 March 2024
Barclays (syndicate of three banks)	Aug 2025	151.0	86.5	87.3%
Aviva Investors (seven-year term)	Mar 2028	88.4	88.4	100%
Aviva Investors (ten-year term)	May 2032	178.9	178.9	100%
Total		**418.3**	**353.8**	**96.9%**

INVESTMENT ADVISER'S REPORT CONTINUED

FINANCIAL REPORT CONTINUED

Financing continued

For the year to 31 March 2024, the weighted average cost of debt across all facilities was 4.02% (31 March 2023: 3.21%), and at the period end the ongoing cost of debt was 4.10%, or 4.23% including non-utilisation fees on the undrawn RCF.

The debt is protected against changes in interest rate fluctuations as 96.9% (31 March 2023: 85.3%) is either fixed or hedged until maturity. The current debt maturity profile is 5.4 years, with the Barclays facility due to mature in August 2025. The Adviser is already in discussions with new and existing banking partners in order to secure a competitive position for the Group.

The longer-term debt with Aviva Investors has a weighted average maturity of 6.8 years and is 100% fixed at an all-in rate of 3.82%.

Cash and net debt

During the year, the Group's cash balances remained stable, increasing by just £0.1 million, as illustrated in the table below:

	31 March 2024 £m	31 March 2023 £m
Cash generated from operations	**46.6**	43.1
Cash generated from/(used in) investing activities	**3.3**	(201.3)
Cash (used in)/generated from financing activities	**(49.8)**	61.0
Net increase/(decrease) in cash	**0.1**	(97.2)
Opening cash balance	**30.2**	127.4
Closing cash balance	**30.3**	30.2

At 31 March 2024, the Group's cash balance was £30.3 million, of which £6.05 million is restricted in the form of long-term rental deposits. Over the financial year, net debt increased by £2.6 million to £323.5 million, representing a loan to value ("LTV") of 29.3%, which is ever so slightly below our medium-term target of 30-40%.

SUSTAINABILITY REPORT

OVERVIEW

At Urban Logistics, we know that as a major UK landlord, a focus on ESG priorities is the right thing to do, however in order to deliver ongoing, sustainable change, we need to ensure that the business incentives are aligned towards our achieving this. In this we are helped by the fact that we believe our ESG agenda helps us to deliver superior returns to shareholders.

We do this by making sure our key targets and goals align with our key stakeholders, so that ESG does not cut across business priorities, but drives them. Our tenants tell us that they want buildings that are efficient to run, and meet their own ESG criteria, and delivering this allows us to charge premium rents, reduce vacancy and increase capital values. Our investors and debt partners have their own focus on ESG, and improvements allow us to reduce our cost of capital, by increasing our universe of potential investors, or by taking advantage of margin deductions in sustainably linked loans.
A focus on climate resilience of our physical assets allows us to protect value and plan for the long term.

In this respect, everything we do is underpinned by our core philosophy of being an active asset manager – we do not just own assets to hold, we own them to improve them, whether that is the quality of the lease or the fabric of the building, and ESG improvements are no different.

We therefore set ourselves ambitious ESG targets which reflect these goals, which we present here in our third annual Sustainability Report, to hold ourselves to account and measure progress.

NET ZERO

The key environmental challenge facing the world today is reducing carbon emissions. In 2023 we implemented a net zero goal over our Scope 1 and Scope 2 emissions, which has a twin focus of reducing the overall level of emissions within our control as well as offsetting using high-quality offsets.
We have achieved this target in the current financial year. We recognise, however, that the vast majority of our emissions will be in our Scope 3 – emitted from our portfolio of assets.

Being single-let, with FRI leases in place, we do not have operational control over these emissions, however in our position as landlord, we have significant influence.
We are therefore pleased to announce we have made a commitment to a Science Based Targets initiative ("SBTi") aligned net zero goal within the next 24 months.

We have put work into building our baseline and are working through scenarios to ensure that our targets, which are ambitious, are both achievable and financially responsible.

EPC IMPROVEMENT

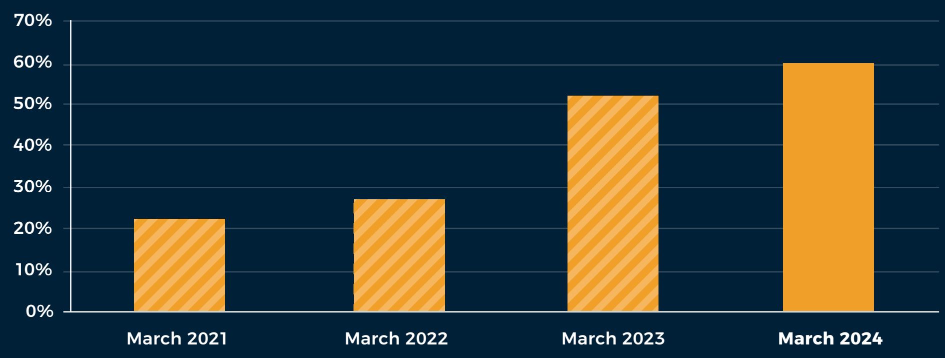
A long-standing objective has been to improve the energy efficiency of our assets, as measured by EPC performance. Our goal is not to own a portfolio of assets that is perfect in terms of EPC – as an active asset manager we aim to acquire poor performing buildings in need of improvement, and add value through our work and expertise. For this reason we will never own a portfolio of assets which are 100% A/B rated.

This year we have made material strides in moving our EPCs on, with over 60% of the portfolio rated A or B – a significant improvement from just three short years ago when 22% of the portfolio was the same.

This EPC improvement aligns with important stakeholders, and our own ESG goals, as it allows us to:

- reduce carbon emissions through more energy efficient buildings;
- attract high-quality tenants who want to occupy buildings with better energy performance; and
- align with proposed MEES regulations where a building will need to be at an EPC of B or above by 2030 for a new lease to be granted.

EPC RATINGS – PERCENTAGE OF THE PORTFOLIO A/B RATED



SUSTAINABILITY REPORT CONTINUED

EXTERNAL RATING AGENCIES

We aim to align ourselves with a small number of carefully selected rating systems as below, allowing us to demonstrate to equity and debt holders our performance against a wide range of ESG principles.

	Position in March 2022	Position in March 2023	Position in March 2024
MSCI	MSCI ESG RATINGS CCC (CCC B BB BBB A AA AAA)	MSCI ESG RATINGS A (CCC B BB BBB A AA AAA)	MSCI ESG RATINGS A (CCC B BB BBB A AA AAA)
GRESB STANDING ASSETS	GRESB rating ★☆☆☆☆	GRESB rating ★★☆☆☆	GRESB rating ★★★☆☆
GRESB DEVELOPMENT ASSETS	GRESB rating ★☆☆☆☆	GRESB rating ★★★☆☆	GRESB rating ★★★★☆
EPRA sBPR	No award	EPRA sBPR SILVER	EPRA sBPR GOLD

SUSTAINABILITY REPORT CONTINUED

OUR ESG TARGETS – PERFORMANCE AND STRATEGY

What are we aiming to do?	How did we do this year?	What are we aiming to do in the coming years?
REDUCE THE ENVIRONMENTAL IMPACT OF OUR BUILDINGS		
Improve all assets that have been held for at least two years to an EPC of B, two years ahead of the MEES requirements.	By 2030 all commercial leases will need an EPC of a B in order for a new lease to be put in place, with limited exceptions. We have improved 11 EPCs this year, meaning the portfolio now stands at 60% B or above.	10% of our units have an EPC of D or below – 20 generally smaller units in total. These will be our priority to focus on, with an aim of removing gas heating where present, installing PV cells and energy efficiency improvement measures which align with our carbon reduction goal. We will also focus on improving assets as they fall vacant, or in partnership with our occupiers.
LOWER THE CARBON INTENSITY OF OUR BUSINESS		
Remain operationally net zero with the use of offsets, while targeting a reduction in carbon emissions from the portfolio on a per square metre basis by 2050.	With the use of high-quality offsets, meeting the Gold Standard, we have achieved operational net zero. We also produced our baseline carbon position, and have confirmed our commitment to an SBTi aligned Scope 3 net zero target.	We will continue to improve the operational efficiency of our buildings, measured through EPC ratings, as well as continue to generate significant on-site energy through solar panel installations. We will also be targeting those buildings using gas to find a more sustainable solution.
INCREASE ON-SITE RENEWABLE ENERGY		
We aim to get to an installed capacity of 3MWp of power by 2028, which at current grid intensity levels would equate to circa 62 tonnes of CO_2 emissions per year.	This year we installed 1,199 kWp of new capacity, bringing the total to 1,595 kWp.	We are working on a standardised programme of outreach to all tenants, offering to invest in PV panels on their building, in exchange for a rental uplift. This model provides savings for the tenants, income for Urban Logistics and progress on ESG goals.
MAKE MORE SPACE FOR NATURE ON OUR SITES		
Launch Biodiversity Net Gain ("BNG") programmes on sites where possible. Improve biodiversity projects on 50% of sites by 2028 through low area impacts.	We have launched a project to understand the Biodiversity Net Gain ("BNG") potential on our sites. This is another way we can link our ESG goals to our financial goals, as we add to site value through BNG creation.	We recognise not all of our sites are suitable for BNG projects, and therefore will take an 'every little helps' approach to biodiversity, including bird boxes, insect hotels and bat boxes on 40% of our sites by 2030.
PROMOTE TRANSPARENCY ON ESG DISCLOSURES		
Maintain a GRESB standing assets score of three stars, EPRA sBPR Gold and MSCI A.	Our GRESB standing asset score has hit three stars, and we have been awarded an EPRA sBPR Gold award.	We aim to grow our data collection through the use of smart meters and tenant engagement, which will support our GRESB scoring, and continue to improve disclosures to support MSCI and EPRA.

SUSTAINABILITY REPORT CONTINUED

GREENHOUSE GAS REPORTING

We report greenhouse gases ("GHG") as Scope 1 and 2, which are acquired by us, and which we have control over. We have a net zero target regarding these emissions, which we have hit in 2024, by reducing emissions as well as the use of high-quality offsets. Scope 3 GHG is emitted by our tenants through the operation of our buildings, and we work closely with our tenants to help them decarbonise their operations.

SECR reporting: tonnes of CO_2e for footprint

Performance measure	Unit	Source	2024	2023
Total energy consumption	kWh	Landlord-obtained electricity	**921,362**	1,610,886
		Landlord-obtained natural gas	**170,384**	94,367
		Fuel used in the Adviser's vehicles	**Unavailable**	Unavailable
Total			**1,091,746**	1,713,554
Energy intensity	kWh/m²/year	Landlord energy intensity	**10.2**	17.8
Total greenhouse gas emissions	tCO_2e	Landlord-obtained electricity	**191**	312
		Landlord-obtained natural gas	**31**	18
		Fuel used in the Adviser's vehicles	**Unavailable**	Unavailable
Total			**222**	331
Greenhouse gas emissions intensity	tCO_2e/m^2/year	Scope 1 and 2 intensity	**2.08**	3.43

The significant increase in landlord-obtained gas is caused by an increase in properties vacant for the full period with gas supplies, where the landlord was responsible for the full year supply of electricity following these spaces becoming tenanted as well as increased consumption through regular landlord supplies at a number of properties. However, the intensity analysis shows a falling energy usage per square metre for electricity, which has helped to drive the reduction in landlord obtained electricity. The energy intensity is low as would be expected considering the majority of the supply is to vacant buildings. Electricity emissions are reported using the location-based methodology. In addition to the EPC improvement works described elsewhere, we are rolling out renewable energy supplies across all electricity supplies where we have operational control.

Climate change and the associated risks and opportunities are integral to our investment and development strategies. A recent example of this is our new development at Newhall, which was completed in May 2023 and constructed to the highest environmental standards to attract premium occupiers and surpass impending regulatory changes. Active asset management is adopted across our portfolio to efficiently identify risks and opportunities. See the Risk Management section of this report for more details.

We have updated our calculations to no longer include the head office energy data which was previously captured in our Scope 2 emissions. This is to reflect that the REIT has no direct employees and is in line with the GHG protocol, which would now include these emissions under Scope 3 as they are emissions related to the Investment Adviser.

SUSTAINABILITY REPORT CONTINUED

GREENHOUSE GAS REPORTING CONTINUED

Scope 3: emissions from tenant emissions

We are aware that tenant operational energy consumption in our portfolio will make up the vast majority of our total footprint. Therefore, we have calculated our total emissions for this Scope 3 category.

At the time of reporting, we have collected tenant energy data from 95 of our 128 assets, and we have estimated greenhouse gas emissions for all tenant areas where we have not collected data using the PCAF1 European building emission factor database methodology. The PCAF Data Quality Score, including for the total weighted by emissions mass, is included in the table below.

Performance measure	Unit	Source	2023-24	PCAF Data Quality Score
Total GHG emissions	tCO_2e	GHG emissions from collected data	**19,026**	2
		Estimated emissions for remainder of portfolio	**3,360**	4
Total emissions for downstream leased assets			**22,385**	2.30

Though these emissions are controlled by our tenants, we engage closely with tenants to help them decarbonise their operations.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

INTRODUCTION

Our TCFD compliance statement is set out below. In line with the requirements of 'comply or explain' basis against the eleven recommended TCFD disclosures. As at 31 March 2024, our disclosures are deemed consistent with the eleven recommended disclosures.

GOVERNANCE

Describe the Board's oversight of climate-related risks and opportunities

The Board is responsible for setting the Company's strategy, which encompasses managing ESG performance and climate strategy. This includes effectively managing climate-related risks and seizing opportunities that arise from climate-related factors. Additionally, it ensures that the Adviser implements the ESG Policy effectively, in compliance with the expectations of key internal and external stakeholders.

Heather Hancock brings extensive expertise in strategy, governance and leadership acquired over many years and is accountable for oversight of ULR's ESG strategy and addressing climate-related risks and opportunities within the portfolio. The Board stays updated on climate-related matters by tracking progress towards important ESG goals. The full suite of ESG targets continually monitored by the Board can be located on page 30. The Board receives a report from the ESG Committee on climate-related matters at least twice per year.

The ESG Committee, which consists of independent Directors, acts as the governing body, overseeing ESG activities. The Committee provides guidance and reports to the Board on ESG Policy and stays updated on emerging technologies through briefings, which are provided by the Adviser.

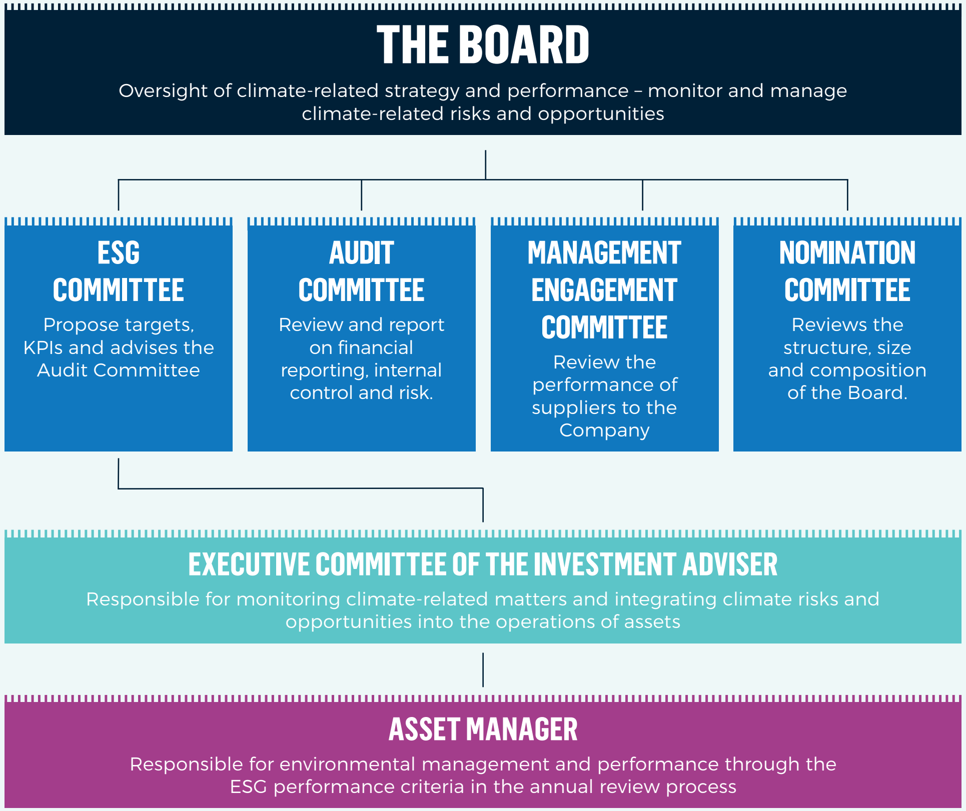
For further information on our climate-related governance please see our long-form TCFD Report.

Management's role in assessing and managing climate-related risks and opportunities

The Executive Committee of the Investment Adviser is responsible for overseeing climate-related matters. Climate-related risks and opportunities are integrated into asset operations to ensure alignment with the Board's ESG targets.

All new property acquisitions are subject to due diligence, which includes assessment against climate risks and, in line with our role as active asset managers, the work required to improve the fabric of lower-performing buildings and to improve the attractiveness of the assets to new, environmentally conscious tenants. These asset improvement plans are reviewed on an annual basis to ensure adherence to targets and maintain an understanding of costs. Annual sustainability targets are established and integrated into the responsibilities of asset managers, which includes targets related to energy efficiency, green lease agreements and on-site renewables, among others. The Executive Committee of the Investment Adviser reviews progress made towards these targets annually. All asset managers and employees are held accountable for environmental management and performance through the annual employee review process.

CLIMATE-RELATED GOVERNANCE STRUCTURE



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

STRATEGY

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

We have assessed their impact on a short-term, medium-term and long-term basis. The time horizons for the assessment were chosen based on the weighted average unexpired lease term and useful life of an asset.

Short term
Aligns with the immediate operational and lease term considerations, allowing us to address climate-related risks and opportunities in the near future.
2024 – 2027

Medium term
Captures the mid-term planning and investment cycles, enabling us to integrate climate-related considerations into our strategic decision-making processes.
2028 – 2035

Long term
Reflects the longer-term outlook and expected useful life of our assets, helping us to proactively manage climate-related risks and seize opportunities in line with our sustainability.
2035 – 2050

We have conducted a physical risk assessment and a transition risk analysis, which primarily focuses on stranding risk and Minimum Energy Efficiency Scheme ("MEES") EPC related risk and has enabled the identification of climate-related risks and opportunities. An in-depth explanation of this analysis can be located within the Risk Management section.

We have carried out a portfolio-level physical climate-related risk assessment across two scenarios, RCP4.5 and RCP8.5, which are globally recognised climate scenarios used by the Intergovernmental Panel on Climate Change ("IPCC"). Using the Munich Re climate risk tool, we gathered data on both present and projected climate hazards, enabling us to assess the likelihood and vulnerability of our assets. In this assessment, a site is classified as 'at risk' if it receives a risk rating of 'moderate' or higher, considering the hazard's likelihood and the vulnerability of our assets. The assessment revealed that flood risk is the most significant risk to our Urban Logistics portfolio. The rest of the hazards demonstrate no risk to the portfolio over the different time horizons considered, apart from drought stress, which may manifest as a long-term risk in an increased warming scenario.

We have further enhanced our transition risk reporting to assess stranding risk across the short, medium and long term and also identify the potential impact of various retrofit initiatives. Our transition risk analysis to date considers two hazards which are deemed most relevant to the Urban Logistics portfolio.

Whenever we acquire assets, we assess their current and future potential to align with our strategy of efficient ownership and operation. This includes evaluating factors like the feasibility of installing solar PV systems and the availability of outdoor space for electric vehicle ("EV") charging stations. Furthermore, our climate-related risk assessments have revealed a wider range of opportunities for our Urban Logistics portfolio. We recognise that our approach of developing underperforming buildings and enhancing them in line with, or even exceeding, emerging regulations creates a chance to deliver leading assets that meet market demands. Additional details can be found in our long-form TCFD.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

STRATEGY CONTINUED

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

The Board is responsible for overseeing our business strategy and financial planning, acknowledging the significant risk posed by climate change. The risk and opportunity assessments conducted across our portfolio, as outlined in this report, will guide our financial planning in the upcoming reporting period.

Climate-related physical risks

Chronic/Acute	Time horizon	Potential risks to portfolio	Financial impact	Planning, strategy and management
Flood risk, heavy rainfall event				
Acute	Short-to-medium term	Damage to building structures and cost of business interruption reflected in increased insurance costs.	Higher insurance premium than currently in place for sites at short-term risk. Impact on asset value.	Flood risk is assessed with the Environmental Due Diligence reports for acquisitions. For new developments, flood mitigation measures are incorporated into site design. All short-term flood risk is covered by insurance.
Sea level rise				
Acute	Long term	Building damage and potential inhabitation of assets.	Higher insurance premium. Increased risk of assets stranding.	A risk assessment and financial appraisal are undertaken for all assets.
Fire weather and drought stress				
Chronic	Long term	Damage to external areas and reduced air quality locally. Cost of business interruption.	Higher insurance premium. Impact on asset value.	Drought risk mitigation measures are incorporated into site design.
Heat stress				
Chronic	Long term	Increased investment in retrofit measures. Reduced thermal comfort of staff.	Retrofit costs and increased operating costs to ensure thermal comfort and building performance.	Developments are designed to maximise adaptation to extreme heat. For example, building orientation, shading and suitable ventilation. Care is taken when refurbishing to increase shading externally and reflect heat and use reflective paint.
Precipitation stress (heavy rainfall)				
Chronic	Long term	Damage to building structures and cost of business interruption reflected in increased insurance costs.	Higher insurance premium. Impact on asset value.	For new developments, precipitation stress mitigation measures are incorporated into site design. A risk assessment and financial appraisal are undertaken for all assets.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

STRATEGY CONTINUED

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning continued

The majority of Urban Logistics' assets are considered to have a low physical risk. We have long been aware of the physical risk of flooding within the UK, and as such, this is considered within our asset plans. However, we recognise the need for longer-term forecasting and will aim to further embed the physical climate risk assessment into our strategy.

Climate-related transition risks

Type of risk	Potential risks to portfolio	Financial impact	Potential financial impacts
Asset performance compliance and stranding risk			
Policy & Legal	The emerging legislative changes from the Minimum Energy Efficiency Standards ("MEES") presents stranding and letting risks.	Increased costs associated with refurbishing assets to ensure compliance.	Asset performance compliance and stranding risk.
Biodiversity requirements			
Policy & Legal	Under the Environment Act 2021, in England, all land development projects needing planning permission must show a 10% biodiversity net gain starting in February 2024.	Increased development costs.	Creating a biodiversity enhancement plan, targeting the development of biodiverse sites on our existing or adjacent land. After conducting a site survey, we have identified several acres of land suitable for tree planting or other biodiversity initiatives. One of our tenants is currently converting an initial site into a wildflower meadow. Additionally, we are collaborating with experts to stay informed about upcoming regulations regarding biodiversity net gain.
Reporting compliance			
Policy & Legal	Reporting requirements for UK businesses are evolving and becoming stricter. Any non-compliant disclosures or incorrect submissions risk enforcement action/fines.	Increased costs to ensure compliance with additional risk to further costs for non-compliance.	We have partnered with ESG Consultants to ensure that we meet the necessary reporting requirements and maintain minimum compliance for GRESB, EPRA, TCFD and MSCI. In 2023, we achieved a GRESB score of 69, received a Gold rating in EPRA and obtained an MSCI rating of A. Our goal for this year is to maintain the gold rating in EPRA.
Occupier behaviour			
Market Policy & Legal	Demands from stakeholder groups for net zero operations are growing and regulations around energy efficiency are tightening, occupiers account for the vast majority of total emissions. This presents a risk to any future long-term net zero ambitions.	Increased capital expenditure to align with regulatory requirements and market demands.	In the previous year, we conducted a tenant survey, which revealed that 90% of respondents desired further collaboration to enhance the ESG performance of buildings. This feedback has been incorporated into ongoing conversations with tenants. As part of our commitment, all new leases now include green clauses. Currently, we are developing our net zero Scope 3 plan and actively collaborating with tenants to understand their own decarbonisation plans.
Decarbonisation of logistics sector			
Market	High transition costs to logistics occupiers, increasing pressure on cost of occupation. Increased localisation of production and distribution of goods to reduce transport emissions.	Reduced revenue. Reduced rental growth.	We conducted a comprehensive tenant survey and implemented green clauses in all new leases. These measures aim to ensure that occupiers recognise and prioritise the significance of decarbonisation. Furthermore, we have established a long-term objective of developing a Scope 3 net zero plan, actively collaborating with tenants to facilitate their transition towards achieving zero emissions.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

STRATEGY CONTINUED

Climate-related opportunities

Potential financial impact	Planning, strategy and management
Real Estate Market	
Higher occupancy rates, premium rents, and potentially open doors to new markets seeking sustainable properties, boosting overall revenue.	We have focused on improving EPC ratings in the portfolio and can show consistent growth in the percentage of the portfolio by floor area with an EPC of A or B.
Resource Efficiency	
Lower operating costs, translating to higher net operating income.	We continue to investigate opportunities to improve energy efficiency within our buildings, which may lead to lower operating costs for our tenants.
Energy	
Lower operating costs, translating to higher net operating income.	We have calculated the capital expenditure required to bring all buildings up to an EPC of B or above, using end-of-life CAPEX as roofs, heating systems and lighting comes to the end of their lifecycle.
Capital Markets	
Increased access to capital and lower borrowing rates.	We continue to showcase our sustainability credentials to the market, reporting to external rating agencies, including GRESB, EPRA and MSCI.
Resilience	
Improve a building's resilience against climate-related disruptions, potentially reducing maintenance costs and downtime.	Driving adoption of renewable energy on our assets, EV charging and regulatory compliant energy efficient buildings has meant the assets within our portfolio are high-quality stock and therefore attractive to high-quality tenants. We have assessed physical risks across two scenarios, providing comprehensive coverage across all potential future scenarios, providing an understanding of the potential risks and impacts which may affect us. Our transition risks have been assessed using a 1.5˚C CRREM scenario, allowing the identification of the risks across the portfolio.

Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios including a 2 degrees or lower scenario

Our analysis within this report has demonstrated that Urban Logistics' strategy and business model boasts a strong level of resilience from climate-related risks and subsequent regulations.

- In a more disruptive RCP4.5 physical scenario, the portfolio faces a risk of flooding. However, measures have been identified to mitigate this risk, including incorporating mitigation measures in site design, conducting thorough due diligence reports, and implementing appropriate insurance measures.
- In a 1.5˚C transition risk scenario, 37 assets are at risk of being stranded over the long term, meaning they may become economically unviable due to the transition to a low-carbon economy. Additionally, 25 assets are at risk of not meeting the Minimum Energy Efficiency Standards ("MEES"). To address these risks, EPC Plus reports are being conducted, and a net zero study is being carried out to identify material efficiency measures that will support the decarbonisation of the portfolio.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

RISK MANAGEMENT

Describe the organisation's processes for identifying and assessing climate-related risks

The ESG Committee advise the Audit Committee on specific risks relating to ESG, including climate-related risks and opportunities. We have previously undertaken a climate-related risk assessment across our entire portfolio to understand our physical and transition risks, considering multiple time horizons and scenarios. We used sector and UK-specific pathways to assess alignment, and risk has been considered for both energy use and carbon emissions, with high-priority assets identified which represent significant absolute emissions.

For the purposes of identifying transition climate-related risks, we used our net zero target date for Scope 1 and 2 emissions and considered a decarbonisation scenario in line with 1.5°C of warming by 2100, to obtain a clearer understanding of stranding risk associated with our portfolio. We are currently conducting a net zero baselining and scenario analysis study in collaboration with an external ESG adviser. This study aims to provide us with a deeper understanding of the stranding risk throughout our portfolio and identify the key actions and interventions required to align with a 1.5°C pathway. The results of this analysis will be released in 2024. Further details on our risk management process can be found in our full TCFD Report, published separately.

Describe the organisation's processes for managing climate-related risks

We adopt an active asset management approach, allowing us to promptly identify and address risks in real time while determining the most suitable management strategies. Regular meetings with tenants, scheduled at least quarterly, are a crucial aspect of our asset management practices. These meetings serve as a platform to discuss property-specific matters and address any concerns or issues raised by tenants. We have implemented several strategies to effectively manage climate-related risks within our business. Our ongoing transition risk analysis, paired with our management of material physical risks and tenant engagement, enables us to effectively manage climate-related risks and adopt effective mitigation strategies to ensure that we are well positioned to grow within the transition to a low-carbon economy. We recognise that our current approach to risk management is heavily qualitative. Future disclosures will aim to include a quantitative approach to the characterisation of the material financial impact of transition risk and opportunity.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Strategic and operational risks are identified and maintained using a risk register, as outlined on page 45 of our Annual Report. The Board analyses each risk recorded in the register and assigns a risk rating based on its probability and impact, creating a risk hierarchy. This evaluation process is conducted independently by each Director and then consolidated to form a shared perspective with the Audit Committee's support. The top Group risks identified through this exercise are included in the Principal Risks section of our Annual Report. This year, we ensured that all physical and transition climate-related risks were included in the longlist to ensure effective management of these risks.

The assessment and management of climate-related risks are also managed at the asset level, and embedded within our investment and asset management strategies for acquisitions and major capital expenditures. The consideration of climate-related risks remains a key priority, we are focused on ensuring the investments we make do not have significant climate-related costs in the future. To ensure effective management, we hold regular meetings with our tenants, at least quarterly. These meetings allow us to stay informed about any potential climate-related risks and address them proactively. Annual sustainability targets are established and integrated into the responsibilities of asset managers.

URBAN LOGISTICS' CLIMATE-RELATED RISK MANAGEMENT APPROACH

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD") CONTINUED

METRICS AND TARGETS

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks

We are committed to promoting transparency and providing stakeholders with information on our ESG disclosures and climate-related performance. In line with the recommendations of the TCFD, we use a comprehensive set of metrics to assess climate-related risks and opportunities. Urban Logistics has compiled Scope 1, 2 and 3 emissions, including a complete portfolio footprint estimation. Our calculation of greenhouse gas emissions follows UK Government conversion factors from BEIS and the Corporate Greenhouse Gas Protocol location-based methodology.

We recognise that Scope 3 emissions from the operations of our tenants represent the largest source of emissions, accounting for over 95% of our carbon impacts. Managing these emissions is challenging as we have limited direct control. To address this, we have engaged with all tenants to support their decarbonisation efforts and gather data, which will inform our Scope 3 GHG targets in the future. While our Scope 1 and 2 emissions are a smaller proportion of our overall footprint, our commitment to achieving operational net zero (Scopes 1 and 2) in 2024 remains a priority.

In addition to our internal reporting, we also report to external frameworks such as GRESB, MSCI and the EPRA Sustainability Best Practices Recommendations. These frameworks cover metrics such as greenhouse gas emissions, energy usage, certifications and training. A breakdown of our emissions and environmental data can be found on page 118. These reports provide comprehensive information on our sustainability efforts and progress.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Urban Logistics has established specific targets to address climate-related risks and capitalise on the opportunities outlined in this report. Details of our targets, our progress over the reporting period and our goals for the upcoming year can be located on page 30 of this Annual Report.

S172 STATEMENT AND STAKEHOLDER ENGAGEMENT

Companies Act 2006 section 172 statement

In order to comply with section 172 of the Companies Act 2006, the Board is required to take into consideration the interests of stakeholders and include a statement setting out the way in which Directors have discharged this duty during the year.

The Directors of the Company have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, had regard, amongst other matters, to those matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

a) the likely consequences of any decision in the long term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between members of the Company.

In doing so, the Directors have considered the interests of the various stakeholders of the Company, the impact the Company has on the community and environment, maintained a reputation for high standards of business conduct and fair treatment of shareholders, and taken a long-term view on the consequences of the decisions they take.

Fulfilling this duty supports the Company in achieving its investment strategy and helps ensure that all decisions are made in a responsible and sustainable way.

To ensure that the Directors are aware and understand their duties, they are provided with all relevant Company information when they are appointed to the Board and receive regular updates and training on matters where appropriate. Directors also have access to the advice and services of the Company Secretary as well as independent advisers, should they wish. Directors receive technical updates from the Company's advisers, the Company Secretary and the Investment Manager and Adviser, as and when appropriate. The Board has a schedule of matters reserved for its approval which, alongside the Terms of Reference of all Board Committees, is reviewed on at least an annual basis.

The Board continues to keep engagement mechanisms under review so that they remain effective.

Risk management

The Audit Committee has the responsibility for the ongoing management of the Company's risk management and internal controls. To the extent that they are applicable, risks that are set out in s172 Companies Act 2006 are included in the Company's risk register and are subject to regular review and monitoring.

Stakeholders

During the period under review, the Board has discussed which parties should be considered as stakeholders of the Company. These are detailed in the table opposite. As an externally managed Real Estate Investment Trust, the Company has no employees and outsources its operations to various service providers.

S172 STATEMENT AND STAKEHOLDER ENGAGEMENT CONTINUED

Our shareholders

Who are they?
Those who own shares in the Company.

Why are they important to us?
Continued shareholder support is critical to the sustainability of the Company and delivery of the Company's long-term business strategy.

What do they want from us?
Shareholders want a clearly articulated strategy and effective communication of our progress.

How do we engage with them?
Through the Annual and Interim Reports and announcements to the market. The Company encourages and welcomes shareholder queries at its Annual General Meeting. The Board and senior members of the Investment Adviser also make themselves available to shareholders at its Annual General Meeting and on an ad hoc basis.

Further information as to how the Company has engaged with its shareholders can be found on page 58.

Our communities

Who are they?
Those who live in areas where we work or have assets. For example, local residents, businesses, schools and charities.

Why are they important to us?
Maintaining strong relationships with the people who work in our tenants' businesses, who are customers of our tenants and neighbours to our sites, is essential in maintaining our role as active, conscious asset managers. Maintaining and developing good relations with them supports our mutual commitment to economically and environmentally sustainable operations.

What do they want from us?
Our communities want us to be good neighbours and to engage with the local community to support a sustainable economy, jobs and environment.

How do we engage with them?
We engage with communities as appropriate to our activities on each site. Given the single let nature of our portfolio, many sites do not have specific Community engagement. Particular engagement is carried out on development sites, to ensure that developments are carried out in a way which benefits the local community. Further information as to how the Company has engaged with our communities can be found on page 121.

Our Investment Adviser

Who are they?
Logistics Asset Management LLP.

Why are they important to us?
The Investment Adviser's performance is critical for the Company to successfully deliver its investment strategy.

What do they want from us?
Our Adviser expects the Board to provide clear direction in terms of overall strategy and investment policy.

How do we engage with them?
The Board and the Investment Adviser have a close working relationship. The Adviser attends the regular Board meetings and is required to seek Board approval for all major property acquisitions and disposals. The Management Engagement Committee reviews the contractual arrangements with the Investment Adviser annually. Further information as to how the Company has engaged with our Investment Adviser can be found on pages 70 and 71.

Our bankers/creditors

Who are they?
Our principal financing partners are Barclays, Santander, Lloyds and Aviva.

Why are they important to us?
Gearing is an important part of our strategy to grow our business and deliver returns to shareholders.

What do they want from us?
Our financing partners expect us to purchase appropriate real estate in line with our investment parameters and maintain compliance with covenants and keep them well informed.

How do we engage with them?
We report regularly to our banks throughout the year and enjoy a good working relationship with them. Further information as to how the Company has engaged with our bankers/creditors can be found on pages 26 & 27.

S172 STATEMENT AND STAKEHOLDER ENGAGEMENT CONTINUED

Our partners

Who are they?

Those who have a direct working or contractual relationship with the Company. This includes our external service providers, such as lawyers, accountants and the Company Secretary.

Why are they important to us?

As we outsource all our administrative functions to external service providers, they are critical to the administration and running of our business.

What do they want from us?

Our partners want us to be open and straightforward in our dealings with them.

How do we engage with them?

We maintain open lines of communication with all key partners to ensure a joint focus towards positive collaboration and constructive relationships. Further information as to how the Company has engaged with our various service providers can be found on page 71.

Our tenants

Who are they?

Everyone who uses our buildings, that is our warehouse occupiers, their employees and guests.

Why are they important to us?

Serving our customers is the reason we exist. Our occupiers provide us with rental income, so it is essential we serve their needs and the needs of their customers.

What do they want from us?

Customers want us to understand and respond to their changing needs so their businesses can thrive. That means providing sustainable, efficient space and customer service.

How do we engage with them?

Through regular contact with our warehouse occupiers to understand what is important to them, and to evaluate the services we provide. Our Adviser engages with tenants on an ongoing basis, and maintains a very high ratio of asset managers to assets to allow them to do this.

While on-site engagement is key, we also formally request feedback on an annual basis via a tenant engagement survey, to ensure nothing is missed.

S172 STATEMENT AND STAKEHOLDER ENGAGEMENT CONTINUED

Decision-making

The Board's principal decisions each year typically include approving acquisitions, capital expenditure, capital raises (debt and equity) and dividend payments. Examples of the key decisions the Board has made during the year under review can be found in the table opposite. The importance of stakeholder considerations in the context of decision-making is taken into account at every Board meeting.

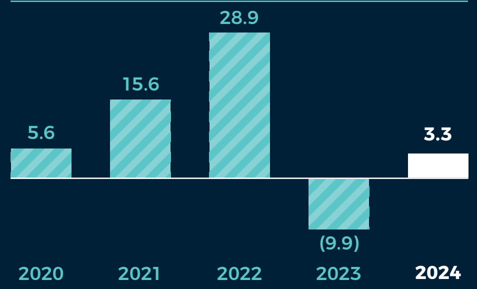
The Company's business model is driven by acquiring assets where we see the opportunity to improve sustainability and performance. This commitment sits at the heart of the Company's business.

Key Board decisions during the year	Stakeholders
Decision to pay interim dividends	**Our shareholders**
The Board targets a minimum annual total dividend of 7.60 pence per Ordinary Share. The Company is targeting an annual total return of between 10% and 15% through a combination of dividends and growth in NAV. Details on the dividends paid to date can be found on page 100.	
Decision to make disposals	**Our shareholders, our communities & environment and our tenants**
The Board is responsible for the ongoing review of investment activity and performance, and the control and supervision of the Investment Adviser. Detail on our disposals for the year to date can be found on page 17.	
Decision to appoint Logistics Asset Management as Investment Adviser and G10 as AIFM.	**Our shareholders, our communities & environment and our tenants**
The execution of the Company's long-term business strategy is of paramount importance to the Board, a critical component of which is the performance of the Investment Adviser and Manager. Details of how the Board determines the Management arrangements can be found on pages 70 and 71.	
Decision on Director recruitment	**Our shareholders, our communities & environment and our tenants**
Through the dedicated Nomination Committee, chaired by Nigel Rich CBE, the Board considers and determines key decisions surrounding Director recruitment. Detail on how the Board approaches this responsibility, including the appointment of Lynda Heywood within the period, and Cherine Aboulzelof post period, can be found on pages 62 to 64.	
Decision on API	**Our shareholders, our communities & environment and our tenants**
The Board is responsible for the overall strategy and growth including potential corporate actions. Details on our assessment of API, including the rational for the decision to withdraw from the process can be found on page 8.	

KEY PERFORMANCE INDICATORS

Our aim is to deliver sustainable earnings and long-term capital growth through the execution of our strategy. We track our progress against six key performance indicators to monitor the performance of the Group.

TOTAL ACCOUNTING RETURN (%)

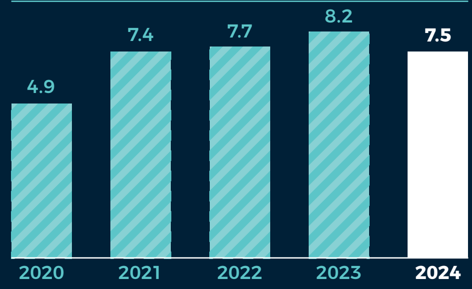


TAR measures the movement in EPRA NTA per share plus dividends paid during the period, expressed as a percentage of the EPRA NTA per share at the beginning of the period. Our objective is to deliver long-term returns through execution of our strategy.

Performance

TAR of 3.3% for the year ended 31 March 2024 (31 March 2023: -9.9%).

WAULT (years)

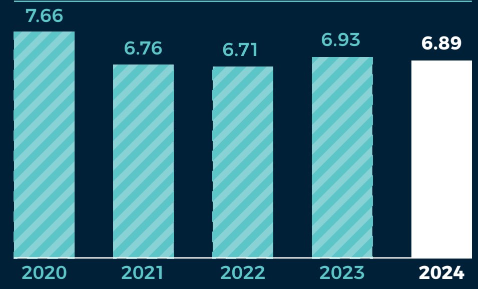


WAULT is the average unexpired lease term across the invested portfolio, weighted by annual passing rents. It is used to determine the quality of our investment portfolio. Our medium-term target is five to seven years across the portfolio.

Performance

WAULT of 7.5 years at 31 March 2024 (31 March 2023: 8.2 years).

ADJUSTED EARNINGS PER SHARE[1] (p)

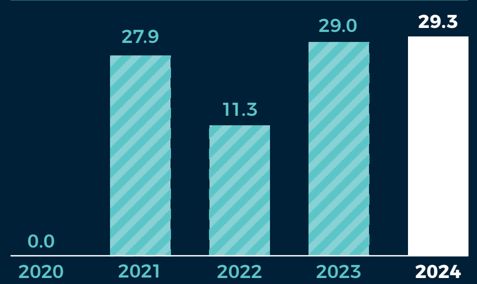


Adjusted EPS measures the Group's underlying operating results and provides an indication of the extent to which current dividend payments are supported by earnings. For further information see note 13 of the Financial Statements.

Performance

Adjusted EPS of 6.89 pence per share for the year ended 31 March 2024 (31 March 2023: 6.93 pence).

LOAN TO VALUE (%)

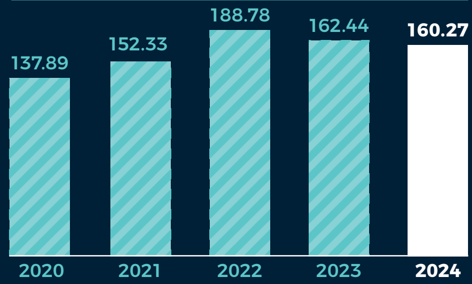


LTV measures the proportion of our property assets that are funded by borrowings. Our medium-term target is 30-40% of the Group's gross asset value.

Performance

LTV of 29.3% at 31 March 2024 (31 March 2023: 29.0%).

EPRA NTA PER SHARE (p)

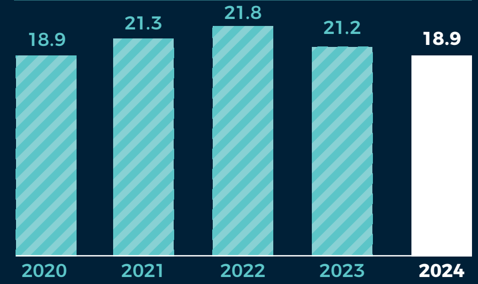


EPRA NTA per share is the value of our assets less the book value of our liabilities, calculated in accordance with EPRA guidelines, that is attributable to our shareholders. Our aim is to build on long-term asset value growth whilst managing liabilities.

Performance

EPRA NTA per share of 160.27p at 31 March 2024 (31 March 2023: 162.44p).

TOTAL COST RATIO (%)



The ratio of our property operating and administrative costs expressed as a percentage of the Group's gross rental income.

Performance

Total cost ratio of 18.9% for the year ended 31 March 2024 (31 March 2023: 21.2%).

1. A full reconciliation between IFRS earnings per share and adjusted earnings per share can be found in note 13 of the Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk appetite statement

The Company's assets are made up of UK commercial property. Its principal risks are therefore related to the commercial property market in general and also to the particular circumstances of the individual properties and the tenants within the properties. Taking this into account, the Company's risk appetite policies and procedures, alongside the appropriate controls and financial reporting, are regularly reviewed and updated to ensure they remain in line with regulation, corporate governance and expected industry practice.

The Board has performed a robust assessment of the principal strategic, ESG and operational risks facing the Company as well as assessing identifiable emerging risks. The Board formally reviews its risk matrix twice yearly but is made aware of any risk exposure either as and when it happens or at the regular Board meetings. The Audit Committee, which I chair, reviews the register, and oversees the process of assigning operational responsibility of risk mitigation processes to Board Committees or the Investment Adviser.

Urban Logistics utilises a multi-layered defence in terms of risk management. The first line of defence comprises the management team at Logistics Asset Management LLP (the "Investment Adviser"), who take ownership of the risk, manage and report against the internal controls to mitigate it, and report to the Board or Board Committees against the agreed risk matrix.

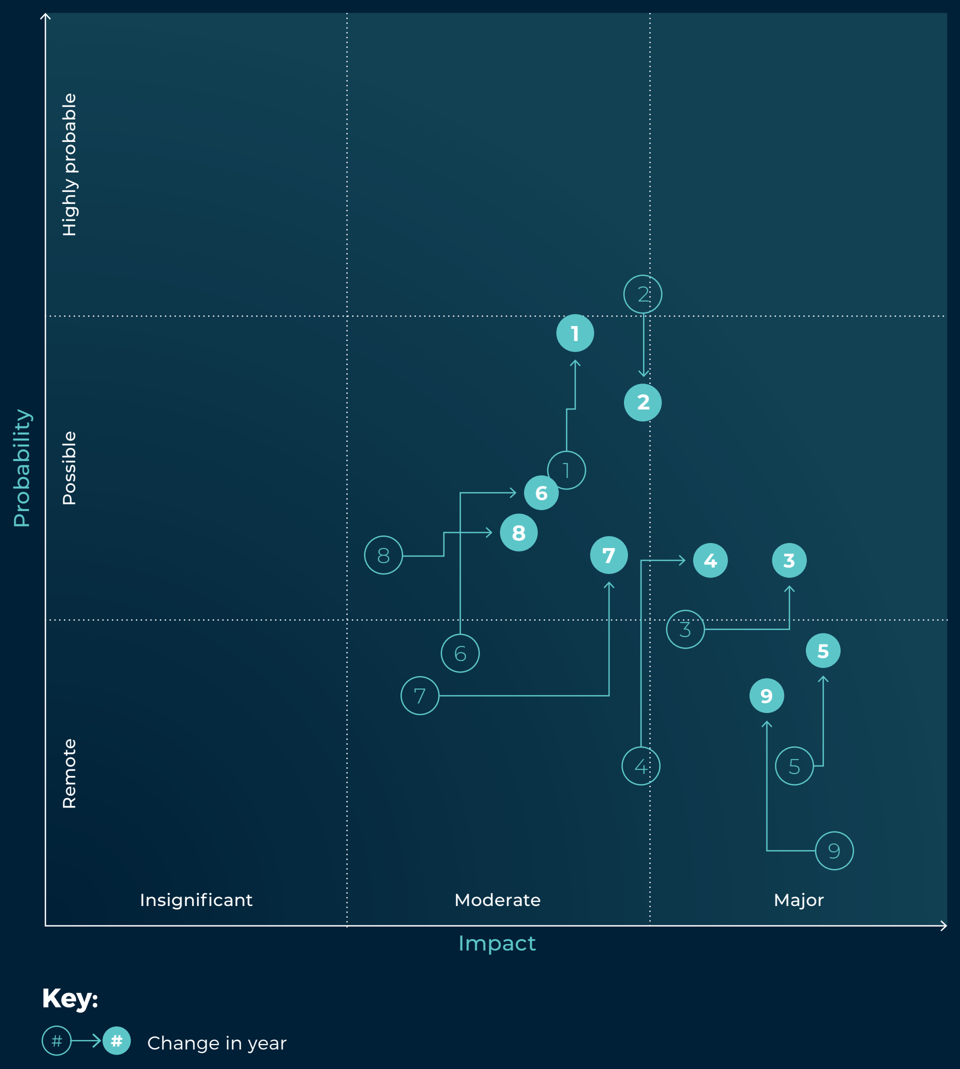
The second line of defence is built around oversight and challenge, which is the responsibility of the Board and reported on by the independent Directors who make up the Audit Committee.

In addition to these internal lines of defence, the Board also takes comfort from compliance reports delivered by a number of external professional advisers. These include our external auditors RSM, who provide a report on their audit of the Financial Statements and published accounts, our tax advisers BDO, who provide a report on tax status and REIT compliance, our external AIFM, G10, who report on regulatory compliance, our external Company Secretary who provide a report on compliance with governance requirements and our depository, Indos, who provide a report on cash compliance.

Risks are measured based on probability and potential impact using a scoring matrix. This is populated by each of the Directors independently, and then collated into a heat map which seeks to identify the most prescient of risks, which I then review and propose amendments to, as Chairman of the Audit Committee. The output from the heat map draws out top risks which are detailed here, and the movement from the prior year. The commentary below discusses both how the Board sees the potential impact of the risk, as well as the actions being taken to mitigate it.

Bruce Anderson ACMA FCIOBS
Chairman of the Audit Committee

RISK HEAT MAP



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

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 assessment of the principal risks facing the Group, including those that would threaten the business model, future performance, solvency or liquidity. The Board recognises that its ability to manage risk effectively throughout the organisation is central to the Company's success.

Risk	Potential impact	Mitigation
01. INABILITY TO RAISE NEW MONEY TO DEVELOP THE BUSINESS	Impact on the ability to execute against the pipeline and grow the business. We are able to stop all new development and acquisitions, but could continue asset management within the existing portfolio to enable growth.	Group LTV levels are currently below the maximum allowed for the REIT, giving headroom for further debt if needed or deemed desirable. We regularly review alternate methods of growing the business, including M&A and structures with private capital.
02. WEAKENING MACRO-ECONOMIC ENVIRONMENT IN THE UK, INCLUDING HIGHER INTEREST RATES, INFLATIONARY PRESSURES AND THE RISK OF RECESSION	Impact on tenants, financial strength and subsequent potential higher vacancy rates, lower rents and a fall in the ERV and capital values of our portfolio, alongside the risk of bad debt.	In an individual tenant failure scenario, quality of asset and location mitigates the risk as assets can be re-let quickly. In the case of a sector-specific downturn scenario, the Group has a diverse tenant base and is not overexposed to any one tenant. The Investment Adviser also performs regular 'tenant financial health' checks to gain an early warning on potential issues, combined with regular site visits to understand tenant operations.
03. INSUFFICIENT FUNDS AND AVAILABLE CREDIT FOR OPERATIONAL REQUIREMENTS OF THE BUSINESS, INCLUDING INVESTING IN CAPEX FOR EXISTING PORTFOLIO	Impact on the ability to develop properties in line with our active asset management mandate. Impact on our ability to meet obligations as they fall due.	Cash flow forecasts are prepared and presented to the Board on a six-monthly basis. Loan covenants have sufficient headroom to gain access to additional capital if required. Our bank facility includes a £51 million RCF, designed to give operational flexibility in funding CAPEX and other needs.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Potential impact	Mitigation
04. LOSS OF KEY PERSONNEL IN THE INVESTMENT ADVISER.	Impact on our ability to effectively manage the Fund without the services of key personnel who are contracted to the Investment Adviser.	A new Investment Adviser contract has been awarded, and The Pacific Investments Group has been bought out of the Adviser, meaning the day-to-day management team have full ownership of the Adviser. The Adviser has added additional staff within the management company.
05. BREACH OF BANK COVENANTS.	Financial impacts of a breach in covenants, which may result in an impact of reduced access to credit in the future.	The Group has three banking covenants that are reviewed quarterly: 1. Loan to value 2. Historical Interest Cover (“HIC”) 3. Projected Interest Cover (“PIC”) Banking reports are prepared by the Investment Adviser and compliance certificates signed by a member of the Board. Continuous monitoring of the property cycle. The Group also maintains the ability to make ‘cure’ payments to remedy a breach. The Group currently has circa £100 million of unencumbered assets which could be used to remedy a breach.
06. RISK OF HIGHER INTEREST RATES AFFECTING FINANCIAL PERFORMANCE.	Impact on our ability to meet our shareholder return targets if higher interest rates increase the cost of capital.	These risks are mitigated through the use of long-term debt and high-hedging levels.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Potential impact	Mitigation
07. FINANCIAL LOSS DUE TO CYBER CRIME.	Impact on cash flow and ability to deliver financial returns to shareholders.	The Investment Adviser uses Sereno IT to provide all outsourced IT capabilities, and all staff undergo regular training to make them aware of potential social manipulation. All payments require multiple independent approvals, with the final approval given by G10, as our AIFM. The Investment Adviser also carries crime insurance.
08. ESG ROADMAP NOT SUFFICIENTLY AMBITIOUS AND DETAILED.	Impact on our ability to raise debt and equity capital if our ESG strategy and roadmap is not sufficiently ambitious and detailed.	The ESG Committee meet twice a year to review ESG strategy, and ensure sufficient ambition in the roadmap. ESG strategy, risks and opportunities are discussed and considered at the Audit Committee, as well as at the Board strategy day and with the main Board where relevant.
09. FAILURE TO MAINTAIN REIT STATUS.	Impact on shareholder returns by creating taxable income. Inability to raise further capital due to status.	Compliance with the REIT rules is reported in the quarterly management accounts. External specialists are engaged to prepare a report on all tax filings by the REIT.

VIABILITY STATEMENT

The Board has assessed the prospects of the Group over a period longer than the twelve months required by the relevant 'going concern' provisions. In reviewing the Company's viability, the Directors have assessed the viability of the Company for the period to 31 March 2029 (the "Period").

The Board believes that the Period, being five years, is an appropriate time horizon over which to assess the viability of the Company, particularly when taking into account the long-term nature of the Company's investment strategy, the cyclical nature of property investment and the principal risks documented in the Strategic Report on pages 1 to 49.

In making this statement, the Directors have considered and challenged the reports of the Investment Adviser in relation to the resilience of the Group, taking account of its current position, the principal risks faced in severe but reasonable scenarios, including a stressed scenario, the effectiveness of any mitigating actions and the Group's risk appetite.

In addition, the Board also considered a number of other factors when assessing the viability of the Company:

- strong rent collection rates. 99% of all rent due and demanded was collected in the year;
- the weighted average unexpired lease term was 7.5 years;
- sufficient liquidity with £30 million of cash balances and £51 million of available facilities to drawdown at the year end;
- 97% of the Group's drawn debt facilities are hedged or fixed and at the year end had a weighted average maturity of 5.4 years, with the first refinance in August 2025. This refinance is already underway; and
- the Group's loan to value at 31 March 2024 was 29.3%.

Sensitivity analysis has been undertaken to consider the potential impacts of such risks on the business model, future performance, solvency and liquidity over the Period, both on an individual and combined basis. In particular, this has considered:

- a weakening macro-economic environment leading to a significant fall in property valuation which was sensitised up to 35%;
- changes in the occupational market impacting lettings; and
- higher inflation in UK and Global marketed leasing to higher cost of capital and an additional 5% increase in forecast vacancy rate due to tenant failure.

Reverse stress testing was also undertaken over the Period. In isolation, it would take at least a 35% reduction in the portfolio valuation to breach the loan to value covenant. Rental income would need to decrease, on average, by approximately 43% prior to any breach of the interest cover covenants. The Group has assumed the Barclays led loan facility is refinanced in the forecast period.

The Directors have determined that a five-year look forward to March 2029 is an appropriate period over which to provide its viability statement. This is consistent with the outlook period used in medium-term forecasts regularly prepared for the Board by the Investment Adviser and the discussion of any new strategies undertaken by the Board in its normal course of business.

These reviews consider both the market opportunity and the associated risks, principally the ability to raise third-party funds and invest capital, or mitigating actions taken, such as a reduction of dividends paid to shareholders or utilisation of additional drawings.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue to operate and to meet its liabilities as they fall due to the period to 31 March 2029.

Approval of Strategic Report

The Strategic Report, including Operational and Financial Highlights, Chairman's Statement, Investment Adviser's Report, Key Performance Indicators and Principal Risks and Uncertainties, was approved by the Board of Directors and signed on its behalf by:

Nigel Rich, CBE
Chairman

19 June 2024

BOARD OF DIRECTORS

Male | 3
Female | 2

Independent | 4
Non-independent | 1

Nigel Rich CBE FCA

Independent Non-Executive Chairman

Date of appointment: January 2017

External appointments:
Nigel is Chairman of Foxtons Group plc, a Director of Matheson & Co. Limited and a Director of Chelsea Square Garden Limited.

Experience and contribution:
Nigel brings a wealth of Board experience, having operated across the globe in senior positions.

He served as the Group Chief Executive of Trafalgar House plc from 1994 to 1996 and previously spent 20 years with the Jardine Matheson Group in Asia and Africa, before becoming Managing Director of the Group from 1989 to 1994.

Nigel has served as the Chairman of the Board of CP Ships, Exel, Hamptons, Xchanging, as well as Segro. He has been a Director of Granada, ITV, Harvey Nichols, AVI Global and Pacific Assets. He has also been a member of the Takeover Panel (UK).

Annual remuneration: £100,000

Employment by the Investment Adviser: None

Other connections with the Company, AIFM or Investment Adviser:
None

Shared external directorships with any other Company Directors:
None

Shareholding in Company:
590,536 Ordinary Shares

Heather Hancock LVO DL

Independent Non-Executive Director and Senior Independent Director (from 12 May 2023)

Date of appointment: June 2020

External appointments:
Heather is Master of St. John's College, Cambridge (in which capacity she also serves as a Trustee of the University of Cambridge), the senior independent Board member at the Department of the Environment, Food and Rural Affairs, a Director of Amerdale Limited and Non-Executive Director of Rural Solutions Limited. She is also a Trustee of the Chatsworth Settlement Trust, chairs the Royal Countryside Fund.

Experience and contribution:
Heather brings to the Board many years of high-level experience in strategy, governance and leadership, gained in the real estate sector and wider economy. In her current roles, she oversees extensive real estate portfolios of investment, development, strategic site and agricultural property assets across the UK, and provides insight and expertise to Defra.

Previously, Heather has been Chair of the Food Standards Agency, Managing Partner at Deloitte and has served as the Executive Director of Yorkshire Forward, leading on the assembly of a £35 million property portfolio.

Heather served as a trustee for the Prince's Trust, for which she was awarded the LVO in 2013.

Annual remuneration: £70,000

Employment by the Investment Adviser: None

Other connections with the Company, AIFM or Investment Adviser: None

Shared external directorships with any other Company Directors:
None

Shareholding in Company:
14,388 Ordinary Shares

BOARD OF DIRECTORS CONTINUED

Bruce Anderson ACMA FCIOBS
Independent Non-Executive Director

Date of appointment: January 2016

External appointments:
Bruce is currently Chairman of Hire and Supplies Limited, a plant hire based in Dumfries, and an adviser to the Housing Growth Partnership Fund. Bruce is a Trustee of Edinburgh Athletic Club and a former Non-Executive Director of Green Property Limited.

Experience and contribution:
Bruce has considerable real estate and financial services experience, having worked in senior roles at Lloyds, HBoS and Bank of Scotland with 20 years of investment-led boardroom positions. He has experience with both real estate companies and REITs across the UK, Europe and the Far East.

At Lloyds he was Head of Joint Ventures for the Specialist Finance division, responsible for a mixed portfolio of real estate, including both equity and debt elements. He is a qualified accountant.

Annual remuneration: £60,000

Employment by the Investment Adviser: None

Other connections with the Company, AIFM or Investment Adviser: None

Shared external directorships with any other Company Directors: None

Shareholding in Company:
67,000 Ordinary Shares

Lynda Heywood FCA FCT
Independent Non-Executive Director

Date of appointment: May 2023

External appointments:
Lynda is a Non-Executive Director of Atrato Partners Limited.

Experience and contribution:
Lynda brings experience as a finance leader at FTSE 100 companies from her 20-year tenure at Kingfisher, and six years at Tesco, holding group treasurer roles at both organisations.

In her role in the finance leadership team at Tesco, she was responsible for capital structure, liquidity and financial risk management, and was instrumental in delivering the group's property JV acquisitions. Lynda also sat on the Investment and Risk Committee of the Tesco Pension Scheme, which held a significant real estate portfolio.

Lynda has been a member of the Money Markets Committee of the Bank of England. She qualified as a chartered accountant with BDO Stoy Hayward, and is a fellow of the Association of Corporate Treasurers.

Annual remuneration: £50,000

Employment by the Investment Adviser: None

Other connections with the Company, AIFM or Investment Adviser: None

Shared external directorships with any other Company Directors: None

Shareholding in Company:
21,024 Ordinary Shares

Richard Moffitt
Non-Independent Director & CEO of Investment Adviser

Date of appointment: January 2016

External appointments:
Richard is Chairman of ELREP Asset Management LLP and M1 Agency LLP. Further information can be found in note 32 of the Financial Statements.

Experience and contribution:
Previously an Executive Director at CBRE, where he was Head of the UK Industrial team, Richard has over 30 years' specific real estate logistics experience.

He has an in-depth understanding of the market dynamics, credibility with owners and operators of logistics assets, a thorough understanding of both owner and tenant requirements, and an extensive network of contacts across the real estate universe.

He is a member of the Chartered Institute of Logistics and Transport.

Annual remuneration: Richard has waived his right to receive any remuneration as a Director of the Company.

Employment by the Investment Adviser: Richard leads the investment advisory team as CEO

Other connections with the Company, AIFM or Investment Adviser: M1 Agency LLP

Shared external directorships with any other Company Directors: None

Shareholding in Company:
1,477,306 Ordinary Shares

A Audit Committee   E ESG Committee   M Management Engagement Committee   N Nomination Committee   Committee Chair

CORPORATE GOVERNANCE STATEMENT

"THE BOARD IS COMMITTED TO THE HIGHEST STANDARDS OF GOVERNANCE AND RECOGNISES ITS RESPONSIBILITY TO SERVE ALL SHAREHOLDERS."

Nigel Rich CBE
Chairman

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.

Compliance with the AIC Code of Corporate Governance (the "AIC Code")

The Board considers the practice of good governance to be an integral part of the way it manages the Company and is committed to maintaining the highest standards of financial reporting, transparency and business integrity.

As Urban Logistics REIT plc is a UK-listed company, the Board's principal governance reporting obligation is in relation to the UK Code of Corporate Governance (the "UK Code") issued by the Financial Reporting Council (the "FRC"). However, it is recognised that investment companies have special circumstances which have an impact on their governance arrangements. An investment company typically has no employees, and as such, the daily functions of the Company are outsourced to third parties. The Association of Investment Companies has therefore set up its own AIC Code, last updated in February 2019, which recognises the nature of investment companies by focusing on matters such as board independence and the review of management and other third-party contracts.

The AIC Code is endorsed by the FRC and confirmed that companies which report against the AIC Code will meet their obligations in relation to the UK Code and Listing Rule 9.8.6. The Board has chosen to report against the AIC Code as it believes that its principles and recommendations will provide better information to shareholders than reporting against only the UK Code.

A copy of the AIC Code can be found at **www.theaic.co.uk**.

A copy of the UK Code can be obtained at **www.frc.org.uk**.

The UK Code includes provisions relating to:

- the role of the Chief Executive;
- Executive Directors' remuneration; and
- the need for an internal audit function.

The Board considers that these provisions are not relevant to the position of Urban Logistics, being an externally managed real estate investment company. In particular, all of the Company's daily management and administrative functions are outsourced to third parties. As a result, the Company has no Executive Directors, employees, or internal operations such as an internal audit function. The Company has therefore not reported further in respect of these provisions, and in the circumstances do not feel it is necessary to form a Remuneration Committee.

The Board has elected not to set up a separate Remuneration Committee, (and therefore is non-compliant with provisions 37-42 of the AIC code) given the only remuneration being decided is the remuneration of the four independent Non-Executive Directors. The need for a separate Committee will be kept under review but, at present, the functions which a Remuneration Committee would be responsible for are overseen by the full Board. The Board considers the Company is compliant with provision 39 as the Board determines the remuneration of the Non-Executive Directors in accordance with the Company's Articles of Association and provision 40 is not applicable as a remuneration consultant has not been appointed.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Strategy and business model

The Company has a clear and established strategy and business model which promotes long-term value for shareholders. Further detail on the Company's strategy and business model can be found in the Investment Adviser's Report on pages 10 to 27.

Application of AIC Code principles

The table below outlines the main principles of the AIC Code, provides an overview of compliance and signposts to sections of the report where these principles have been applied.

Board leadership and purpose

Principle A	A successful company is led by an effective Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. (Incorporates relevant content from UK Code Principle A)	In managing the Company, the aim of the Board and of the Investment Adviser is to ensure the long-term sustainable success of the Company. The Company takes an active interest in ESG across its portfolio.	**Strategic Report, pages 1 to 49** **Board of Directors, pages 50 and 51** **Business model, page 9**
Principle B	The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture. (UK Code Principle B)	The purpose of the Company is to acquire and manage high-quality, single-let logistics assets and generate both income and capital growth for our shareholders.	**Strategic Report, pages 1 to 49** **Our culture, pages 9 and 58** **Our purpose, page 9** **How we add value, page 9**
Principle C	The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. (UK Code Principle C)	The Directors regularly consider the Company's financial position with reference to the business model, the balance sheet, cash flow projections, availability of funding and contractual commitments. The Company's objective is to deliver total investment returns through both income, with regular dividends providing shareholders with a sustainable income stream that will grow over the medium term, and targeted capital growth which the Company believes will enhance shareholders' total return over the long term. In order to effectively assess and manage risk, appropriate controls and policies are in place and are regularly reviewed and assessed by the Audit Committee. More information can be found in the Audit Committee Report. Further information on resources in place for the Company to meet its objectives and measure performance against them can be found in the Sustainability Report and principal risks and uncertainties.	**Sustainability Report, pages 28 to 32** **Principal risks and uncertainties, pages 45 to 48** **Risk management and internal control, pages 45 to 48**
Principle D	In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties. (UK Code Principle D)	In our section 172 statement we describe our key stakeholders, the reason they are important to us and how we engage with them.	**Stakeholders, pages 40 to 42** **Section 172 statement, pages 40 to 43** **Shareholder engagement, page 58**

CORPORATE GOVERNANCE STATEMENT CONTINUED

Application of AIC Code principles continued

Division of responsibilities

Principle F	The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chairman facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information. (UK Code Principle F)	The Chairman, independent on appointment, leads the Board and ensures that debates are balanced and open whilst promoting behaviours which make up the Company's culture. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether he has performed his role effectively. The Directors, led by the Senior Independent Director, have concluded that the Chairman has fulfilled his role and performed well to support the effective functioning of the Board.	**Role of the Chairman, page 57** **The Board, page 57**
Principle G	The Board should consist of an appropriate combination of Directors (and, in particular, independent Non-Executive Directors) such that no one individual or small group of individuals dominates the Board's decision-making. (Incorporates relevant content from UK Code Principle G)	During the year under review, the Board consisted of five independent non-executive Directors and two non-independent non-executive Directors. Mark Johnson (who stepped down from the Board on 11 May 2023) and Richard Moffitt are not independent due to their relationship with the Investment Adviser. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Board also considers the composition of the Board, as well as the longer-term succession plans.	**Board of Directors, pages 50 and 51** **Board Committees, page 59 to 60**
Principle H	Non-Executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account. (Incorporates relevant content from UK Code Principle H)	The Board considers the required time commitment annually and, during the year under review, the Board concluded that all Directors continued to devote sufficient time to the business of the Company. Through their contributions in meetings, as well as outside of the usual meeting cycle, the Directors share their experience and guidance with, as well as constructively challenge, the AIFM and the Investment Adviser. The Board, supported by the Management Engagement Committee, regularly assesses the performance of all third-party service providers.	**Board composition and succession, page 57** **Management Engagement Committee Report, pages 70 and 71**
Principle I	The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently. (UK Code Principle I)	The Board's responsibilities are set out in the schedule of matters reserved for the full Board and certain responsibilities are delegated to its Committees, so that it can operate effectively and efficiently. These are available on the Company website. Supported by its Committees, the Board has overall responsibility for the purpose, strategy, business model, performance, framework for risk management and internal controls and governance matters, as well as engagement with shareholders and other key stakeholders. Directors are also provided with any relevant information and have access to the Company Secretary and independent advisers, if required.	**The Board, page 57** **Section 172 statement, pages 40 to 43** **Induction of new Directors, page 58**

CORPORATE GOVERNANCE STATEMENT CONTINUED

Application of AIC Code principles continued

Composition, succession and evaluation

Principle J	Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. (Incorporates relevant content from UK Code Principle J)	The Nomination Committee, comprising independent non-executive Directors, is responsible for identifying and recommending to the Board the appointment of new Directors. Any new Board appointment is subject to a formal and rigorous process and the details of this process are always disclosed in Annual Reports. The Company's policy on the tenure of Directors also helps to guide long-term succession plans, and recognises the need for and value of progressive refreshing of the Board.	**Board composition and succession, pages 57 to 58** **Diversity, pages 63 to 64** **Nomination Committee Report, pages 62 to 64**
Principle K	The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed. (UK Code Principle K)	The Nomination Committee is responsible for identifying and recommending to the Board the appointment of new Directors and considering long-term succession plans.	**Board of Directors, pages 50 and 51** **Nomination Committee Report, pages 62 to 64** **Board Committees, page 59** **Board composition and succession, page 57**
Principle L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively (UK Code Principle L)	The Directors consider the evaluation of the Board, its Committees and themselves, to be an important aspect of corporate governance, and evaluations are undertaken annually.	**Nomination Committee Report, pages 62 to 64**

Audit, risk and internal control

Principle M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements. (Incorporates relevant content from UK Code Principle M)	The Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external auditor, audit quality, as well as the auditor's objectivity and independence. The Committee also reviews the integrity and content of the Financial Statements, including the ongoing viability of the Company.	**Risk management and internal control, page 59** **Audit Committee Report, pages 65 to 67** **Notes 3 and 4 to the Financial Statements, pages 93 to 97**
Principle N	The Board should present a fair, balanced and understandable assessment of the Company's position and prospects. (UK Code Principle N)	The Audit Committee supports the Board in assessing whether the Company's Annual Report presents a fair, balanced and understandable assessment of the Company's position and prospects.	**Strategic Report, pages 1 to 49** **Fair, balanced and understandable, page 67** **Audit Committee Report, pages 65 to 67** **Independent Auditor's Report, pages 80 to 85** **Financial Statements, pages 80 to 113**

CORPORATE GOVERNANCE STATEMENT CONTINUED

Application of AIC Code principles continued

Audit, risk and internal control continued

Principle O	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives. (UK Code Principle O)	The Audit Committee supports the Board through its independent oversight of the financial reporting process, including the Financial Statements, the systems of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external auditor.	**Principal risks and uncertainties, pages 45 to 48** **Viability statement, page 49** **Audit Committee Report, pages 65 to 67** **Management Engagement Committee Report, pages 70 and 71** **Risk management and internal control, page 59** **Note 24 to the Financial Statements, pages 109 to 112**

Remuneration

Principle P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. (Incorporates relevant content from UK Code Principle P)	The Directors, with the exception of Richard Moffitt, are all non-executive and independent of the Investment Adviser. They receive fees and no component of any Director's remuneration is subject to performance factors. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company, all of the Directors do hold shares in the Company.	**Strategic Report, pages 1 to 49** **Directors' Remuneration Report, pages 72 to 75** **Directors' Remuneration Policy, pages 74 and 75**
Principle Q	A formal and transparent procedure for developing policy on remuneration should be established. No Director should be involved in deciding their own remuneration outcome. (Incorporates relevant content from UK Code Principle Q)	As the Company has no employees and the Board is comprised wholly of Non-Executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The terms and conditions of the Directors' appointments are set out in letters of appointment, which are available for inspection on request at the registered office of the Company.	**Directors' Remuneration Report, pages 72 to 75**
Principle R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances. (UK Code Principle R)	The process of reviewing the Directors' fees is described in the Remuneration Report, although as there are no performance-related elements of the remuneration, there is very little scope for the exercise of discretion or judgement.	**Directors' Remuneration Report, pages 72 to 75**

CORPORATE GOVERNANCE STATEMENT CONTINUED

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 the 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.

The AIC Code requires the Chairman to be independent upon appointment. I have been considered independent since my appointment in January 2017 and I have no relationships that may create a conflict of interest with shareholders.

Senior Independent Director

The Company's Senior Independent Director during the financial year ended 31 March 2023 was Jonathan Gray. At a general meeting held on 11 May 2023, shareholders approved certain proposals relating to the management arrangements of the Company. On that date, Heather Hancock succeeded him in this role. As Senior Independent Director, Heather provides a channel for any shareholder concerns regarding the Chairman, and will lead future annual performance evaluations of the Chairman. The performance evaluation of the Chairman for the year ended 31 March 2024 was led by Heather Hancock, further information can be found within the Nomination Committee Report on page 64.

A full description of the responsibilities of the Chairman and the Senior Independent Director can be found on the Company's website **www.urbanlogisticsreit.com**.

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 the continuing appointment and ongoing performance of the AIFM and the Investment Adviser.

The Group's governance structure contributes to the delivery of its strategy. In particular, 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 has a schedule of matters reserved for its decision-making, which is reviewed on an annual basis, and is available on the Company's website at **www.urbanlogisticsreit.com**.

The Board regularly reviews the investment performance of the AIFM and the Investment Adviser 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. The Board works closely with the Company's brokers, Singer Capital Markets, Berenberg and Panmure Gordon, as well as its other advisers. The Board receives reports regarding investor relations as well as regular updates from the AIFM, the Investment Adviser 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"), as well as a range of other service providers. Company Matters, in its role as Company Secretary, is 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 has arranged a Directors' and Officers' liability insurance policy which includes cover for legal expenses. The policy was reviewed at the time of the Main Market move and remains in force as at the date of this report.

Board composition and succession

At 31 March 2024, the Board comprised four independent Non-Executive Directors and one non-independent Non-Executive Director.

On 11 May 2023, Jonathan Gray and Mark Johnson stepped down from the Board as a result of changes to the management arrangements of the Company approved by shareholders on that date. Jonathan Gray also stood down from his role as Senior Independent Director with effect from the same date. Since 12 May 2023, the Senior Independent Director of the Company has been Heather Hancock.

Lynda Heywood joined the Board as an independent Non-Executive Director on 1 May 2023. She brings significant experience in guiding FTSE 100 companies to the Board, from her 20-year tenure at Kingfisher Plc, and six years at Tesco Plc, holding group treasurer roles at both organisations.

Lynda Heywood is a member of all Board Committees, and will replace Bruce Anderson as the Chairwoman of the Audit and Risk Committee after the September 2024 interim report. Bruce Anderson will remain on the Board and a member of the Committee to provide continuity to the Board and Committee.

Cherine Aboulzelof will join the Board as an independent Non-Executive Director on 1 July 2024. She brings significant experience in both real estate, private equity and investment banking, most recently as the Managing Director at Bentall Greenoak Strategic Capital Partners, a real estate investment manager with over €5 billion under management.

The Board is satisfied that it possesses a sufficient balance of skills, relevant sector experience and knowledge to ensure that, as a whole, it functions well and that discussions and/or decisions are not dominated by any one Director. The performance of the Board and of the Chairman is evaluated annually. Further detail regarding the evaluation of the Board and Chairman during the financial year ended 31 March 2024 can be found in the Nomination Committee Report on page 64.

The collective experience amongst the Board includes senior Board level/chairmanship positions, financial services experience 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 AIFM and the Investment Adviser. Those Directors deemed to be independent can be found in the Director biographies on pages 50 and 51.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board composition and succession continued

As the Company is subject to the AIC Code, there is no requirement for a limit on the tenure of the Chairman or the Company's Board members. However, the Board recognises the value of regularly refreshing its composition and remains committed to ensuring that it has the right mix of skills and experience that are aligned with the evolution of the strategic plans of the Company, while maintaining its independence of character and judgement. The Board typically expects to maintain a tenure of nine years for its Directors, including the Chairman, however it has been agreed that Bruce Anderson will continue for a period past his nine-year tenure to assist the Senior Independent Director with the selection process for the Chairman's successor, and to support and provide continuity for Lynda Heywood as the new Chairwoman of the Audit and Risk Committee when she takes up that role. Furthermore, all Directors will be subject to annual re-election at the Company's forthcoming Annual General Meeting ("AGM") in July 2024.

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 AIFM, the Investment Adviser 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.

Induction of new Directors

A procedure for the induction of new Directors is in place which includes the provision of an induction pack containing relevant information about the Company and its processes and procedures. New Directors appointed to the Board have the opportunity to meet with the Chairman, the AIFM, the Investment Adviser and the Company Secretary.

Board performance

Every year the Company conducts an extensive Board evaluation process to review the effectiveness of the Board as a whole. In addition, an evaluation of the performance of the Chairman is undertaken which is led by the Senior Independent Director.

For further detail on this exercise, please refer to the report of the Nomination Committee on pages 62 to 64.

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, values diversity and is responsive to the views of shareholders and the Company's stakeholders. This is achieved by ensuring robust corporate governance frameworks are in place and ensuring the Investment Adviser is appropriately challenged and held to account for its performance and behaviours. 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 Investment Adviser, to exhibit high standards of ethical behaviour and for the employees of the service providers to behave in a professional and respectful manner. The Board feels that all Directors continue to act with integrity, lead by example and promote the Company's culture. Further detail regarding the Management Engagement Committee's review of all service providers can be found on page 71.

The Company's section 172 statement can be found on pages 40 to 43.

Shareholder engagement

The Board is confident in its approach to the Company's ongoing communication with shareholders and recognises the value in positive shareholder engagement. The Board strives to understand and meet 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 Investment Adviser meets with 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 Investment Adviser provides feedback to the Board following these roadshows and also regularly updates the Board with the views of shareholders and analysts.

In addition, the Chairman writes to the largest shareholders, offering meetings after annual results and prior to the general meeting approving the new management arrangements.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Shareholder engagement continued

We encourage a 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. The Committee chairs have determined that there were no significant matters in the year which required direct shareholder engagement, above the engagement carried out by the Board, Investment Adviser and Chairman as described above.

Annual General Meeting

Shareholders are encouraged to attend the Company's AGM on 24 July 2024 at 9.00am. The AGM will be held at Buchanan Communications Ltd, 107 Cheapside, London EC2V 6DN, and further details can be found in the Notice of AGM which has been dispatched to all shareholders. An electronic copy of the Notice of AGM is also available on the Company's website at **www.urbanlogisticsreit.com**.

Any further updates regarding the Annual General Meeting will be made via the appropriate Regulatory Information Service and on the Company's website at **www.urbanlogisticsreit.com**. Shareholders will be given the opportunity to ask questions during the AGM and questions can also be sent by email to **ir@urbanlogisticsreit.com** in advance of the meeting. These questions will be responded to in writing on the Company's website.

In addition, the Investment Adviser seeks to engage directly with major shareholders via regular meetings, round table events, capital market days and other outreach. The Chairman proactively contacts the largest shareholders to make himself available for meetings and communication.

The voting results of the 24 July 2024 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. As such, the Board, in consultation with the Audit Committee:

- approves the Company's/Group's risk appetite statements;
- receives reports on, and reviews the effectiveness of, the Group's risk and control processes to support its strategic objectives;
- approves the procedures for the detection of fraud, bribery, tax evasion and money laundering;
- reviews quarterly management accounts against budget, full-year forecasts against both budget and analyst expectations;
- signs off all investments; and
- ensures that there is a segregation of duties between the Investment Adviser's property team who recommend property investments, and the Investment Adviser's finance and operations team who perform due diligence and instruct payments.

In addition to the high-level internal controls exercised by the Board, further internal controls are also in place at the AIFM and the Investment Adviser. These controls, which include those in relation to the financial reporting process for the undertakings included in the consolidation, are reviewed and tested as part of the external audit process and updated as required from both internal feedback and external feedback from auditors and others.

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 2024 and is reviewed on an annual basis.

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 45 to 48 set out the Company's principal risks and uncertainties. The Company's risk appetite statement can be found on page 45.

Board Committees

The Board has delegated a number of responsibilities to its Environmental, Social and Governance ("ESG"), 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 2024, can be found in the individual Committee Reports.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board Committees continued

A copy of each Committee's Terms of Reference can be found on our website **www.urbanlogisticsreit.com**.

The membership of the Board Committees is as follows:

Name	Independent	ESG Committee	Audit Committee	Management Engagement Committee	Nomination Committee
Nigel Rich CBE	Y	Member	Member	Chairman	Chairman
Bruce Anderson	Y	Member	Chairman	Member	Member
Heather Hancock[1]	Y	Chairwoman	Member	Member	Member
Jonathan Gray[2]	Y	–	–	–	–
Lynda Heywood[3]	Y	Member	Member	Member	Member
Cherine Aboulzelof[4]	Y	Member	Member	Member	Member
Richard Moffitt	N	–	–	–	–
Mark Johnson[5]	N	–	–	–	–

1. Heather Hancock was appointed as Senior Independent Director with effect from 12 May 2023.
2. Jonathan Gray resigned from the Board and as Senior Independent Director with effect from 11 May 2023.
3. Lynda Heywood joined the Board with effect from 1 May 2023.
4. Cherine Aboulzelof will join the Board with effect from 1 July 2024.
5. Mark Johnson resigned from the Board with effect from 11 May 2023.

Richard Moffitt is not deemed to be independent due to his existing role at, and interest in, the Investment Adviser. Richard excludes himself from voting on matters concerning the Investment Adviser and during the approval of property sales and acquisitions proposed to the Board by the Investment Adviser, or where there is any other perceived potential conflict of interest. Despite his non-independence, the Board considers that Richard remains 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 2024, there were six scheduled Board meetings. The Directors also met on an ad hoc basis during the year to discuss and approve matters relating to the management arrangements of the Company, as well as the approach to abrdn Property Income Trust Limited. The Company Secretary attends all meetings of the Board and its Committees. Representatives of the AIFM, Investment Adviser, the external auditor and other advisers are invited to attend as required.

Name	Board	ESG Committee	Audit Committee	Management Engagement Committee	Nomination Committee
Nigel Rich CBE	6/6	2/2	3/3	1/1	3/3
Bruce Anderson	6/6	2/2	3/3	1/1	3/3
Heather Hancock	6/6	2/2	3/3	1/1	3/3
Lynda Heywood	6/6	2/2	3/3	1/1	3/3
Jonathan Gray	1/1	1/1	1/1	NA	NA
Richard Moffitt	6/6	NA	NA	NA	NA
Mark Johnson	1/1	NA	NA	NA	NA

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 for the benefit of its shareholders as a whole. 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 Company regularly uses M1 Agency LLP as an agent for its purchase and sale of assets. The Company incurs fees from M1 Agency LLP, a partnership in which Richard Moffitt is a member. These fees are incurred in the acquisition of investment properties and sale of investment properties. The Board, with the assistance of the Investment Adviser, excluding Richard Moffitt, carefully reviews and scrutinises each fee payable to M1 Agency LLP, and ensures the fees are in line with market rates and on standard commercial property terms.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Environmental, human rights, employee, social and community issues

The Board recognises the requirement under the Companies Act 2006 to detail information about employees, human rights, environmental and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements do not apply directly to the Company as it has no employees, all the Directors are Non-Executive and it has outsourced all its functions to third-party service providers. The Company has therefore not reported further in respect of these provisions, however information on our commitment to sustainability can be found within the Sustainability Report on pages 28 to 32.

The Company publishes a Modern Slavery Statement in accordance with the Modern Slavery Act 2015. This can be found on the Company's website **www.urbanlogisticsreit.com**.

At the date of this report, there are five Directors, three male and two female. Further information on the composition and diversity of the Board is detailed on pages 63 and 64. During the year there have been seven Directors, five male and two female.

Anti-bribery and corruption

The AIFM and the Investment Adviser have a zero-tolerance anti-bribery and corruption policy and are committed to carrying out business fairly, honestly and openly. The Investment Adviser undertakes annual regulatory training on anti-money laundering and anti-bribery and corruption. PCP2 Limited, the previous AIFM to the Company, had a Compliance Officer in place who monitored adherence to anti-bribery and corruption policies. Since 12 May 2023, this function has been fulfilled by the Company's new AIFM, G10 Capital Limited.

The Company has a whistleblowing policy with appropriate links to the Chairman and/or Audit Committee Chairman.

Nigel Rich CBE
Chairman

19 June 2024

NOMINATION COMMITTEE REPORT

“THE EVALUATION CONFIRMED THAT ALL DIRECTORS CONTRIBUTED TO PROMOTING THE SUCCESS OF THE COMPANY.”

Nigel Rich CBE
Chairman of the Nomination Committee

Composition

Nigel Rich CBE is Chairman of the Nomination Committee. The Nomination Committee comprises all of the independent Directors. The Directors deemed to be independent are shown in the Director biographies on pages 50 and 51 and in the table on page 60.

Responsibilities

The role of the Nomination Committee is to regularly review the structure, size and composition of the Board and to lead the appointment of new Directors to the Board as and when appropriate. The Nomination Committee considers resolutions relating to the election and re-election of Directors at each Annual General Meeting and considers the orderly succession planning of the Board.

Matters considered during the year

The Committee met three times during the year ended 31 March 2024 and considered the structure, size and composition of the Board as a whole, particularly its balance of skills, knowledge, experience and diversity, and made recommendations to the Board with regard to any changes.

The Committee gave consideration to succession planning for the Directors and key members of the management team, taking into account the challenges and opportunities facing the Company, and the skills and expertise required on the Board in the future, and concluded that recruiting a new NED would be in the best interests of the Company. The Committee also agreed upon the Board’s performance evaluation process.

NED recruitment process

The Board appointed Russell Reynolds Associates to assist with the NED recruitment process. Russell Reynolds Associates is independent of the Board and the Company, and has no connections with any of the individual Directors. The Committee agreed on a specification that included the skills and experience required for the proposed appointment, with a focus on an individual with a senior property and finance background to add depth to the Board and Audit Committee. In addition the Board specified that Russell Reynolds should be mindful for the FCA’s guidance on gender and ethnic diversity, to support a diverse pipeline. As part of this, Russell Reynolds Associates compiled a list of candidates and scheduled interviews with the Board. Following the Committee’s recommendation, the Board appointed Cherine Aboulzelof as an independent non-executive Director with effect from 1 July 2024. Cherine adds experience in real estate, private equity and finance to the Board.

Board composition and succession planning

The Committee will continue to consider further succession planning, including succession planning for the Chairman.

NOMINATION COMMITTEE REPORT CONTINUED

Diversity

The Board is comprised of a mixture of individuals who have an appropriate balance of skills and experience to meet the future opportunities and challenges facing the Company. Appointments to the Board are made primarily on merit, and whilst the Board does not have a formal diversity policy, the Board understands the importance of diversity in corporate governance and takes into consideration a variety of demographic attributes and characteristics when making decisions on its composition. The Board is aware of the Listing Rule that is on a 'comply or explain' basis, which incorporates the recommendations of the Parker and Hampton-Alexander Reviews, which considered how ethnic, cultural and gender diversity could be improved on UK boards. The Board chooses not to have a formal diversity policy because all individuals involved in administrative, management and supervisory bodies are third parties, with the exception of the Board itself.

FCA Board diversity target	Target met	Compliance
At least 40% of the Board are women (including those self-identifying as women)	Yes	At the year end, 40% of the Board comprised of women. The Nomination Committee regarded Board diversity of gender as a key consideration when recommending future Board appointments and conducting succession planning exercises. The Nomination Committee recommends appointments, and the Board makes appointments, based on skills, experience and merit. However, equality, diversity and inclusion continue to be key considerations in all appointment processes.
At least one of the senior Board positions (Chair, Chief Executive Officer, Senior Independent Director or Chief Financial Officer) is a woman (including those self-identifying as a woman)	Yes	Following changes to the management arrangements and the resignation of Jonathan Gray as a Director on 11 May 2023, the Committee appointed Heather Hancock as Senior Independent Director with effect from 12 May 2023.
At least one member of the Board is from a non-White ethnic minority background (as referenced in categories recommended by the Office for National Statistics)	No	The Board and Nomination Committee will remain mindful of this FCA diversity target when it considers new appointments and succession planning.

NOMINATION COMMITTEE REPORT CONTINUED

Diversity continued

The Committee continues to develop succession planning in line with these recommendations. In accordance with Listing Rule 9 Annex 2.1, the below tables, in prescribed format, show the gender and ethnic background of the Directors at the date of this report.

Gender identity or sex	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	1
Women	2	40%	1
Not specified/prefer not to say	–	–	–

Ethnic background	Number of Board members	Percentage on the Board	Number of senior positions on the Board
White British or other White (including minority white groups)	–	–	–
Mixed/Multiple ethnic groups	–	–	–
Asian/Asian British	–	–	–
Black/African/Caribbean/Black British	–	–	–
Other ethnic group, including Arab	–	–	–
Not specified/prefer not to say	5	100%	2

The data in the above tables was collected through self-reporting by the Directors.

Board performance review

In order to review the effectiveness of the Board as a whole, its Committees, the individual Directors (including the independence of each Director) and the Chairman, the Company undertook a thorough Board performance review process by way of extensive, tailored questionnaires, following the external evaluation carried out last year. In addition, an evaluation of the performance of the Chairman is undertaken which is led by the Senior Independent Director. The process enabled each Director to evaluate, assess and reflect on the Board's operations, individual Director contributions and the Company's leadership with a view to identify any shortcomings and address any areas requiring improvement.

Overall, the evaluation confirmed that Directors and Committee members continued to work well collectively and that all Directors contributed to promoting the success of the Company and advancing its strategy and business model.

Nigel Rich CBE
Chairman of the Nomination Committee

19 June 2024

AUDIT COMMITTEE REPORT

"I AM PLEASED TO PRESENT THE AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2024."

Bruce Anderson ACMA FCIOBS
Chairman of the Audit Committee

Composition

As at 31 March 2024, the Audit Committee comprised of myself as Chairman, Nigel Rich CBE, Lynda Heywood and Heather Hancock, all of whom were independent Non-Executive Directors during the year. Lynda Heywood was appointed as an independent Non-Executive Director of the Board with effect from 1 May 2023 and she joined the Audit Committee with effect from the same date. In addition, on 11 May 2023, Jonathan Gray resigned from the Board and ceased to be a member of the Audit Committee on this date.

All Audit Committee members consider that, individually and collectively, they are each independent and have recent and relevant financial experience to fulfil their role on the Audit Committee within the sector in which the Company operates. Further detail regarding individual Director experience can be found within the Director biographies on pages 50 and 51.

The Chairman of the Company, Nigel Rich CBE, is a member of the Audit Committee. The Board believes his membership of the Audit Committee is appropriate because he has significant experience in relation to financial matters as a qualified accountant, and has experience in both property and the public markets given his previous chairmanship of Segro PLC.

Responsibilities

The Audit Committee is responsible for ensuring that the financial performance of the Company is properly reported and monitored. The Audit Committee reviews the annual and half-year accounts, the accounting policies of the Company and key areas of accounting judgement, management information statements, financial announcements, internal control systems, risk management, the processes employed by the AIFM, Adviser and the auditor to determine the underlying valuation of the investment portfolio, and the continuing appointment of the auditors (including reviewing their independence and objectivity, and any non-audit services provided). It also monitors the whistleblowing policy and procedures over fraud and bribery.

Terms of Reference for the Audit Committee have been adopted and are reviewed on a regular basis by the Board.

The Audit Committee's Terms of Reference are available on the Company's website at **www.urbanlogisticsreit.com**.

AUDIT COMMITTEE REPORT CONTINUED

Matters considered during the year

The Committee met on three occasions during the year. Details of the attendance at those meetings can be found on page 60. At those meetings, the Audit Committee has:

- reviewed and considered the Company's property portfolio valuation in conjunction with the independent valuer at the half-year and year end;
- reviewed the Company's Financial Statements for the half-year and year end and made recommendations to the Board;
- reviewed the Company's going concern statement;
- assisted the Board in its consideration of ESG matters;
- reviewed the internal controls and risk management procedures of the Company, Adviser and G10 Capital Limited, the Company's AIFM during the year;
- recommended the re-appointment of RSM UK Audit LLP ("RSM") as auditor of the Company to the Board for approval and for the approval of shareholders at the 2024 Annual General Meeting;
- reviewed its Terms of Reference; and
- had its performance evaluated externally.

The independent Directors meet in private with the partner of the Company's auditor on an annual basis. The Audit Committee Chairman has regular contact with the external auditor throughout the year and particularly during the preparation of the Annual Report and Financial Statements.

The significant matters considered by the Audit Committee were:

Valuation process and asset management

The Company uses CBRE as its property valuer, who conduct a valuation of the Company's properties on a half-yearly basis. Discussions have been held with the Investment Adviser and the independent valuer about the property portfolio valuation process, asset management and the systems in place at the Investment Adviser to ensure the accuracy of the valuation of the Company's property portfolio. The Audit Committee has received assurances from the Investment Adviser about the robustness of their valuation system and asset management capabilities. To enable a full discussion of the valuation, the valuer attended the Audit Committee meeting in May 2024. Further information regarding the valuation of the portfolio can be found below on page 67. In line with other service providers, the Committee feels it is best practice to regularly put out external services to tender, and to rotate valuers on a regular basis. Following a six-year appointment, the valuation services were therefore put out to tender in the year, and following a competitive tender process, Jones Lang LaSalle were appointed as the new valuer with effect from September 2024. The appointment of Jones Lang LaSalle will be kept under review on an annual basis.

Internal controls

During the year, the Audit Committee has reviewed and updated, where appropriate, the Company's risk matrix. This matrix is considered on an ongoing basis and is in line with the Company's risk appetite statement.

The Investment Adviser reports to the Audit Committee and Board on operational and compliance issues at each meeting, and otherwise as necessary. The Investment Adviser reports directly to the Audit Committee concerning the internal controls applicable to the Investment Adviser's investment and office procedures, including information technology systems.

During the year, the Investment Adviser identified a fraudulent cash transaction which arose through social manipulation. The financial loss to the Group was immaterial, however as a direct result, additional internal controls were implemented by the Investment Advisory team, and an additional crime insurance policy incepted.

Going concern and long-term viability of the Company

The Committee considered the Company's financial requirements for the next twelve months and concluded that it has sufficient resources to meet its commitments. The Financial Statements therefore have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report for the period ended 31 March 2024, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability.

The Company's going concern and viability statement can be found within the Strategic Report on page 49.

External auditor

RSM was appointed as the Company's auditor following an external audit tender process undertaken in 2021. RSM audited the Annual Report and Accounts of the Company for the financial year ended 31 March 2024. In accordance with the statutory requirements relating to the appointment of auditors, the Company would need to conduct an audit tender no later than for the accounting period beginning 1 April 2030.

Following consideration of the performance of RSM, the services provided during the year and a review of their independence and objectivity, the Committee has recommended to the Board the re-appointment of RSM as the Company's auditor. Shareholder approval of the auditor's re-appointment will be sought at the Annual General Meeting to be held on 24 July 2024.

Effectiveness of the external audit

The Committee reviews the effectiveness of the external audit carried out by the auditor on an annual basis. The Chairman of the Audit Committee maintained regular contact with the Company's audit partner throughout the year. He also met with them prior to the finalisation of the audit of the Annual Report and Financial Statements for the year ended 31 March 2024, without the AIFM or the Investment Adviser present, to discuss how the external audit was conducted, the findings from the audit and whether any issues had arisen from the auditor's interaction with the Company's various service providers.

The Audit Committee will continue to monitor the performance of the auditor and make any appropriate recommendations.

AUDIT COMMITTEE REPORT CONTINUED

Audit and non-audit fees and independence and objectivity of the auditor

The audit fee for the review of the Annual Report, including non-audit fees and related assurance services, is shown in the table below:

	2024 £'000	2023 £'000
Audit fees including related assurance services	**240**	230
Non-audit fees	**–**	–
Total	**240**	230

The Audit Committee reviews the scope and nature of all proposed non-audit services before engagement to ensure that the independence and objectivity of the auditor is safeguarded. The Board's policy is that non-audit services may be carried out by the Company's auditor unless there is a conflict of interest or someone else is considered to have more experience.

The Committee recognises the importance of auditor objectivity and has reviewed the level of non-audit fees as noted in the table above to ensure the independence of RSM was not compromised. In reviewing auditor independence, the Committee has considered the nature of non-audit services provided, quantum of fees charged, the expectation of fee recurrence and the internal controls applied by RSM, to mitigate potential or perceived conflicts.

Euan Banks is the RSM audit partner responsible for the audit of the Financial Statements for the year ended 31 March 2024. The Committee is satisfied that the auditor has fulfilled its obligations to the Company and its shareholders.

Internal audit

The Audit Committee considered the need for an internal audit function during the year and determined that it was not necessary or appropriate given the current size of the Group. The Group is managed by the AIFM; as such, the Audit Committee internal systems and controls are that of the AIFM and the Investment Adviser. During the year, the Compliance Director of G10 Capital Limited, the Company's AIFM, was invited to attend all Board meetings and, in addition, the Chairman of the Audit Committee had a separate meeting with the Compliance Director twice during the year ahead of the issuance of the Half-Yearly and Annual Reports, and will continue to do so with the CFO of the Investment Adviser. The Audit Committee will continue to keep this matter under review.

Valuation of property portfolio

The Group has investment properties totalling £1,100 million as at 31 March 2024 (31 March 2023: £1,107 million). In accordance with IAS 40: Investment Property, investment property is carried at its fair value as determined by an external valuer.

This valuation has been conducted by CBRE and has been prepared as at 31 March 2024, in accordance with the RICS Valuation – Professional Standards UK January 2022 (the "Red Book").

The Committee met with the team from CBRE in May 2024 and discussed the assumptions underlying the individual property valuations and has concluded that the valuation is appropriate.

Maintenance of REIT status

The UK REIT regime enables the Group, so long as strict criteria are met, to benefit from favourable income and capital gains tax treatment. The Group must comply with the UK REIT regulations to continue to benefit from the favourable tax regime. The Investment Adviser prepares and monitors the REIT tests, which are reported to the Board on a quarterly basis.

During the year ended 31 March 2024, the Audit Committee has monitored the Group's compliance status and has considered the requirements for the maintenance of the Group's REIT status throughout the year. The Audit Committee is satisfied that there is full compliance with the UK REIT regulations and notes the significant headroom for the financial year ended 31 March 2024.

Performance review of the Audit Committee

During the year, a thorough review of the Committee's performance was carried out as part of the overall internally facilitated performance review of the Board. The findings of the review showed that the Committee continued to work well together as a unit and the cumulative skills, knowledge and experience of the Committee members remained adequate and appropriate for the needs of the Company and its obligation to its shareholders.

Further information on the evaluation of the Board's performance and of its Committees can be found within the Corporate Governance Statement on pages 58 and 59 to 60.

Fair, balanced and understandable

As a result of the work performed, the Audit Committee has concluded that the Annual Report for the year ended 31 March 2024 is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and has reported on these findings to the Board.

CMA Order

The Company has complied with the provisions of the CMA Order throughout the year ended 31 March 2024.

Bruce Anderson ACMA FCIOBS
Chairman of the Audit Committee

19 June 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") COMMITTEE REPORT

"I AM PLEASED TO PRESENT THE ESG COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2024."

Heather Hancock LVO DL
Chairwoman of the ESG Committee

Statement from the Chairwoman

The ESG Committee was formed in April 2021 to scrutinise performance across the full suite of ESG commitments that Urban Logistics places on the Investment Adviser, as well as relevant obligations and governance requirements falling directly on the Company. It refers and reports, as appropriate, to the Board, and where appropriate to other Committees of the Board, e.g. the Audit Committee on risk.

Composition

As at 31 March 2024, the ESG Committee comprised of myself as Chairwoman, Nigel Rich CBE, Bruce Anderson and Lynda Heywood, all of whom were independent non-executive Directors. Lynda Heywood joined the Board with effect from 1 May 2023 and is also a member of the ESG Committee as at the date of this report. Following his resignation from the Board on 11 May 2023, Jonathan Gray is no longer a member of the ESG Committee. All ESG Committee members consider that, individually and collectively, they are each independent and appropriately experienced to fulfil their role on the ESG Committee within the sector in which the Company operates. Further detail regarding individual Director experience can be found within the Director biographies on pages 50 and 51.

Responsibilities

The ESG Committee advises on and recommends to the Board its ESG Policy and ensures this remains up-to-date with the Board's strategic objective regarding ESG, which is to achieve high governance standards and to scrutinise the Investment Adviser's progress in addressing the Board's ESG priorities and targets. The ESG Committee takes a strategic approach and identifies and pursues sustainability issues whereby the Company has optimal capacity to make a meaningful impact.

Terms of Reference for the ESG Committee have been adopted and are reviewed on an annual basis by the Board.

The ESG Committee's Terms of Reference are available on the Company's website at **www.urbanlogisticsreit.com**.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") COMMITTEE REPORT CONTINUED

Matters considered during the year

The ESG Committee meets at least once a year, or more if required. The Committee met twice during the year ended 31 March 2024.

During those meetings, the ESG Committee has:

- advised on and recommended to the Board its ESG Policy;
- proposed targets and KPIs to achieve the Board's policy objectives;
- scrutinised G10 Capital Limited, the Company's AIFM's, progress in addressing the Board's ESG priorities and targets;
- overseen compliance with legal and regulatory requirements relevant to sustainability, including corporate governance principles and standards;
- advised the Audit Committee on specific risks relating to ESG for consideration within the Company's risk register;
- monitored the Company's approach and performance in relation to competitors, relevant benchmarks and regulator expectations;
- overseen ESG reporting within the Company's Annual Report and reporting to ESG ratings agencies as appropriate, ensuring adherence to reporting requirements; and
- reviewed its own performance as an ESG Committee and its own Terms of Reference.

Further information regarding the Company's approach to ESG can also be found on page 30.

The Company's TCFD disclosures can be found on pages 33 to 39.

Heather Hancock LVO DL
Chairwoman of the ESG Committee

19 June 2024

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

I AM PLEASED TO PRESENT THE REPORT OF THE MANAGEMENT ENGAGEMENT COMMITTEE.

Nigel Rich CBE
Chairman of the Management Engagement Committee

Composition

Nigel Rich CBE is Chairman of the Management Engagement Committee, which comprises all of the independent Directors.

Responsibilities

The key responsibility of the Management Engagement Committee is to review the services and performance of the Company's AIFM, Investment Adviser and other external service providers. The Management Engagement Committee has a formal process in place to conduct an annual review of all third-party service providers and will conduct ad hoc reviews of any service provider where necessary. The results of the Management Engagement Committee's review are shared with individual service providers so that any improvements or changes required to third-party providers' service delivery can be implemented and monitored. The Management Engagement Committee also reports the results of the review to the Board.

Matters considered during the year

The Management Engagement Committee met once during the year ended 31 March 2024 and reviews of all service providers were undertaken.

The AIFM and the Investment Adviser

Following the changes to the Company's management arrangements on 12 May 2023 as disclosed on page 6, the Board has delegated the responsibility for portfolio and risk management to G10 Capital Limited (the "AIFM"), subject to the Board being kept informed of all material property acquisitions and disposals, including development projects. The Company and the AIFM have appointed Logistics Asset Management LLP (the "Investment Adviser") as Investment Adviser pursuant to which the Investment Adviser (i) seeks out and evaluates investment opportunities; (ii) advises the Company and the AIFM in relation to acquisitions and disposals; and (iii) provides asset management services and, if required, development management services.

The Management Engagement Committee reviewed the contractual relationship and engagement of the AIFM and Investment Adviser and will continue to do so on an annual basis going forward. The performance of the AIFM and the Investment Adviser was considered to be satisfactory during the year ended 31 March 2024 and the Committee agreed the continuing appointment of the AIFM and the Investment Adviser on the terms agreed was in the best interests of the shareholders as a whole.

MANAGEMENT ENGAGEMENT COMMITTEE REPORT CONTINUED

Other service providers

The Management Engagement Committee reviewed the relationship with M1 Agency LLP, of which Richard Moffitt, a Director of the Company and CEO of the Investment Adviser, is a Partner. No other members of the Investment Adviser have a financial interest in M1 Agency LLP. As noted in the Corporate Governance Statement, the Company uses M1 Agency LLP regularly as an agent for the purchase, letting and disposal of assets, but not exclusively. The Management Engagement Committee was satisfied that M1 Agency LLP provided a valuable service to the Company and that its fees were market competitive and fully disclosed to the market as required. The finance team of the AIFM, and the independent members of the Board, scrutinise all proposals received from M1 Agency LLP. Further details of how conflicts of interest are managed can be found on page 60.

All other service providers were reviewed, and their terms of engagement and performances were considered to be satisfactory and in the best interests of the Company.

Nigel Rich CBE
Chairman of the Management Engagement Committee

19 June 2024

DIRECTORS' REMUNERATION REPORT

The Board is pleased to present the Directors' Remuneration Report for the year ended 31 March 2024.

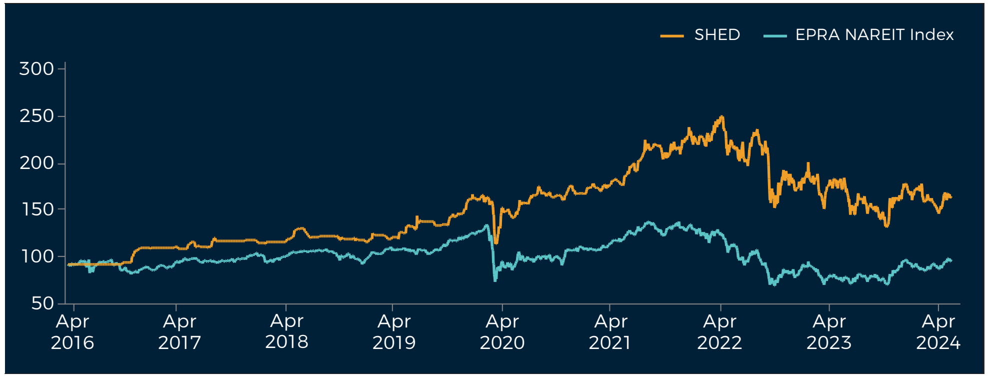
The Board as a whole deals with matters of Directors' remuneration and fulfils the functions of a Remuneration Committee and considers any changes to the Directors' Remuneration Policy. No Directors are involved in deciding their own, individual remuneration.

In June 2023, the independent Directors considered the level of Directors' remuneration for the year ended 31 March 2024 based on a fee benchmarking exercise undertaken by the Company Secretary which was reviewed in detail by the Board. Following careful review and consideration by the Board, no changes were made to the Directors' remuneration for the year ended 31 March 2024.

Performance of the Company

The Company does not have a specific benchmark against which performance is measured, and Directors do not receive any performance-related pay. The graph to the right compares the total return (assuming all dividends are reinvested) to holders of Ordinary Shares since IPO, compared to the total shareholder return of the EPRA NAREIT UK Index, which is the closest broad index against which to measure the Company's performance.

Review of past performance



Directors' remuneration (audited)

The remuneration paid to the Directors during the year ended 31 March 2024 is set out in the table below:

	Year ended 31 March 2024 £			Year ended 31 March 2023 £		
	Fees	**Expenses[1]**	**Total**	Fees	Expenses[1]	Total
Nigel Rich CBE (Chairman)	**100,000**	**1,998**	**101,998**	96,250	82	96,332
Bruce Anderson	**60,000**	**3,086**	**63,086**	57,500	2,319	59,819
Jonathan Gray[2]	**5,906**	**–**	**5,906**	57,500	95	57,595
Heather Hancock	**68,784**	**2,041**	**70,825**	57,500	1,999	59,499
Lynda Heywood[3]	**45,833**	**234**	**46,067**	–	–	–
Mark Johnson[2, 4]	**–**	**–**	**–**	–	–	–
Richard Moffitt[4]	**–**	**–**	**–**	–	319	319
Total	**280,523**	**7,359**	**287,882**	268,750	4,814	273,564

1. The Directors are entitled to all reasonable travel, hotel and other expenses incurred in the performance of their duties. As such, Bruce Anderson's travel from Scotland and overnight stays in London to attend Board meetings have been paid by the Company.
2. Jonathan Gray and Mark Johnson resigned from the Board with effect from 11 May 2023.
3. Lynda Heywood was appointed to the Board with effect from 1 May 2023.
4. Mark Johnson and Richard Moffitt waived their right to remuneration as Directors of the Company.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' remuneration (audited) continued

The annual percentage change in remuneration paid to the Directors is set out in the table below:

	Year ended 31 March 2024 £	Year ended 31 March 2023 £	**Change to 2024 %**	Change to 2023 %	Change to 2022 %	Change to 2021 %
Nigel Rich CBE	**100,000**	96,250	**4%**	15%	6%	5%
Bruce Anderson	**60,000**	57,500	**4%**	18%	15%	21%
Jonathan Gray[4]	**5,906**	57,500	**-90%**	18%	15%	21%
Heather Hancock[1]	**68,784**	57,500	**20%**	19%	52%	–
Lynda Heywood[3]	**45,833**	–	**–**	–	–	–
Mark Johnson[2, 4]	**–**	–	**–**	–	–	–
Richard Moffitt[2]	**–**	–	**–**	–	–	–

1. Heather Hancock is Chairwoman of the ESG Committee, and was appointed as Senior Independent Director with effect from 12 May 2023.
2. Mark Johnson and Richard Moffitt waived their right to remuneration as Directors of the Company.
3. Lynda Heywood was appointed to the Board with effect from 1 May 2023.
4. Jonathan Gray and Mark Johnson resigned from the Board with effect from 11 May 2023.

Relative importance of spend on pay (unaudited)

The table below sets out significant use of profit and cash in respect of the year ended 31 March 2024 and 31 March 2023:

	Year ended 31 March 2024 £	Year ended 31 March 2023 £	Change %
Directors' remuneration	**280,523**	268,750	4%
Investment advisory fee	**6,765,579**	7,592,001	-11%
Dividends paid to shareholders	**35,870,131**	35,870,131	0%

Note: the items listed in the table above are as required by The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 with the exception of the investment advisory fee, which has been included because the Directors believe it will aid shareholders' understanding of the relative importance of the spend on pay.

DIRECTORS' REMUNERATION REPORT CONTINUED

Directors' shareholdings (audited)

The interests of the Directors (and any person closely associated) in the shares of the Company are set out below.

	Number of Ordinary Shares held	Percentage of issued share capital as at 31 March 2024 (%)
Nigel Rich CBE (Chairman)	590,536	0.13
Bruce Anderson	67,000	0.01
Heather Hancock	14,388	0.00
Richard Moffitt[1]	1,477,306	0.31
Lynda Heywood	21,024	0.00

1. The Investment Adviser holds 206,813 Ordinary Shares on trust for Richard Moffitt.

The Company has adopted a share dealing code in relation to the Company's shares, which is based on the requirements of the Listing Rules and UK MAR.

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company.

None of the independent Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

There have been no changes to any of the above holdings between 31 March 2024 and the date of this report.

Remuneration Policy

Introduction

The Company is required to seek shareholder approval for its Remuneration Policy every three years, except in the event that a change to the Policy is proposed or the advisory vote on the Directors' Remuneration Report is not passed in any year subsequent to the approval of the Policy. The Remuneration Policy of the Company was last approved by shareholders at the Company's AGM in 2022 and it is therefore not proposed that this be put to shareholders for approval at the forthcoming AGM on 24 July 2024.

Policy

The Company follows the principles of the AIC Code in that Non-Executive Directors' remuneration should reflect the time commitment and responsibilities of the role, and that our remuneration policies and practices support the Company's strategy and promote its long-term sustainable success. The Board's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. Furthermore, the Board considers that the level of remuneration should be sufficient to attract and retain the calibre of Directors required to implement the Company's strategy.

Each of the Directors is entitled to receive a fee from the Company at such a rate as may be determined by the Articles or by ordinary resolution (not exceeding in aggregate £500,000 per annum or such other sum as the Company in general meetings shall from time-to-time determine). The fee for any new Director appointed to the Board will be determined on the same basis. The Directors are also entitled to all reasonable travel, accommodation and other expenses incurred in the proper performance of their duties. No Director shall be entitled to any pension or other retirement benefit and there shall be no compensation payable for loss of office. The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively. There are no performance conditions attaching to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for Non-Executive Directors.

Under the Company's Articles of Association, if by arrangement with the Board, or any committee authorised by the Board, any Director shall perform or render any special duties or services outside his or her ordinary duties as a Director and not in his or her capacity as a holder of employment or executive office, he or she may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board, or any committee authorised by the Board, may from time-to-time determine.

DIRECTORS' REMUNERATION REPORT CONTINUED

Remuneration Policy continued

Policy continued

No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The terms of their appointment provide that Directors shall resign and be subject to election at the first AGM after their appointment. Thereafter, they will be subject to annual re-election. The Directors' letters of appointment do not provide for compensation upon termination of employment. The Directors' appointments can be terminated in accordance with the Articles. Directors' appointments may be terminated earlier by either party giving to the other three months prior written notice. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from Board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

Directors' and Officers' liability insurance cover is maintained by the Company, at its expense, on behalf of the Directors. The Company has also provided indemnities to the Directors in respect of costs or other liabilities which they may incur in connection with any claims relating to their performance or the performance of the Company whilst they are Directors.

The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

An ordinary resolution will be put to shareholders at the Company's AGM on 24 July 2024 to receive and approve the Directors' Remuneration Report.

Statement of implementation of the Remuneration Policy in respect of the financial year ending 31 March 2025

The Board intends to review Directors' fees in the year to ensure they remain appropriate.

In the absence of unforeseen circumstances, the Board does not expect any other changes.

Voting at AGM

The Directors' Remuneration Report for the year ended 31 March 2023 was approved by shareholders at the AGM held on 18 July 2023 and the Directors' Remuneration Policy was approved by shareholders at the AGM held on 20 July 2022. The results taken on a poll were as follows:

Remuneration Report 2023	Number of votes cast	Percentage of votes cast (%)
For	300,435,015	98.92
Against	3,268,168	1.08
Total votes cast	303,703,183	–
Number of votes withheld	60,788	–

Remuneration Policy 2022	Number of votes cast	Percentage of votes cast (%)
For	292,878,307	98.94
Against	3,136,082	1.06
Total votes cast	296,014,389	–
Number of votes withheld	132,331	–

On behalf of the Board.

Nigel Rich CBE
Chairman
19 June 2024

DIRECTORS' REPORT

The Directors are pleased to present their report for the year ended 31 March 2024.

Corporate governance

The Corporate Governance Statement can be found on pages 52 to 61 and forms part of the Directors' Report.

Directors

The Directors of the Company who were in office on 31 March 2024 and their biographies can be found on pages 50 and 51. On 11 May 2023, Mark Johnson and Jonathan Gray resigned from the Board with effect from the close of that meeting. With effect from 1 July 2024, Cherine Aboulzelof has been appointed as a Director.

All Directors who are in office as at the date of this report shall stand for re-election or election at the Company's Annual General Meeting on 24 July 2024.

The rules concerning the appointment and replacement of Directors are governed within the Company's Articles of Association and relevant company law.

Share capital

At the Company's Annual General Meeting on 18 July 2023, the Company was granted authority to allot Ordinary Shares up to a maximum nominal amount of £943,950.82 (representing approximately 20% of the issued Ordinary Share capital of the Company as at 20 June 2023) until the earlier of the conclusion of the Annual General Meeting to be held in 2024 and 30 September 2024.

No shares were allotted during the financial year ended 31 March 2024.

A special resolution was also passed at the Company's Annual General Meeting on 18 July 2023, granting the Directors authority to repurchase up to 14.99% of the Company's issued Ordinary Share capital during the period, expiring on the earlier of the conclusion of the Company's Annual General Meeting in 2024 and 30 September 2024. Renewal of this buy-back authority will be sought at each Annual General Meeting of the Company or more frequently if required.

The Company made no purchase of its own shares during the year and the rights attached to the Company's shares are set out in the Company's Articles of Association.

The Company's issued share capital as at 31 March 2024 consisted of 471,975,411 Ordinary Shares of £0.01 pence each. At the date of this report, 471,975,411 Ordinary Shares of £0.01 pence each have been issued, are fully paid-up and are quoted on the London Stock Exchange.

At 31 March 2024 and at the date of this report, the total voting rights of the Company were 471,975,411.

Further details regarding the Company's issued share capital are set out in note 27 of the Financial Statements.

Information about securities carrying voting rights

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

The Company's capital structure and voting rights and details of the substantial shareholders in the Company are set out in note 27 to the Financial Statements and in the previous paragraph:

- the giving of powers to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders; and
- there are no restrictions concerning the transfer of securities in the Company or on voting rights, no special rights with regard to control attached to securities, and no agreements between holders of securities regarding their transfer known to the Company.

Substantial shareholdings

As at 31 March 2024, the Company had received notification of the following disclosable interests in the voting rights of the Company. This information was correct at the date of notification, however notification of any further change is not required until the next applicable threshold is crossed.

	Number of Ordinary Shares	Percentage of voting rights (%)
Waverton Investment Management Limited	18,974,592	4.02

The Company has not been informed of any changes to the above interests between 31 March 2024 and the date of this report.

Cohen and Steers UK Limited previously notified the Company that it held 23,686,373 Ordinary Shares representing 5.02% of voting rights. The Company has been advised by its brokers that Cohen and Steers UK Limited sold all of their Ordinary Shares held in the Company during the financial year ended 31 March 2024, though no formal notification was received from Cohen and Steers UK Limited.

The AIFM and the Investment Adviser

The Board delegates the responsibility of its portfolio and risk management to the AIFM, subject to the Board being kept informed of all material property acquisitions and disposals, including development projects. The Company and the AIFM have appointed Logistics Asset Management LLP (the "Investment Adviser") as Investment Adviser pursuant to which the Investment Adviser (i) seeks out and evaluates investment opportunities; (ii) advises the Company and the AIFM in relation to acquisitions and disposals; and (iii) provides asset management services and, if required, development management services.

The Investment Adviser is controlled by Richard Moffitt who has provided investment advisory services to the Company since launch, and who reports to the Board at each meeting. Other members of the AIFM team and the investment advisory team attend as required.

DIRECTORS' REPORT CONTINUED

The AIFM and the Investment Adviser continued

The Company regularly uses, as agent for its purchases and sales of assets, M1 Agency LLP, a limited liability partnership in which Richard Moffitt has an interest. Each transaction is reviewed by the AIFM and the Investment Adviser (excluding Richard Moffitt) and by the Independent Directors to ensure that the fees payable are in line with market fees and practice. The total fees paid in the year amounted to £0.6 million (31 March 2023: £1.6 million). For details as to which Directors are independent of the Investment Adviser, please see the Director biographies on pages 50 and 51 and the table on page 60.

The Management Engagement Committee annually reviews the performance of the AIFM and the Investment Adviser and makes recommendations to the Board as to their continuing appointment. Further information can be found in the Management Engagement Committee Report on page 70.

LTIP

There was a long-term incentive plan ("LTIP") in place whereby Logistics Asset Management LLP had subscribed for C Ordinary Shares issued in Urban Logistics Holdings Limited, a subsidiary of the Company. Under the terms of the LTIP, the Company was obliged to acquire the C Ordinary Shares in Urban Logistics Holdings Limited, in return for services provided by Logistics Asset Management LLP, subject to certain conditions.

The fair value of the share price element of the LTIP award was calculated at the grant date using the Monte Carlo model. The resulting cost was charged to the Statement of Comprehensive Income over the vesting period.

In February 2024 the C shares were transferred back to the Group by Logistics Asset Management LLP, and re-designated as deferred shares.

The LTIP had a final vesting date of 30 September 2023, and vested with zero value.

Further details have been provided in note 14.

Following crystallisation of the LTIP in September 2023, the Company will not establish a new long-term incentive plan to replace the LTIP.

Annual management fee

The Company will pay the Investment Adviser the following fees, payable quarterly in arrears, less fees due to PCP2 Ltd and the AIFM until 12 May 2024:

- 0.950% per annum of the Group's EPRA NTA up to and including £250 million;
- 0.900% per annum of the Group's EPRA NTA in excess of £250 million and up to and including £500 million; and
- 0.850% per annum of the Group's EPRA NTA in excess of £500 million.

From 13 May 2024, the Company will pay the Investment Adviser the following fees, payable quarterly in arrears:

- 0.900% per annum of the Group's EPRA NTA up to and including £250 million;
- 0.825% per annum of the Group's EPRA NTA in excess of £250 million and up to and including £500 million;
- 0.775% per annum of the Group's EPRA NTA in excess of £500 million and up to and including £1 billion; and
- 0.750% per annum of the Group's EPRA NTA in excess of £1 billion.

Related party transactions

Details on related party transactions can be found in note 32 of the Financial Statements on page 113.

Financial results and dividends

IFRS profit after tax for the year was £24.7 million (31 March 2023: £82.7 million loss), representing a basic and diluted earnings per share of 5.24 pence, compared with -17.51 pence for the prior year.

Adjusted earnings for the year were £32.5 million, which represents a £0.2 million decrease when compared to the prior year.

The Company is targeting an annual total return of between 10% and 15% through a combination of dividends and growth in NAV.

The Company pays dividends on the Ordinary Shares on a half-yearly basis with dividends declared in respect of the six months ending on 30 September and 31 March in each year.

The following interim dividends totalling 7.6 pence have been paid or declared in respect of the year ended 31 March 2024:

Description	Pence per share	Payment date	Financial year
Second interim dividend	4.35	19 July 2024	2024
First interim dividend	3.25	15 December 2023	2024

Further information on dividends paid or declared can be found in note 15 to the Financial Statements and in the Financial Review section on pages 24 to 27.

Financial instruments

Details of the financial instruments used by the Group and financial risk management policies can be found in note Notes 23 and 24 of the Financial Statements and in the Principal Risks and Uncertainties section on pages 45 to 48.

DIRECTORS' REPORT CONTINUED

Going concern and viability statements

The Company's going concern and viability statement can be found on page 49.

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Group has considered its cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of the tenant leases.

Employees

There are no senior management or other employees within the Group at either 31 March 2024 or 31 March 2023.

Political donations

No political donations were made by the Company or its subsidiaries during the year or prior year.

Significant agreements

No significant agreements were entered into during the year ended 31 March 2024.

Further details regarding the principal agreements between the Company and its service providers, including the Investment Adviser, are set out in note 32 to the Financial Statements on page 112.

Articles of Association

The Company's Articles of Association can be found on the Company's website or by application to the Company Secretary.

Greenhouse gas emissions and Task Force on Climate-related Financial Disclosures ("TCFD")

Information about the Group's greenhouse gas emissions and the Company's voluntary reporting against the TCFD recommendations is set out in the Sustainability Report and TCFD Report on pages 28 to 39.

Streamlined Energy and Carbon Reporting

Further detail on the Company's environmental reporting can be found in the Sustainability Report on pages 28 to 32 and in the Supplementary Information on pages 114 to 123.

Independent auditor

RSM UK Audit LLP has expressed its willingness to continue as auditor for the financial year ending 31 March 2025. A resolution to re-appoint RSM UK Audit LLP will be put to shareholders at the 2024 Annual General Meeting.

Audit information

The Directors in office at the date of approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is not aware.

Each Director has taken all reasonable steps that he or she ought to have taken as a Director to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The information required under Listing Rule 9.8.4(7) in relation to allotment of shares is set out on page 76. information required under Listing Rule 9.8.4(4) in relation to the LTIP is set out on page 77, information required under Listing Rule 9.8.4(5 and 6) in relation to waiving of emoluments is set out on page 72 and information required under Listing Rule 9.8.4(10) in relation to management arrangements is set out on pages 70 and 77. The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

Annual General Meeting

The Company's AGM is scheduled to be held on 24 July 2024. A full description of the business to be conducted at the meeting is set out in the separate notice of AGM.

Future developments

Further information regarding the future developments of the Company can be found within the Strategic Report on pages 12 to 27.

Post balance sheet events

On 19 April 2024, the Group disposed of a property in Bedford for consideration of £3.83 million. This asset has been accounted for as 'Held for Sale' at year end, in line with the Group's accounting policy, details of which can be found within note 4 (on page 94) of this report.

This report was approved by the Board on 19 June 2024.

Nigel Rich CBE
Chairman

19 June 2024

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. The Directors have elected under company law, and are required under the Listing Rules of the Financial Conduct Authority, to prepare the Group Financial Statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the Company Financial Statements in accordance with UK-adopted International Accounting Standards.

The Group and Company Financial Statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group and the Company; the Companies Act 2006 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing each of the Group and Company Financial Statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards; and
d. prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on pages 50 and 51, confirms that, to the best of each person's knowledge:

a. the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
b. the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Urban Logistics REIT plc website.

Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Nigel Rich CBE
Chairman

19 June 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF URBAN LOGISTICS REIT PLC

Opinion

We have audited the Financial Statements of Urban Logistics REIT plc (the "parent company") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity and notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company Financial Statements is applicable law and UK-adopted International Accounting Standards and, as regards the parent company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company Financial Statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** • Valuation of Investment Property **Parent company** • No key audit matters
Materiality	**Group** • Overall materiality: £11,400,000 (2023: £11,570,000) • Performance materiality: £8,600,000 (2023: £8,670,000) **Parent company** • Overall materiality: £7,120,000 (2023: £6,890,000) • Performance materiality: £5,340,000 (2023: £5,170,000)
Scope	Our audit procedures covered 99% of revenue, 100% of total assets and 99% of EPRA earnings.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our audit report in relation to the parent company.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF URBAN LOGISTICS REIT PLC

Key audit matters continued

Valuation of Investment Property

Key audit matter description	This is detailed in the Audit Committee Report on pages 65 to 67; the significant accounting judgements and estimates on page 93; significant accounting policies on pages 94 to 97 and notes to the Financial Statements on pages 93 to 113. The Group owns a portfolio of investment properties located across the UK and the total value of the portfolio at 31 March 2024 was £1,100 million. The Directors' assessment of the value of the investment properties at year-end date, is considered a key audit matter due to the magnitude of the total amount, the potential impact of the movement in value on the reported results, the subjectivity and complexity of the valuation process and the significant allocation of audit resources. The valuation is carried out by external valuers, CBRE, in line with the methodology set out in note 16. There is an associated fraud risk that the fee payable to the investment adviser may be manipulated through misstatement of the property valuation.
How the matter was addressed in the audit	We audited the independent valuations of investment properties to ensure that where appropriate they had been prepared on a consistent basis for all properties and correctly recorded in the Financial Statements and in line with the Accounting Standards. We assessed the external valuers qualifications and expertise and considered their terms of engagement, we also considered their objectivity and any other existing relationships with the Group and concluded that there was no evidence that the valuers objectivity had been compromised. We engaged a property valuation specialist as our auditor expert to assist in the review and challenge of a sample of the valuations. We selected a sample of twelve sites that had valuation or yield movements that were higher or lower than expected from our overall review of the portfolio and requested they complete a detailed assessment of each valuation. We discussed with the investment adviser and the valuer the overall movement in property values and also challenged them on any properties whose movement was not consistent with overall movements of the entire portfolio, to gain an understanding of why these exceptions were reasonable. We tested a sample of inputs provided by the investment adviser to the valuer to ensure these reflected the key observable inputs for each property and considered whether market data for a sample of properties was consistent with the valuation report.
Key observations	We concluded that the fair values of the investment properties being adopted by the Group were appropriate.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the Financial Statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£11,400,000 (2023: £11,570,000)	£7,120,000 (2023: £6,890,000)
Basis for determining overall materiality	1% of total assets	1% of total assets
Rationale for benchmark applied	Total assets used as a benchmark as we assessed that the shareholders will be primarily interested in the growth in the value of property, represented by the property valuation.	Total assets used as a benchmark as we assessed that the shareholders will be primarily interested in the value of company's assets, represented by the investment in the group's property holding subsidiaries.
Performance materiality	£8,600,000 (2023: £8,670,000)	£5,340,000 (2023: £5,170,000)

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF URBAN LOGISTICS REIT PLC

Our application of materiality continued

	Group	Parent company
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Materiality levels for transactions where materiality levels are lower than overall materiality	The income statement values that impact EPRA earnings (see note 13 to the Financial Statements on page 99) were tested using a performance materiality of 75% of a specific materiality of £1,568,000 (2023: £1,850,000) which was calculated at 5% of EPRA earnings as these income statement values are significantly lower than overall materiality.	The income statement values that impact profit before dividends received from subsidiaries were tested using a performance materiality of 75% of a specific materiality of £170,000 (2023: £242,000) which was calculated at 5% of profit before dividends received and exceptional items received as these income statement values are significantly lower than overall materiality.
Reporting of misstatements to the Audit Committee	Misstatements in excess of £573,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £356,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 19 components, all of which are based in the UK, Jersey and Guernsey.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	EPRA Earnings
Full scope audit	12	99%	99%	99%
Specific scope audit	1	–	1%	–
Total	**13**	**99%**	**100%**	**99%**

Analytical procedures at Group level were performed for the remaining six components. All work was performed by RSM UK Audit LLP.

The impact of climate change on the audit

In planning our audit, we considered the potential impact of the possible risks arising from climate change on the Group's and the Parent Company's Financial Statements and obtained an understanding of how management identifies and responds to climate-related risks. Further information on management's risk assessment, progress and commitments is provided in the Group's climate-related risk disclosures on pages 33 to 39 of the Annual Report.

We performed risk assessment procedures including making enquiries of management, reading board minutes and applying our knowledge of the Group and the Parent Company and the sector within which it operates, to assess the potential impact on the Financial Statements.

Taking account of the nature of the business, the Group continues to develop its assessment of climate-related risks and resilience of the Group and its properties under different climate scenarios, as explained in the TCFD Report on pages 33 to 39, we have not assessed climate-related risk to be significant to our audit. There was also no impact on our key audit matters.

In accordance with our obligations with regards to other information, we have read the Group's climate-related risk disclosures on pages 33 to 39 of the Annual Report and in doing so have considered whether those disclosures are materially inconsistent with the Financial Statements or our knowledge obtained during the course of the audit, or otherwise appear to be materially misstated.

We have not been engaged to provide assurance over the accuracy of the climate-related risk disclosures set out on pages 33 to 39 in the Annual Report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF URBAN LOGISTICS REIT PLC

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included review of sensitivity analysis and forecast compliance with covenants. We concluded that the Directors' assessment was appropriate in the circumstances.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF URBAN LOGISTICS REIT PLC

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 49;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 49;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 49;
- Directors' statement on fair, balanced and understandable set out on page 67;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 45 to 48;
- Section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 59; and,
- Section describing the work of the Audit Committee set out on pages 65 to 67.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 79, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the Financial Statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the Financial Statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and parent company operate in and how the Group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the Financial Statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF URBAN LOGISTICS REIT PLC

The extent to which the audit was considered capable of detecting irregularities, including fraud continued

The most significant laws and regulations were determined as follows:

Legislation/ Regulation	Additional audit procedures performed by the Group audit engagement team included:
IFRS/UK-adopted International Accounting Standards and Companies Act 2006	Review of the Financial Statement disclosures and testing to supporting documentation. Completion of disclosure checklists to identify areas of non-compliance.
REIT status compliance regulations	Input from a tax specialist was obtained regarding the Group's compliance with the REIT requirements.

In addition to the valuation of investment property which is set out in the key audit matters section above, the areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
Related party transactions	We obtained an understanding of the procedures adopted by the Board to ensure all related party transactions are identified and checked that the procedures adopted have been followed. We tested a sample of related party transactions and checked they are in line with the underlying agreements. We confirmed that related party transactions are appropriately disclosed in the Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: **http://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 15 February 2021 to audit the Financial Statements for the year ended 31 March 2021 and subsequent financial periods.

The period of total uninterrupted consecutive appointment is four years, covering the years ending 31 March 2021 to 31 March 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules, these Financial Statements will form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language ("XHTML") format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

Euan Banks
(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants

25 Farringdon Street
London
EC4A 4AB

19 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Continuing operations			
Revenue	5	**59,951**	55,305
Property operating expenses	7	**(2,511)**	(2,313)
Net rental income		**57,440**	52,992
Administrative and other expenses		**(9,191)**	(9,683)
Other income		**147**	57
Long-term incentive plan (charge)/credit	14	**(11)**	4,345
Operating profit before changes in fair value of investment properties and interest rate derivatives		**48,385**	47,711
Changes in fair value of investment property	6, 16	**(5,810)**	(121,119)
Profit on disposal of investment property		**55**	–
Exceptional items	12	**(1,125)**	–
Operating profit/(loss)	8	**41,505**	(73,408)
Finance income		**243**	72
Finance expense	10	**(16,139)**	(10,752)
Changes in fair value of interest rate derivatives	23	**(865)**	1,431
Profit/(loss) before taxation		**24,744**	(82,657)
Tax charge	11	**–**	–
Profit/(loss) and total comprehensive income (attributable to the shareholders)		**24,744**	(82,657)
Earnings/(loss) per share – basic	13	**5.24p**	(17.51)p
Earnings/(loss) per share – diluted	13	**5.24p**	(17.51)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2024 £'000	31 March 2023 £'000
Non-current assets			
Investment property	16	**1,105,587**	1,101,583
Intangible assets		**21**	32
Interest rate derivatives	23	**1,436**	1,883
Total non-current assets		**1,107,044**	1,103,498
Current assets			
Assets held for sale	16	**3,770**	14,500
Trade and other receivables	19	**6,121**	8,006
Interest rate derivatives	23	**733**	1,151
Cash and cash equivalents	20	**30,274**	30,159
Total current assets		**40,898**	53,816
Total assets		**1,147,942**	1,157,314
Current liabilities			
Trade and other payables	21	**(11,300)**	(13,233)
Deferred rental income		**(13,198)**	(11,596)
Total current liabilities		**(24,498)**	(24,829)
Non-current liabilities			
Long-term rental deposits		**(6,049)**	(6,504)
Lease liability		**(9,764)**	(9,447)
Bank borrowings	22	**(348,986)**	(346,774)
Total non-current liabilities		**(364,799)**	(362,725)
Total liabilities		**(389,297)**	(387,554)
Total net assets		**758,645**	769,760

	Note	31 March 2024 £'000	31 March 2023 £'000
Equity			
Share capital	27	**4,720**	4,720
Share premium	28	**438,418**	438,418
Capital reduction reserve	29	**228,760**	228,760
Other reserves	14	**–**	120
Retained earnings	31	**86,747**	97,742
Total equity		**758,645**	769,760
Net asset value per share – basic	33	**160.74p**	163.09p
Net asset value per share – diluted	33	**160.74p**	163.09p

The Financial Statements of Urban Logistics REIT plc (registered number 09907096) were approved by the Board of Directors and authorised for issue on 19 June 2024 and signed on its behalf by:

Nigel Rich CBE
Chairman

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	**31 March 2024 £'000**	31 March 2023 £'000
Non-current assets			
Investment subsidiaries	18	**685,766**	685,766
Intangible assets		**21**	32
Total non-current assets		**685,787**	685,798
Current assets			
Trade and other receivables	19	**26,406**	3,449
Cash and cash equivalents	20	**749**	22
Total current assets		**27,155**	3,471
Total assets		**712,942**	689,269
Current liabilities			
Trade and other payables	21	**(3,538)**	(2,583)
Total current liabilities		**(3,538)**	(2,583)
Total liabilities		**(3,538)**	(2,583)
Total net assets		**709,404**	686,686
Equity			
Share capital	27	**4,720**	4,720
Share premium	28	**438,418**	438,418
Capital reduction reserve	29	**228,760**	228,760
Other reserves		**–**	120
Retained earnings	31	**37,506**	14,668
Total equity		**709,404**	686,686

The Company has not presented its own Statement of Comprehensive Income, as permitted by section 408 of the Companies Act 2006. The Company made a profit of £58.6 million (31 March 2023: £41.4 million).

The Financial Statements of Urban Logistics REIT plc (registered number 09907096) were approved by the Board of Directors and authorised for issue on 19 June 2024 and signed on its behalf by:

Nigel Rich CBE
Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**31 March 2024 £'000**	31 March 2023 £'000
Cash flows from operating activities			
Profit/(loss) for the year (attributable to equity shareholders)		**24,744**	(82,657)
Add: amortisation and depreciation		**113**	127
Add: changes in fair value of investment property	6, 16	**5,810**	121,119
Add/(less): changes in fair value of interest rates swaps		**865**	(1,431)
Less: profit on disposal of investment property		**(55)**	–
Add: finance expense	10, 22	**16,139**	10,752
Add/(less): long-term incentive plan	14	**11**	(4,345)
Movement in trade and other financial assets		**25**	8,665
Movement in trade and other financial liabilities		**(1,065)**	(9,111)
Cash generated from operations		**46,587**	43,119
Net cash flow generated from operating activities		**46,587**	43,119
Investing activities			
Purchase of investment properties	16	**–**	(86,112)
Capital expenditure on investment properties	16	**(11,230)**	(34,796)
Disposal of investment properties	16	**14,555**	–
Acquisition of subsidiary, net of cash acquired	17	**–**	(80,391)
Net cash flow generated from/(used in) investing activities		**3,325**	(201,299)

	Note	**31 March 2024 £'000**	31 March 2023 £'000
Financing activities			
Bank borrowings drawn	22	**69,203**	121,600
Bank borrowings repaid	22	**(66,453)**	(10,000)
Loan arrangement fees paid	22	**(1,843)**	(2,058)
Other borrowings repaid		**–**	(3,058)
Interest paid	10	**(14,537)**	(9,346)
Finance lease payments		**(297)**	(308)
Dividends paid to equity holders	15	**(35,870)**	(35,870)
Net cash flow (used in)/generated from financing activities		**(49,797)**	60,960
Net increase/(decrease) in cash and cash equivalents for the period		**115**	(97,220)
Cash and cash equivalents at start of period		**30,159**	127,379
Cash and cash equivalents at end of period		**30,274**	30,159

COMPANY STATEMENT OF CASH FLOWS

	Note	**Year ended 31 March 2024 £'000**	Year ended 31 March 2023 £'000
Cash flows from operating activities			
Profit for the period (attributable to equity shareholders)		**58,577**	41,445
Add: amortisation		**11**	15
Less: dividends received from subsidiaries		**(58,000)**	(36,600)
Add/(less): long-term incentive plan charge/(credit)	14	**11**	(4,345)
Decrease in trade and other receivables		**35,021**	74
Increase/(decrease) in trade and other payables		**1,030**	(388)
Cash generated from operations		**36,650**	201
Net cash flow generated from operating activities		**36,650**	201
Investing activities			
(Increase)/Decrease in amounts due from Group undertakings		**–**	7,996
Net cash flow generated from investing activities		**–**	7,996
Financing activities			
Decrease in amounts owed to Group undertakings		**(53)**	–
Dividends paid to equity holders	15	**(35,870)**	(35,870)
Net cash flow used in financing activities		**(35,923)**	(35,870)
Net increase/(decrease) in cash and cash equivalents for the period		**727**	(27,673)
Cash and cash equivalents at start of period		**22**	27,695
Cash and cash equivalents at end of period		**749**	22

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024	Share capital £'000	Share premium £'000	Capital reduction reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2023	4,720	438,418	228,760	120	97,742	769,760
Profit for the period	–	–	–	–	24,744	24,744
Total comprehensive income	**–**	**–**	**–**	**–**	**24,744**	**24,744**
Transactions with owners in their capacity as owners						
Dividends to shareholders	**–**	**–**	**–**	**–**	**(35,870)**	**(35,870)**
Long-term incentive plan charge	**–**	**–**	**–**	**11**	**–**	**11**
Transfer between reserves	**–**	**–**	**–**	**(131)**	**131**	**–**
31 March 2024	**4,720**	**438,418**	**228,760**	**–**	**86,747**	**758,645**

Year ended 31 March 2023	Share capital £'000	Share premium £'000	Capital reduction reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2022	4,720	438,418	228,760	4,465	216,269	892,632
Loss for the period	–	–	–	–	(82,657)	(82,657)
Total comprehensive income	–	–	–	–	(82,657)	(82,657)
Transactions with owners in their capacity as owners						
Dividends to shareholders	–	–	–	–	(35,870)	(35,870)
Long-term incentive plan credit	–	–	–	(4,345)	–	(4,345)
31 March 2023	4,720	438,418	228,760	120	97,742	769,760

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024	Share capital £'000	Share premium £'000	Capital reduction reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2023	4,720	438,418	228,760	120	14,668	686,686
Profit for the period	–	–	–	–	58,577	58,577
Total comprehensive income	**–**	**–**	**–**	**–**	**58,577**	**58,577**
Transactions with owners in their capacity as owners						
Dividends to shareholders	**–**	**–**	**–**	**–**	**(35,870)**	**(35,870)**
Long-term incentive plan charge	**–**	**–**	**–**	**11**	**–**	**11**
Transfer between reserves	**–**	**–**	**–**	**(131)**	**131**	**–**
31 March 2024	**4,720**	**438,418**	**228,760**	**–**	**37,506**	**709,404**

Year ended 31 March 2023	Share capital £'000	Share premium £'000	Capital reduction reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2022	4,720	438,418	228,760	4,465	9,093	685,456
Profit for the period	–	–	–	–	41,445	41,445
Total comprehensive income	–	–	–	–	41,445	41,445
Transactions with owners in their capacity as owners						
Dividends to shareholders	–	–	–	–	(35,870)	(35,870)
Long-term incentive plan credit	–	–	–	(4,345)	–	(4,345)
31 March 2023	4,720	438,418	228,760	120	14,668	686,686

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Urban Logistics REIT plc (the "Company") and its subsidiaries (the "Group") carry out the business of property lettings throughout the United Kingdom. The Company is a public limited company incorporated and domiciled in England and Wales and listed on the Main Market of the London Stock Exchange. The registered office address is Central Square, 29 Wellington Street, Leeds, LS1 4DL.

2. Basis of preparation

The Group and parent company have elected to prepare the Financial Statements in accordance with UK Company Law and UK-adopted International Accounting Standards ("IAS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under UK-adopted IFRS.

The Group's financial information has been prepared on a historical cost basis, except for investment property and derivative interest rate caps which have been measured at fair value.

The functional and presentational currency of the Group is considered to be pounds sterling as this is the currency of the primary environment in which the Company operates.

The Group has chosen to adopt European Public Real Estate Association ("EPRA") best practice guidelines for calculating key metrics such as net tangible assets and earnings per share (**www.epra.com/finance/financial-reporting/guidelines**).

The Company has not presented its own Statement of Comprehensive Income, as permitted by section 408 of the Companies Act 2006. The Company made a profit of £58.6 million (31 March 2023: £41.4 million).

All amounts presented in the notes to the Financial Statements are to the nearest £1,000 unless otherwise stated.

Going concern

The Directors have reviewed the current and projected financial position of the Group, making reasonable assumptions about future trading performance. As part of the review, the Group has considered its cash balances, its debt maturity profile, including undrawn facilities, and the long-term nature of the tenant leases.

The Group has undertaken risk assessments in respect of the impact on key objectives and has appropriate response plans such as stress testing, monitoring of tenant performance and financial reviews. The Group recorded a profit for the year of £24.7 million (2023: loss of £82.7 million). There is sufficient headroom within all banking loan to value covenants.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements in conformity with the generally accepted accounting practices requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenue and expenses during the reporting period.

Key sources of judgement uncertainty

Fair value of investment property and properties under construction

The Group values its investment properties using a yield capitalisation methodology. Principal assumptions and management's underlying estimation of the fair value of those relate to: capitalised occupancy levels; expected future growth in rental income and operating costs; maintenance requirements; capitalisation rate; and discount rates. There are inter-relationships between the valuation inputs and they are primarily determined by market conditions. The effect of an increase in more than one input could be to magnify the impact on the valuation. However, the impact on the valuation could be offset by the inter-relationship of two inputs moving in opposite directions, e.g. an increase in rent may be offset by a decrease in occupancy, resulting in a minimal net impact on the valuation. A more detailed explanation of the background, methodology and judgements made by management that are adopted in the valuation of the investment properties is set out in note 16 to the Financial Statements.

The market value of an investment property is determined by real estate valuation experts, to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Each property has been valued on an individual basis. The valuation experts use recognised valuation techniques and the principles of IFRS 13.

The valuations have been prepared in accordance with RICS Valuation – Global Standards January 2022 (the "Red Book"). Factors reflected include current market conditions, annual rentals, lease lengths and location. The significant methods and assumptions used by the valuers in estimating the fair value of investment property, including sensitivities, are set out in note 16.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Principal accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies, which are also applicable to the Financial Statements of the Company, have been consistently applied to all the years presented.

Basis of consolidation

The Financial Statements consolidate the accounts of the Company and all subsidiary undertakings drawn up to the same year end.

Business combinations

The Group has acquired companies that own real estate. At the time of acquisitions, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. 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 identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value. Realised gains and losses are dealt with through the Statement of Comprehensive Income. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the Statement of Comprehensive Income.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the borrowings period using the effective interest method.

Borrowing costs

Borrowing costs in relation to interest charges on bank borrowings are expensed in the period to which they relate. Fees incurred in relation to the arrangement of bank borrowings are capitalised and expensed over the term of the loan using the effective interest method.

Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reported to the Board to allocate resources to the segments and to assess their performance. The Directors consider there to be only one reportable segment, being the investment in the United Kingdom into small logistics warehouses.

Investment properties

Investment properties comprises completed property that is held to earn rentals or for capital appreciation, or both, and development properties that are under development or available for development.

Investment properties are initially recognised at cost including transaction costs. Transaction costs include transfer taxes and professional fees for legal services. Subsequent to initial recognition, investment properties are carried at fair value, as determined by real estate valuation experts. Gains or losses arising from changes in fair value are recognised in the Statement of Comprehensive Income in the period in which they arise.

In accordance with IAS 40, investment property held as a leasehold is stated gross of the recognised lease liability. Leasehold properties are classified as investment properties and included in the balance sheet at fair value. The obligation to the lessor for the leasehold is included in the balance sheet at the present value of minimum lease payments.

Investment properties cease to be recognised when they have been disposed of. The difference between the disposal proceeds and the carrying amount of the asset is recognised in the Statement of Comprehensive Income. A disposal is recognised on exchange if the sale contract is unconditional; if the sale contract on exchange is conditional, the disposal is recognised on legal completion.

An investment property will be classified as held for sale, in line with IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, if its carrying value is expected to be recovered through a sale transaction rather than through continuing use. An investment property will be classified in this way when a sale is highly probable, management are committed to selling the asset at the year-end date, the asset is available for immediate sale in its current condition and the asset is expected to be disposed of within twelve months after the date of the Consolidated Statement of Financial Position.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Principal accounting policies continued

Financial assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Group do not contain significant financing components. Trade receivables are subsequently measured at amortised cost using the effective interest method less loss allowance. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost, and are subsequently measured at amortised cost less impairment due to their short-term nature.

Financial liabilities

Financial liabilities, equity instruments and warrant instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments

Derivative financial instruments, comprising interest rate caps and swaps for hedging purposes, are initially recognised at cost 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 and the current credit rating of the Group and its counterparties.

The gain or loss at each fair value measurement date is recognised in the Statement of Comprehensive Income. Premiums payable under such arrangements are initially capitalised into the Statement of Financial Position, subsequently they are remeasured and held at their fair values.

Hedge accounting has not been applied in these Financial Statements.

Long-term rent deposits

Long-term rent deposits are held by the Group in separate designated bank accounts where the use of the monies is restricted and defined in the lease agreements, however the access to these monies by the Group is not restricted. Rent deposits are typically held for the term of the lease, and recognised as a separate liability on the Statement of Financial Position. The rent deposit is classified as non-current until there is less than twelve months remaining on the lease, when the balance is then recognised as a current liability.

Revenue recognition

Rental income and service charge income from operating leases on properties owned by the Group is accounted for on a straight-line basis over the term of the lease. Rental income excludes service charges and other costs directly recoverable from tenants.

Lease incentives are amortised on a straight-line basis over the term of the lease.

Exceptional items

The Group defines exceptional items to be those that warrant, by virtue of their nature, size or frequency, separate disclosure on the face of the income statement where, in the opinion of the Directors, this enhances the understanding of the Group's financial performance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Principal accounting policies continued

Leases

At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group recognises a right-of-use ("ROU") asset and a corresponding lease liability at the commencement date of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received.

Lease payments include fixed payments. When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Each lease payment is allocated between the liability and finance cost. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined or, if not, the incremental borrowing rate is used which is the weighted average cost of debt. The finance cost is charged to profit or loss over the lease period so as to produce a constant rate of interest on the remaining balance of the liability for each period.

As the head leases meet the definition of investment property, it is initially recognised in accordance with IFRS 16, and then subsequently accounted for as if it was an investment property in accordance with the Group's accounting policy.

ROU assets are included in investment properties and the lease liability included in the Statement of Financial Position.

Long-term incentive plan

There was a long-term incentive plan ("LTIP") in place whereby Logistics Asset Management LLP had subscribed for C Ordinary Shares issued in Urban Logistics Holdings Limited, a subsidiary of Urban Logistics REIT plc (the "Company"). Under the terms of the LTIP, the Company was obliged to acquire the C Ordinary Shares in Urban Logistics Holdings Limited, in return for services provided by Pacific Industrial LLP, subject to certain conditions.

The fair value of the share price element of the LTIP award was calculated at the grant date using the Monte Carlo model. The resulting cost was charged to the Statement of Comprehensive Income over the vesting period.

The LTIP had a final vesting date of 30 September 2023, and vested with zero value.

Further details have been provided in note 14.

Taxation

Taxation on the profit or loss for the year not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the year, using tax rates enacted or substantively enacted at the period end date, and any adjustment to tax payable in respect of previous years.

Dividends

Dividends on equity shares are recognised when they become legally payable. In the case of interim dividends, this is when paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

Standards and interpretations effective in the current year

In the current year, the following amendments have been adopted which were effective for the periods commencing on or after 1 January 2023:

- IFRS 17: Insurance Contracts (effective 1 January 2023);
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies' (effective 1 January 2023); and
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023); and
- Amendments to IAS 8 'Definition of Accounting Estimates' (effective 1 January 2023).

The adoption of these amendments has not had a material impact on the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Principal accounting policies continued

Standards and interpretations in issue but not yet effective

At the date of authorisation of these Financial Statements there were standards and amendments which were in issue but not yet effective and which have not been applied. The principal ones were:

- Amendments to IFRS 16 Lease liability in a sale and leaseback (effective 1 January 2024);
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements (effective 1 January 2024);
- Amendments to IAS 21: Accounting where there is a lack of exchangeability (effective 1 January 2025);
- Amendments to IAS 1: Non-current liabilities with covenants, and classification of liabilities as current or non-current, (effective 1 January 2024); and
- IFRS 18: Presentation and Disclosure in Financial Statements (effective 1 January 2027 - subject to endorsement by the UKEB).

The Directors do not expect the adoption of these standards and amendments to have a material impact on the Financial Statements.

Non-GAAP financial information

The Directors have identified certain measures that they believe will assist the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but they have been included as the Directors consider them to be important comparable and key measures used within the business for assessing performance. The key non-GAAP measures identified by the Group have been defined in the supplementary information and, where appropriate, reconciliation to the nearest IFRS measure has been given.

5. Revenue

The Group is involved in UK property ownership and letting and is considered to operate in a single geographical and business segment. The total revenue of the Group for the year was derived from its principal activity, being that of property lettings. No single tenant accounted for more than 10% of the Group's gross rental income in both financial years.

All revenue is recognised over the period for which space is occupied by the tenant on a time apportionment basis.

	31 March 2024 £'000	31 March 2023 £'000
Rental income	**59,263**	54,119
Service charge income	**347**	251
Licence fee	**341**	935
Total revenue	**59,951**	55,305

6. Changes in fair value of investment property

	31 March 2024 £'000	31 March 2023 £'000
Revaluation deficit	**(5,841)**	(120,420)
Movement in expected profit share	**31**	(699)
Total changes in fair value of investment property	**(5,810)**	(121,119)

A provision for profit share is included in other creditors where there is a third-party interest.

7. Property operating expenses

	31 March 2024 £'000	31 March 2023 £'000
Vacant property costs	**1,623**	1,566
Letting and marketing fees	**351**	201
Premise expenses	**64**	43
Service charge expenses	**473**	503
Total property operating expenses	**2,511**	2,313

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	31 March 2024 £'000	31 March 2023 £'000
Directors' remuneration (note 9)	**313**	302
Long-term incentive plan (note 14)	**11**	(4,345)
Auditor's fees		
– Fees payable for the audit of the Company's annual accounts	**30**	28
– Fees payable for the ISRE 2410 review of the Company's interim accounts	**34**	32
– Fees payable for the audit of the Company's subsidiaries	**176**	170
Total auditor's fee	**240**	230

9. Directors' remuneration

	31 March 2024 £'000	31 March 2023 £'000
Directors' fees	**280**	269
Employer's National Insurance	**33**	33
Total	**313**	302

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Remuneration Report.

10. Finance expense

	31 March 2024 £'000	31 March 2023 £'000
Interest on bank borrowings	**17,153**	10,697
Swap interest received	**(2,616)**	(1,351)
Interest on lease liability	**274**	314
Loan arrangement fee amortisation	**1,328**	1,092
Total	**16,139**	10,752

11. Taxation

As a REIT, the Group is exempt from corporation tax on the profits/losses and gains/losses from its property investment business, provided it continues to meet certain conditions as per REIT regulations. For the year ended 31 March 2024 and 31 March 2023, the Group did not have any non-qualifying losses/profits, and accordingly there is no tax charge in the period. Any non-qualifying profits and gains, however, will continue to be subject to corporation tax.

12. Exceptional items

There were £1.1 million exceptional items in the current year (2023: £nil). £0.4 million of these were incurred in relation to the new management agreement that came into effect on 12 May 2023, and £0.7 million in relation to a potential all-share offer deal that was subsequently aborted.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. Earnings per share

The calculation of the basic earnings per share ("EPS") was based on the profit/(loss) attributable to Ordinary Shareholders divided by the weighted average number of Ordinary Shares outstanding during the period, in accordance with IAS 33.

	31 March 2024 £'000	31 March 2023 £'000
Profit attributable to Ordinary Shareholders		
Total comprehensive income/(loss)	**24,744**	(82,657)
Weighted average number of Ordinary Shares in issue	**471,975,411**	471,975,411
Basic earnings/(loss) per share (pence)	**5.24p**	(17.51)p
Number of diluted shares under option/warrant	**–**	–
Weighted average number of Ordinary Shares for the purpose of dilutive earnings per share	**471,975,411**	471,975,411
Diluted earnings/(loss) per share (pence)	**5.24p**	(17.51)p
Adjustments to remove:		
Changes in fair value of investment property	**5,810**	121,119
Changes in fair value of interest rate derivatives	**865**	(1,431)
Profit on disposal of investment properties	**(55)**	–
EPRA earnings	**31,364**	37,031
EPRA earnings per share (pence)	**6.65p**	7.85p
Adjustments to add back:		
LTIP adjustment	**11**	(4,345)
Exceptional items	**1,125**	–
Adjusted earnings	**32,500**	32,686
Adjusted earnings per share (pence)	**6.89p**	6.93p

The number of Ordinary Shares is based on the time weighted average number of shares throughout the year.

EPRA earnings per share is based on the European Public Real Estate Association's definition of earnings and is defined as profit or loss for the year after tax excluding changes in fair value of investment property, changes in the fair value of interest rate derivatives and profit or loss on disposal of investment properties.

The Group then makes further Company-specific adjustments for the impact of exceptional items and IFRS 2; Share-based Payment charges. The Group discloses an adjusted earnings per share measure as it provides a clearer understanding of the Group's underlying trading performance.

The potential dilutive impact of the long-term incentive plan ("LTIP") shares under option has not been reflected in the table above due to the settlement of the LTIP, in either shares of Urban Logistics REIT plc, or cash, or a combination of both, being at the Board's discretion. The settlement of the LTIP in equity would have had an immaterial impact on the earnings per share, therefore, this has not been disclosed.

The LTIP had a final vesting date of 30 September 2023, and vested with zero value; no payment in equity or cash has been made to Logistics Asset Management LLP.

14. Long-term incentive plan ("LTIP")

The Company had an LTIP, accounted for as an equity-settled share-based payment, in which Logistics Asset Management LLP had subscribed for 1,000 C Ordinary shares of £0.01 each in Urban Logistics Holdings Limited, a subsidiary company.

The LTIP was valued on a combination of NAV growth and share price performance.

The LTIP had a final vesting date of 30 September 2023, and vested with zero value; no payment in equity or cash has been made to Logistics Asset Management LLP.

In February 2024 the C Shares were transferred back to the Group by Logistics Asset Management LLP, and re-designated as deferred shares.

31 March 2024	Class of share	Fair value £'000	Charge for the year £'000
Option granted in August 2017			
– Share price element	C Ordinary	–	11
– EPRA NTA element	C Ordinary	–	–
		–	**11**

31 March 2023	Class of share	Fair value £'000	Charge/(credit) for the year £'000
Option granted in August 2017			
– Share price element	C Ordinary	131	21
– EPRA NTA element	C Ordinary	–	(4,366)
		131	**(4,345)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. Dividends

	31 March 2024 £'000	31 March 2023 £'000
Ordinary dividends paid		
2022: second interim dividend: 4.35 pence per share	–	20,531
2023: first interim dividend: 3.25 pence per share	–	15,339
2023: second interim dividend: 4.35 pence per share	**20,531**	–
2024: first interim dividend: 3.25 pence per share	**15,339**	–
Total dividends paid in the year	**35,870**	35,870
Total dividends paid in the year (per share)	**7.60p**	7.60p
Total dividends declared in respect of the financial year (per share)	**7.60p**	7.60p

On 8 November 2023, the Company declared an interim dividend for the first half of the financial year ended 31 March 2024 of 3.25 pence per Ordinary Share. The dividend was paid as a property income distribution on 15 December 2023 to shareholders on the register on 24 November 2023.

On 19 June 2024, the Company declared a second interim dividend of 4.35 pence per Ordinary Share in respect of the six months to 31 March 2024. The dividend will be paid as a property income distribution on 19 July 2024 to shareholders on the register on 28 June 2024. The second interim dividend has not been recognised in the Financial Statements for the year ended 31 March 2024.

16. Investment properties

In accordance with IAS 40: Investment Property, investment property is carried at its fair value as determined by an external valuer. This valuation has been conducted by CBRE and has been prepared as at 31 March 2024, in accordance with the RICS Valuation – Professional Standards UK January 2022 (the "Red Book").

The valuations have been prepared in accordance with those recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS.

31 March 2024	Investment properties £'000	Development properties £'000	Total £'000
At 1 April 2023	1,074,103	17,905	1,092,008
Capital expenditure	6,871	4,359	11,230
Transfer of assets held for sale	(3,770)	–	(3,770)
Transfer of completed development properties	15,363	(15,363)	–
Movement in tenant lease incentives	2,150	–	2,150
Revaluation deficit	(5,625)	(216)	(5,841)
Investment properties excluding head lease ROU assets at 31 March 2024	**1,089,092**	**6,685**	**1,095,777**
Add: right-of-use assets	9,810	–	9,810
Total investment properties at 31 March 2024	**1,098,902**	**6,685**	**1,105,587**

Included within the carrying value of investment property is £10.9 million (2023: £8.7 million) in respect of tenant lease incentives. This balance is recognised in accordance with IFRS treatment of leases and the Group's revenue recognition policy. Lease incentives are amortised on a straight-line basis over the term of the lease.

At 31 March 2024, the development properties grouping contained only land plots, and no active developments.

	31 March 2024 £'000	31 March 2023 £'000
Investment property at fair value per Group Statement of Financial Position	**1,089,092**	1,074,102
Assets held for sale	**3,770**	14,500
Total investment property valuation (excluding developments)	**1,092,862**	1,088,602
Developments	**6,685**	17,905
Total investment property valuation	**1,099,547**	1,106,507

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Investment properties continued

Assets held for sale

	31 March 2024 £'000	31 March 2023 £'000
Assets held for sale	**3,770**	14,500

Assets held for sale represent one investment property that was under offer at year end. The asset has been classified as held for sale due to meeting the criteria detailed in the Group's accounting policy, which can be found under 'Investment properties' within note 4. The asset has subsequently been sold. See note 34: Post balance sheet events.

Investment property is made up of 83.2% freehold assets and 16.8% leasehold assets (2023: 77.5% freehold assets and 22.5% leasehold assets). The right-of-use asset balance solely relates to the Leasehold assets.

The Group has no restrictions on the realisability of its investment properties. Contractual obligations arising from contracts entered into as at year end are disclosed in the capital commitments within note 26. There are no other contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

31 March 2023	Investment properties £'000	Development properties £'000	Total £'000
At 1 April 2022	979,962	34,735	1,014,697
Property acquisitions through corporate acquisitions	82,610	—	82,610
Property acquisitions	83,595	2,517	86,112
Capital expenditure	8,616	26,180	34,796
Revaluation (deficit)/surplus	(126,171)	5,751	(120,420)
Transfer of assets held for sale	(14,500)	—	(14,500)
Transfer of development land	(4,630)	4,630	—
Tenant lease incentives	8,712	—	8,712
Transfer of completed development properties	55,908	(55,908)	—
At 31 March 2023	1,074,102	17,905	1,092,007
Add: right-of-use asset	9,576	—	9,576
Total investment properties at 31 March 2023	1,083,678	17,905	1,101,583

Total rental income for the year recognised in the Consolidated Statement of Comprehensive Income amounted to £59.3 million (31 March 2023: £54.1 million).

Investment property – level 3

The Group's investment property assets are classified as level 3, as defined by IFRS 13, in the fair value hierarchy. Level 3 inputs for the asset or liability that are derived from formal valuation techniques include inputs for the asset or liability that are not based on observable market data.

The valuation has been prepared on the basis of fair value ("FV"), in accordance with IFRS 13, which is defined as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Fair value, for the purpose of financial reporting under IFRS 13, is effectively the same as market value, which is defined as:

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

The table below analyses:

- the fair value measurement at the end of the reporting year;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Investment properties continued

Valuation techniques

The yield capitalisation approach is used by the Groups external valuer when valuing the Group's commercial investment properties which uses market rental values with a market capitalisation rate. The resulting valuations are cross-checked against the net initial yields and the fair market values based on recent market transactions.

For investment properties under development, properties are valued using a residual values method approach. The fair value is calculated by estimating the fair value of the completed property using the yield capitalisation approach less estimated costs to complete and a risk premium. There are no investment properties under development at year end, therefore there are no costs to complete to be considered when valuing the land.

The tables below illustrate the impact of changes in key unobservable inputs, in isolation, on the fair value of the Group's portfolio:

			ERV (p.a.)			Equivalent yield		
	Fair value £'000	**Valuation technique**	**Min £**	**Max £**	**Average £**	**Min %**	**Max %**	**Average %**
Completed investment	1,092,862	Yield capitalisation	66,984	3,441,936	588,745	5.3%	12.5%	6.3%
Development property	6,685	Residual method	30,000	30,000	30,000	4.0%	6.4%	5.2%
Total	**1,099,547**							

			ERV per sq ft			Equivalent yield		
Asset size (Sq ft)	**Fair value £'000**	**Valuation technique**	**Min £**	**Max £**	**Average £**	**Min %**	**Max %**	**Average %**
0 – 50,000	214,380	Yield capitalisation	4.99	15.32	8.64	5.5%	12.5%	6.03%
50,001 – 100,000	313,791		4.50	14.82	7.54	5.3%	9.2%	5.99%
100,001 – 150,000	277,095		0.88	10.92	5.93	5.5%	9.1%	6.46%
150,001+	252,126		3.38	23.27	8.18	5.5%	7.3%	6.03%
Developments	6,685	Residual method	NA	NA	NA	NA	NA	NA
Other	35,470	Yield capitalisation	7.61	15.92	10.08	5.5%	6.0%	5.73%
Total	**1,099,547**							

External valuations have been performed at an asset level, while portfolio analysis on page 16 is performed at a unit level.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Investment properties continued

Valuation techniques continued

		ERV per sq ft			Equivalent yield		
Region	**Fair value £'000**	**Min £**	**Max £**	**Average £**	**Min %**	**Max %**	**Average %**
Midlands	400,015	5.25	23.27	8.08	5.5%	9.0%	6.1%
South East	319,086	6.00	15.34	10.51	5.3%	6.5%	5.6%
South West	66,445	4.50	15.92	7.39	5.5%	7.1%	6.1%
North East	114,323	0.88	11.00	3.98	5.5%	7.5%	6.3%
North West	127,930	4.99	11.83	7.31	5.5%	6.8%	6.1%
Scotland	63,208	5.25	11.51	6.86	6.5%	12.5%	7.8%
Wales	1,855	8.25	8.25	8.25	7.0%	7.0%	7.0%
Developments	6,685	NA	NA	NA	4.0%	6.4%	5.2%
Total	**1,099,547**						

The above table discloses developments separately, whereas our portfolio analysis (on page 17) includes these within their geographic locations.

Sensitivities

Significant increases/decreases in the ERV (per sq ft per annum) and rental growth per annum in isolation would result in a significantly higher/lower fair value measurement. Significant increases/decreases in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumptions made for the ERV (per sq ft per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The above sensitivities excludes investment properties under construction.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16. Investment properties continued

Valuation techniques continued

Key unobservable inputs for development properties include ERV and net initial yield, however hypothetical changes in these inputs are not considered to have a material impact on the fair value of investment properties, therefore this has not been disclosed.

			Impact on valuations		Impact on valuations	
Asset size (Sq ft)	**Fair value at 31 March 2024 £'000**	**ERV £'000**	**+5% ERV £'000**	**-5% ERV £'000**	**-25bps EY £'000**	**+25bps EY £'000**
0 – 50,000	214,380	13,847	10,719	(10,719)	9,235	(8,502)
50,001 – 100,000	313,791	20,359	15,690	(15,690)	13,455	(12,392)
100,001 – 150,000	277,095	19,920	13,855	(13,855)	10,678	(9,914)
150,001+	252,126	17,458	12,606	(12,606)	10,102	(9,353)
Developments	6,685	30	334	(334)	9,797	(2,492)
Other	35,470	3,157	1,774	(1,774)	1,096	(1,032)
Total	**1,099,547**	**74,771**	**54,978**	**(54,978)**	**54,363**	**(43,685)**

			Impact on valuations		Impact on valuations	
Region	**Fair value at 31 March 2024 £'000**	**ERV £'000**	**+5% ERV £'000**	**-5% ERV £'000**	**-25bps EY £'000**	**+25bps EY £'000**
Midlands	400,015	27,793	20,001	(20,001)	15,971	(14,790)
South East	319,086	20,226	15,954	(15,954)	14,018	(12,886)
South West	66,445	4,438	3,322	(3,322)	2,764	(2,552)
North East	114,323	7,797	5,716	(5,716)	4,653	(4,303)
North West	127,930	8,738	6,397	(6,397)	5,199	(4,809)
Scotland	63,208	5,622	3,160	(3,160)	1,954	(1,840)
Wales	1,855	127	93	(93)	75	(70)
Developments	6,685	30	334	(334)	9,797	(2,492)
Total	**1,099,547**	**74,771**	**54,977**	**(54,977)**	**54,431**	**(43,742)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. Acquisition of subsidiaries

No subsidiaries were acquired in the current period.

On 23 August 2022, the Group obtained sole control of Athora UK Re Log Property 21 Limited and Athora Re Log Property 12 Limited, property investment companies incorporated in Guernsey, through the acquisition of the entire issued share capital.

The Directors considered whether this acquisition meets the definition of the acquisition of a business or the acquisition of a group of assets and liabilities. It was concluded that the acquisition did not meet the criteria for the acquisition of a business as outlined in IFRS 3 as it did not have an integrated set of activities and assets that were 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.

The table below sets out the initial fair values to the Group in respect of this acquisition.

	Book value £'000	Redemption of liabilities £'000	Fair value adjustments £'000	**Total £'000**
Investment properties	81,385	–	1,225	**82,610**
Other receivables	61	–	–	**61**
Finance liabilities	(30,775)	30,775	–	**–**
Other liabilities	(2,280)	–	–	**(2,280)**
Total	**48,391**	**30,775**	**1,225**	**80,391**
Net cash outflow arising on acquisition				
Total consideration				**80,391**
Less: cash and cash equivalents acquired				**–**
Cash consideration net of cash acquired				**80,391**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. Investments

Investments are analysed as follows:

	Group £'000	Company £'000
At 1 April 2023	–	685,766
Additions	–	–
At 31 March 2024	**–**	**685,766**

Details of the Group's subsidiary undertakings as at 31 March 2024, all of which are included in the consolidated Financial Statements, are given below:

Company name	Holding	Country of incorporation	Principal activity	Effective Group interest
Urban Logistics Holdings Limited	Direct	England and Wales	Holding Company	100.00%
Urban Logistics Acquisitions 1 Limited	Indirect	England and Wales	Holding Company	100.00%
Urban Logistics Acquisitions 2 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 3 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 4 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 5 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 6 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 7 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 8 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Acquisitions 9 Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Prop Co 1 (AC) Limited	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Hoddesdon Limited[1]	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics K Holdings Limited[1]	Indirect	England and Wales	Holding Company	100.00%
Urban Logistics K Properties Limited[1]	Indirect	England and Wales	Property Investment	100.00%
Urban Logistics Dundee Limited	Indirect	Scotland	Property Investment	100.00%
EOS Property Unit Trust	Indirect	Jersey	Property Investment	100.00%
Athora UK RE Log Property 12 Limited[2]	Indirect	Guernsey	Property Investment	100.00%
Athora UK RE Log Property 21 Limited[2]	Indirect	Guernsey	Property Investment	100.00%
Sheds General Partner 2 Limited[1]	Indirect	England and Wales	Dormant	100.00%

1. At 31 March 2024, these companies were in liquidation.
2. At 31 March 2024, these companies are in the process of being liquidated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. Investments continued

Unless otherwise stated, the registered office address for companies incorporated in England and Wales: Bond House, 19-20 Woodstock Street, Mayfair, W1C 2AN.

Registered office address of the trustees of the EOS Property Unit Trust incorporated in Jersey: 47 Esplanade, St Helier, Jersey, JE1 0BD.

Registered office address of the Company incorporated in Scotland: 5th Floor, 1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL.

Registered office address of the companies incorporated in Guernsey: Regency Court, Glategny Esplanade, St. Peter Port, Guernsey, GY1 3AP.

19. Trade and other receivables

	Group 31 March 2024 £'000	**Company 31 March 2024 £'000**	Group 31 March 2023 £'000	Company 31 March 2023 £'000
Trade receivables	**2,831**	**–**	2,176	–
Other receivables	**408**	**18**	3,624	105
Amounts due from Group undertakings	**–**	**26,317**	–	3,230
Prepayments	**2,882**	**71**	2,095	114
Licence fee receivable	**–**	**–**	111	–
Total	**6,121**	**26,406**	8,006	3,449

Trade receivables are due within 30 days of the date at which the invoice is generated and are not interest bearing in nature. All trade receivables relate to amounts that are less than 30 days overdue as at the year-end date. Due to their short maturities, the fair value of trade and other receivables (including licence fee receivable) approximates their book value.

Amounts due from Group undertakings have been issued without terms and are interest free; therefore, the full amount has been recognised within trade and other receivables due within one year, and is expected to be recovered within twelve months of the balance sheet date.

Trade receivables comprise rental income which is due on contractual quarter days. At 31 March 2024, £2,830,748 (31 March 2023: £2,175,805) was due from tenants. Trade receivables are written off when there is no reasonable expectation of recovery. During the year, the Group has written off £0.4 million (31 March 2023: £nil), equivalent to 0.5% (31 March 2023: 0.0%) of all rent demanded over the year.

Based upon historical loss experience and a forward-looking assessment, no expected credit loss provision has been recognised (2023: £nil).

20. Cash and cash equivalents

	Group 31 March 2024 £'000	**Company 31 March 2024 £'000**	Group 31 March 2023 £'000	Company 31 March 2023 £'000
Cash and cash equivalents	**30,274**	**749**	30,159	22
Total	**30,274**	**749**	30,159	22

Group cash and cash equivalents available include £6.05 million (31 March 2023: £7.00 million) of restricted cash in the form of rental deposits held on behalf of tenants.

21. Trade and other payables

	Group 31 March 2024 £'000	**Company 31 March 2024 £'000**	Group 31 March 2023 £'000	Company 31 March 2023 £'000
Falling due in less than one year:				
Trade and other payables	**2,803**	**2,468**	2,307	39
Social security and other taxes	**1,841**	**168**	–	425
Accruals	**4,266**	**902**	5,518	2,066
Amounts owed to Group companies	**–**	**–**	–	53
Lease liability	**279**	**–**	272	–
Rent deposits	**–**	**–**	544	–
Other creditors	**2,111**	**–**	4,592	–
Total	**11,300**	**3,538**	13,233	2,583

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Due to their short maturities, the fair value of trade and other payables, accruals and lease liabilities approximates their book value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. Bank borrowings and reconciliation of liabilities to cash flows from financing activities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

31 March 2024	**Bank borrowings £'000**	**Lease liability £'000**	**Total £'000**
Balance at 1 April 2023	346,774	9,719	356,493
Bank borrowings drawn in the year	69,203	–	69,203
Bank borrowings repaid in the year	(66,453)	–	(66,453)
Loan arrangement fees paid	(1,843)	–	(1,843)
Rental payments	–	(297)	(297)
Non-cash movements:			
Amortisation of loan arrangement fees	1,328	–	1,328
Interest on lease liability	–	274	274
Rent review on head lease	–	347	347
Accrued loan arrangement fees	(23)	–	(23)
Total	**348,986**	**10,043**	**359,029**

31 March 2023	Bank borrowings £'000	Lease liability £'000	Total £'000
Balance at 1 April 2022	236,140	8,982	245,122
Bank borrowings drawn in the year	121,600	–	121,600
Bank borrowings repaid in the year	(10,000)	–	(10,000)
Loan arrangement fees paid	(2,058)	–	(2,058)
Rental payments	–	(308)	(308)
Non-cash movements:			
Amortisation of loan arrangement fees	1,092	–	1,092
Interest on lease liability	–	314	314
New leases	–	731	731
Total	**346,774**	**9,719**	**356,493**

On 7 July 2023, the Group entered into a £57.3 million sustainability-linked loan facility with Aviva Investors, which provided a ten-year term and came at a fixed cost of 6.17%. This facility includes, inter alia, margin rate improvement available on hitting environmental targets across the assets charged. The bank borrowings from both facilities are secured over the investment properties owned by the Group.

The bank borrowings from both facilities are secured over investment properties owned by the Group. At 31 March 2024, £989 million of the £1,100 million was pledged as security across both facilities.

Bank borrowings include unamortised loan arrangement fees of £4.7 million (2023: £4.2 million).

The Company's loan facilities all contain three financial covenants; historical Interest cover, projected interest cover and LTV. These are reported on a quarterly basis. The table below shows the hurdle and year end position for both facilities. Interest cover has been defined in the glossary.

	Barclays		Aviva	
	Hurdle	Actual	Hurdle	Actual
LTV	55%	25%	60%	42%
Historical interest cover	200%	523%	240%	304%
Projected interest cover	200%	478%	240%	295%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. Interest rate derivatives

The Group has used interest rate swaps to mitigate exposure to interest rate risk. The total fair value of these contracts is recorded in the Statement of Financial Position. The interest rate derivatives are marked to market by the relevant counterparty banks on a quarterly basis. Any movements in the fair value of the interest rate derivatives are taken to changes in fair value of interest rate derivatives in the Statement of Comprehensive Income.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Derivative interest rate swaps		
At beginning of year	**3,034**	1,603
Change in fair value in the year	**(865)**	1,431
Total	**2,169**	3,034
Current derivative interest rate swaps	**733**	1,151
Non-current derivative interest rate swaps	**1,436**	1,883
Total	**2,169**	3,034

The interest rate derivatives run coterminous to the term of the respective loan, being 6 August 2025.

24. Financial risk management

Financial instruments – Group

The Group's financial instruments comprise financial assets and liabilities that arise directly from its operations: cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities and accruals, interest rate derivatives and bank borrowings.
The main purpose of these financial instruments is to provide finance for the acquisition and development of the Group's investment property portfolio.

	Book value 31 March 2024 £'000	**Fair value 31 March 2024 £'000**	Book value 31 March 2023 £'000	Fair value 31 March 2023 £'000
Financial assets				
Trade and other receivables	**3,239**	**3,239**	4,679	4,679
Cash and short-term deposits	**30,274**	**30,274**	30,159	30,159
Interest rate derivatives	**2,169**	**2,169**	3,034	3,034
Financial liabilities				
Trade and other payables	**(9,180)**	**(9,180)**	(9,257)	(9,257)
Bank loans	**(353,714)**	**(339,123)**	(350,964)	(319,384)
Lease liabilities	**(10,043)**	**(10,043)**	(9,719)	(9,719)
Rent deposits	**(6,049)**	**(6,049)**	(7,048)	(7,048)

Amounts totalling £2,881,853 (31 March 2023: £3,327,406) have been deducted from Trade and other receivables in relation to prepayments and VAT. These have been deducted as there is either no contractual right to receive cash or relate to a right to receive goods or services in the future.

An amount totalling £2,119,574 (31 March 2023: £3,431,894) has been deducted from Trade and other payables in relation to lease obligations due in less than one year and other tax and social security. Lease obligations due in one year, has instead been included in this table within lease liabilities.

The fair value of the non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Financial risk management continued

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty fails to meet its contractual obligations.

The Group's credit risk is primarily attributable to its trade receivables. The Group has implemented policies that require appropriate credit checks on potential tenants before lease agreements are signed. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

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.

There is also credit risk attributable to the Group's cash and short-term deposits. The Board considers the credit risk of banks and only utilises appropriately rated institutions.

Trade receivables mainly consist of amounts invoiced for tenant rentals, and are presented in the Statement of Financial Position net of loss allowances. Trade receivables are written off when there is no reasonable expectation of recovery. During the year, the Group has collected 99.12% (31 March 2023: 99.96%) of all rent due and demanded, and 0.88% (31 March 2023: 0.04%) was written off or outstanding at the time of signing these Financial Statements. Calculation of the loss allowance as at 31 March 2024 and 31 March 2023 has not been disclosed based on the closing allowance being immaterial.

Credit risk is mitigated by tenants being required to pay rent in advance under their lease obligations. Tenant deposits and/or guarantees are obtained at the time of entering into a lease agreement if the covenant testing performed suggests the tenant has a low credit rating. Covenant analysis is carried out regularly to review the credit position of every tenant.

Interest rate risk

The Group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Group's debt strategy is to minimise the effect of a significant rise in underlying interest rates by utilising interest rate swaps.

The Group monitors its interest rate exposure on a regular basis. A sensitivity analysis was performed to ascertain the impact of a 100 basis point shift in interest rates on the Group's profit or loss; it would result in an increase of £0.3 million or a decrease of £0.3 million. A 100 basis point shift was considered appropriate based on current SONIA levels and the market expectations of future rises or cuts.

The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Details of the terms of the Group's borrowings are disclosed in note 22.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate due to changes in market prices. The financial instruments held by the Group that are affected by market risk are principally the Group's cash balances along with interest rate swaps to mitigate interest rate risk.

Foreign exchange risk

There is no foreign exchange risk to the Group and Company as all trading is in GBP.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Financial risk management continued

Liquidity risk

The Group actively maintains a medium-term debt finance that is designed to ensure it has sufficient available funds for operations and committed investments. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The following table details the Group's remaining contractual maturity for the Group's non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31 March 2024	Six months or less £'000	Six to twelve months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Bank borrowings	**6,255**	**6,222**	**97,447**	**108,022**	**204,614**	**422,560**
Lease liabilities	**153**	**153**	**306**	**918**	**43,494**	**45,024**
Trade and other payables	**11,021**	**–**	**–**	**–**	**–**	**11,021**
Rent deposits	**–**	**–**	**–**	**312**	**5,737**	**6,049**
	17,429	**6,375**	**97,753**	**109,252**	**253,845**	**484,654**

31 March 2023	Six months or less £'000	Six to twelve months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Bank borrowings	5,286	5,286	10,574	163,169	209,964	394,279
Lease liabilities	152	152	304	911	42,596	44,115
Trade and other payables	12,417	–	–	–	–	12,417
Rent deposits	544	–	–	498	6,006	7,048
	18,399	5,438	10,878	164,578	258,566	457,859

Included within the bank borrowings is £68.84 million (31 March 2023: £43.31 million) bank interest payable up to the point of maturity across both facilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. Financial risk management continued

Financial instruments – Company

The Company's financial instruments comprise amounts due from and owed to Group undertakings, cash and cash equivalents, other receivables (including licence fees), and trade and other payables.

	Book value 31 March 2024 £'000	**Fair value 31 March 2024 £'000**	Book value 31 March 2023 £'000	Fair value 31 March 2023 £'000
Financial assets				
Trade and other receivables	**26,336**	**26,336**	3,336	3,336
Cash and short-term deposits	**749**	**749**	22	22
Financial liabilities				
Trade and other payables	**(3,370)**	**(3,370)**	(2,158)	(2,158)

Amounts totalling £0.07 million have been deducted from Trade and other receivables in relation to prepayments. These have been deducted as there is either no contractual right to receive cash or they relate to a right to receive goods or services in the future.

Amounts totalling £0.2 million have been deducted from Trade and other payables in relation to VAT.

Fair value hierarchy

The Company uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are derived from formal valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Interest rate derivatives are classified as level 2 financial instruments and investment properties are classified as level 3 (see note 16). There were no transfers between levels 1, 2 and 3 fair value measurement during the current or prior year.

25. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and continue to qualify for UK REIT status.

The Group defines capital as being share capital plus reserves. The Board of Directors monitors the level of capital as compared to the Group's debt facility and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

The Directors intend that the Group will maintain a conservative level of aggregate borrowings with a medium-term target of 30-40% of the Group's gross assets.

26. Capital commitments

The Group has entered into contracts with unrelated parties for the construction and refurbishment of warehouses with a total value of £3.2 million (31 March 2023: £65.0 million). At 31 March 2024, £1.1 million of such commitments remained outstanding (31 March 2023: £11.1 million).

27. Share capital

Authorised, issued and fully paid up at 1 pence each	**31 March 2024 Number**	**31 March 2024 £'000**	31 March 2023 Number	31 March 2023 £'000
	471,975,411	**4,720**	471,975,411	4,720
Balance brought forward	**471,975,411**	**4,720**	471,975,411	4,720
At 31 March 2024	**471,975,411**	**4,720**	471,975,411	4,720

28. Share premium

Share premium relates to amounts subscribed for share capital in excess of nominal value less any associated issue costs that have been capitalised.

	31 March 2024 £'000	31 March 2023 £'000
Balance brought forward	**438,418**	438,418
At 31 March 2024	**438,418**	438,418

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. Capital reduction reserve

	31 March 2024 £'000	31 March 2023 £'000
Balance brought forward	**228,760**	228,760
At 31 March 2024	**228,760**	228,760

On 8 August 2020, the Company, by way of a Special Resolution, cancelled the then value of its share premium, by an Order of the High Court of Justice, Chancery Division. As a result, £228.8 million was transferred from the share premium reserve. The capital reduction reserve is classified as a distributable reserve.

30. Leases

The Group as lessor

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	< One year £'000	Two to five years £'000	> Five years £'000	Total £'000
31 March 2024	**60,024**	**197,601**	**204,164**	**461,789**
31 March 2023	57,774	194,115	234,466	486,355

The Group as lessee

The Group's minimum lease payments under non-cancellable leases are as follows:

	< One year £'000	Two to five years £'000	> Five years £'000	Total £'000
31 March 2024	**279**	**1,037**	**8,727**	**10,043**
31 March 2023	272	1,215	8,232	9,719

The total cash outflow in the year in respect of the lease liability was £297,373 (31 March 2023: £295,138). The incremental borrowing rate applied was 3.0% (31 March 2023: 3.0%).

The total gross lease payments under non-cancellable leases are £45,024,233 (31 March 2023: £44,114,650) over a period from the balance sheet date to December 2908 (31 March 2023: December 2908).

31. Retained earnings

Retained earnings relates to net gains and losses less distributions to owners not recognised elsewhere.

	Group 31 March 2024 £'000	**Company 31 March 2024 £'000**
Balance at the beginning of the year	**97,742**	**14,668**
Retained profit for the year	**24,744**	**58,577**
Reclassification of LTIP	**131**	**131**
Second interim dividend year ended 31 March 2023	**(20,531)**	**(20,531)**
First interim dividend year ended 31 March 2024	**(15,339)**	**(15,339)**
At 31 March 2024	**86,747**	**37,506**

32. Related party transactions

The terms and conditions of the Investment Advisory Agreement are described in the Management Engagement Committee Report. During the year, the amount paid for services provided by Logistic Asset Management LLP (the current Investment Adviser) or PCP2 Limited (the former AIFM) totalled £6.77 million (31 March 2023: £7.59 million). The total amount outstanding at the year end relating to the Investment Advisory Agreement was £1.99 million (31 March 2023: £2.04 million).

M1 Agency LLP

During the year, the Group incurred fees totalling £622,229 (31 March 2023: £1,569,710) from M1 Agency LLP, a partnership in which Richard Moffitt is a member. These fees were incurred in the acquisition, letting and sale of investment properties. The total amount outstanding at the year end relating to M1 Agency LLP was £51,469 (31 March 2023: £nil).

For the transactions listed above, Richard Moffitt's benefit derived from the profit allocation he receives from M1 Agency LLP as a member and not from the transaction.

The Board, with the assistance of the AIFM and the Investment Adviser, excluding Richard Moffitt, reviews each fee payable to M1 Agency LLP, and ensures the fees are in line with market rates and on standard commercial property terms.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32. Related party transactions continued

Transactions with subsidiaries

Under IFRS, we are required to disclose all inter-company transactions that took place for all subsidiary undertakings of the Company. Transactions between the Company and its subsidiaries are in the normal course of business. Such transactions are eliminated on consolidation.

During the year, fees of £10,346,924 (31 March 2023: £9,720,578) were charged to Urban Logistics Acquisitions 1 Limited, a subsidiary undertaking incorporated in England and Wales, from Urban Logistics REIT plc. At 31 March 2024, £3,777,423 (31 March 2023: £2,874,021) was due from Urban Logistics Acquisitions 1 Limited.

During the year, Urban Logistics REIT plc carried out transactions with Urban Logistics Holdings Limited, a subsidiary undertaking incorporated in England and Wales. The total amount of these transactions was a net loan increase of £24,217,891 (31 March 2023: decrease of £105,956,338). At 31 March 2024, Urban Logistics REIT plc was due £26,316,584 (31 March 2023: £2,121,701) from Urban Logistics Holdings Limited.

During the year, Urban Logistics REIT plc received a dividend of £58.0 million from Urban Logistics Holdings Limited (31 March 2023: £36.6 million).

Remuneration of key management personnel

The Group and the Company have no key management personnel, and only employ Non-Executive Directors. Directors' personal interests and compensation are outlined in note 9. Non-Independent Directors receive remuneration from Logistics Asset Management LLP (formerly Pacific Industrial LLP) via the investment advisory fee.

33. Net asset value per share ("NAV")

Basic NAV per share is calculated by dividing net assets in the Consolidated Statement of Financial Position attributable to Ordinary Shareholders by the number of Ordinary Shares outstanding at the end of the period.

Net asset values have been calculated as follows:

	31 March 2024 £'000	31 March 2023 £'000
Net assets per Consolidated Statement of Financial Position	**758,645**	769,760
Adjustment for:		
Fair value of interest rate derivatives	**(2,169)**	(3,034)
Intangible assets	**(21)**	(32)
EPRA net tangible assets	**756,455**	766,694
Ordinary Shares:		
Number of Ordinary Shares in issue at period end	**471,975,411**	471,975,411
IFRS NAV per share (basic and diluted)	**160.74p**	163.09p
EPRA NTA per share	**160.27p**	162.44p

34. Post balance sheet events

On 19 April 2024, the Group disposed of a property in Bedford for consideration of £3.83 million. This asset has been accounted for as 'Held for Sale' at year end, in line with the Group's accounting policy, details of which can be found within note 4 (on page 94) of this report.

SUPPLEMENTARY INFORMATION (UNAUDITED)

EPRA aligned supplementary sustainability information and index of indicators

We have chosen to report our material environmental, social and governance data in alignment with EPRA Sustainability Best Practices Recommendations ("sBPR"). We describe our assessment of materiality in the "Our Material Impacts" section below. This will enable a comparison against our peers and help set clear benchmarks for the Company moving forward.

Our reporting response has been split into three sections:

- overarching recommendations;
- environmental performance measures; and
- social and governance performance measures.

Material impacts

Our targets and objectives have been established based on the following sustainability themes, which we consider to be the most pressing to Urban Logistics, the key themes when considering risks to property value and the needs of our tenants and other stakeholders:

- energy performance;
- climate change mitigation;
- climate adaptation;
- on-site energy generation; and
- promoting nature on our sites.

EPRA overarching recommendations

Organisational boundaries

Our EPRA reporting covers the properties owned by the Group, which at 31 March 2024 included a portfolio of 128 mid-box logistics warehouse assets. An operational control approach has been adopted for greenhouse gas footprinting as it reflects the REITs ability to effect change and implement operating policies.

Urban Logistics REIT has no direct employees and at 31 March 2024 was externally managed by the investment management team from G10 Capital Limited, with Logistics Asset Management LLP acting as investment adviser. The investment advisory team received instructions from the Board of the REIT to establish and implement policies including for ESG issues, and as such, has been included for this reporting within the operational control approach.

In 2022/23, Urban Logistics reported absolute performance for GHG emissions, 2022/23 is used for like-for-like data comparison. For this year's report, we are reporting on the 2023 calendar year.

Coverage

We state the data coverage by number of assets included in reporting for each absolute Performance Measure within table 1. We have reported 100% of data for all landlord-obtained metrics in the table on pages 118-120. Landlord obtained and consumed supplies exist at two assets, and the remaining landlord-obtained data is from vacant properties of which there were twelve during the reporting year. All landlord data is produced from invoice records and collected by the asset manager for each asset.

Where assets are subject to tenant control, data is reported where tenants have responded to data-sharing requests. These assets are included in the total number of applicable properties for each performance measure in the table on pages 118-120. We aim to achieve as high coverage as possible but since the assets are not in our operational control, we are reliant on tenant responses. The reliability of data from tenant-controlled assets is also subject to tenant data management practices.

Like-for-like performance measures are reported for properties for which we have collected consistent data for a period of two years, excluding properties sold, acquired or under development during 2022 and 2023.

The type and number of sustainably certified assets are reported with respect to all assets in our portfolio.

Estimation of landlord and tenant utility consumption

Landlord obtained data has been estimated at 0 units, representing 0% of the portfolio by floor area. No like-for-like landlord-obtained energy performance measures have been estimated.

All tenant-obtained data included in our reporting is as reported to us by tenants and, therefore subject to the reliability of each tenant's data management practices, estimates have been produced using known consumption as either between:

a) Between the last invoice and the tenant taking occupation; or

b) Last invoice and year end.

Tenant data has been estimated for the following proportion of tenant-controlled assets for the period ending December 2023:

- energy 24.23%; and
- water 0%.

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

EPRA index

EPRA code	Indicator	Page reference
Elec-Abs	Total electricity consumption	117
Elec-LfL	Like-for-like total electricity consumption	117
Fuels-Abs	Total fuel consumption	117
Fuels-LfL	Like-for-like total fuel consumption	117
Energy-Int	Building energy intensity	118
GHG-Dir-Abs	Total direct greenhouse gas ("GHG") emissions	118
GHG-Indir-Abs	Total indirect greenhouse gas ("GHG") emissions	118
GHG-Int	Greenhouse gas ("GHG") emissions intensity from building energy consumption	119
Water-Abs	Total water consumption	119
Water-LfL	Like-for-like total water consumption	119
Water-Int	Building water intensity	119
Waste-Abs	Total weight of waste by disposal route	117
Waste-LfL	Like-for-like total weight of waste by disposal route	117
Cert-Tot	Type and number of sustainably certified assets	120
Diversity-Emp	Employee gender diversity	122
Diversity-Pay	Gender pay ratio	122
Emp-Training	Emp-Training Employee training and development	122
Emp-Dev	Employee performance appraisals	122
Emp-Turnover	New hires and turnover	122
H&S-Emp	Employee health and safety	122
Comty-Eng	Community engagement, impact assessments and development programmes	122
Gov-Board	Composition of the highest governance body	122
Gov-Selec	Process for nominating and selecting the highest governance body	122
Gov-Col	Process for managing conflicts of interest	122

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Third-party assurance

All data is subject to external checking and review by our ESG consultants, CBRE's Investor ESG team. However, our sustainability data has not undergone third-party assurance.

Boundaries – reporting on landlord and occupier consumption

Performance measures referred to as landlord-obtained are within the organisational boundary and relate to assets where we procure utilities for tenant areas and those properties that are vacant. There are no landlord-obtained supplies relating to common areas. Utility supplies were provided to tenant areas in two occupied assets within the portfolio covering 6,396 sq m (1%) of the total floor area of the REIT, all other landlord-obtained utilities were provided to vacant units.

All other properties are leased to single occupiers which obtain their water and waste supplies independent of the landlord. The Investment Adviser of Urban Logistics actively engages with tenants on ESG matters, and we disclose tenant-obtained consumption from these FRI sites where tenants have replied to data-sharing requests. We recognise that the reporting of tenant-obtained performance measures is additional to EPRA's core requirements, but we disclose tenant-obtained consumption in keeping with good practice as tenant-obtained emissions are the most significant to the environmental performance of the buildings in the portfolio. We will continue to work collaboratively with tenants on ESG issues, as this remains fundamental to improving environmental performance data coverage and identifying key ESG-related challenges and opportunities to minimise our environmental impact in tenant-controlled assets.

For the reporting period covering 2023 (2024), Urban Logistics has reported absolute performance for energy and water consumption for areas under the landlord's operational control. Data from the previous reporting year, 2022/23 (2023), energy and water consumption, are used for like-for-like data comparison.

Normalisation

We normalise all environmental intensity data by floor area, using the square metre (m^2) area for the whole building at unit level as this is considered most appropriate for the portfolio. As most landlord-controlled properties are vacant units, whole building floor area is used for normalisation. Water and Energy Intensities are normalised to data availability using consumption start and end dates where the consumption is not the full year. This is to ensure the numerator and denominator are as aligned as possible. Employee related Social Performance Measures are normalised using full-time equivalent numbers of employees.

Segmental analysis – by property type, geography

Urban Logistics operate in a single geographical and business segment. Our portfolio is located entirely in the United Kingdom, and the property classification used in our financial reporting defines our investment portfolio as small logistics warehouse assets. For this reason, additional analysis by geography and property type is not applicable.

Disclosure on own offices

Urban Logistics is an externally managed REIT – managed in the year by G10 Capital Limited – and, therefore, does not have a Head Office or direct employees.

Narrative on performance

Throughout this report, we provide commentary on past performance and plans for managing future performance. We also explain additional factors affecting consumption trends where appropriate, including in the "Commentary" sections in the Environmental and Social Performance Measure tables below.

Location of EPRA sustainability performance measures

See EPRA index on page 116.

Reporting period

The reporting period is from 1 January 2023 to 31 December 2023, and we refer to this as our 2023 reporting year referred to as "2024". Like-for-like performance measures are reported for the two most recent years that we are able to collect consumption data (2024 and 2023).

Data materiality

We have excluded a number of metrics from our reporting, where a review has shown them to be wholly immaterial. The following have been excluded:

- district heating or cooling ("DH&C") absolute and DH&C-like-for-like – no DH&C is procured across our portfolio;
- H&S-Asset and H&S-Comp – due to the nature of our lease arrangements, all health and safety assessments are conducted by our tenants, and Urban Logistics REIT does not have operational oversight; and
- Waste-LFL – no landlord waste supplies exist. All landlord-generated waste is generated through development activities and is excluded from the scope of the EPRA sBPR. Tenant Waste LFL is reported where we have been able to collect waste data from the tenant.

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Environmental performance measures

				Absolute		Like-for-like		
EPRA code	Performance measure	Unit	Scope	**2024**	2023	**2024**	2023	% change like-for-like
Elec-Abs; Elec-LfL	Total electricity consumption	kWh	Landlord-obtained electricity	**921,362**	1,610,886	**450,448**	393,335	14.5%
			Tenant-obtained electricity	**41,506,007**	36,823,659	**28,349,045**	31,290,839	-9.4%
			Proportion of tenant obtained electricity from renewable sources	**41%**	23%	**—**	—	NA
			Number of applicable properties	**107 of 128 assets**	88 of 130 assets	**61 of 107 assets**		
Total				**42,427,369**	**38,442,846**	**28,799,493**	**31,684,175**	**-9.1%**
Fuels-Abs; Fuels-LfL	Total fuel consumption		Landlord-obtained fuels	**170,384**	94,367	**15,168**	7,699	97.0%
			Tenant-obtained fuels	**55,809,457**	22,442,417	**18,607,545**	18,776,893	-0.9%
			Number of applicable properties	**77 of 109 assets**	88 of 130 assets	**48 of 88 assets**		
Total				**55,979,841**	**22,536,784**	**18,622,713**	**18,784,592**	**-1%**
Waste-Abs; Waste-LfL			Landlord waste hazardous	**0**	0	**0**	0	
			Landlord waste non-hazardous	**0**	0	**0**	0	
			Non-hazardous tenant waste:					
			Landfill	**12,551 (3%)**	80 (0%)	218 (0%)	51 (0%)	327%
			Incineration	**7,177 (2%)**	225 (0%)	6,602 (2%)	205 (0%)	3120%
			Waste to energy	**94,363 (26%)**	19,095 (12%)	93,182 (26%)	18,998 (16%)	390%
			Recycling	**239,545 (66%)**	91,925 (55%)	236,068 (68%)	91,183 (76%)	159%
			Disposed (unspecified)	**13,322 (3%)**	55,135 (33%)	13,312 (4%)	9,541 (8%)	40%
			Total	**366,968**	166,460	349,382	119,978	191%

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Environmental performance measures continued

				Absolute		Like-for-like		
EPRA code	Performance measure	Unit	Scope	**2024**	2023	**2024**	2023	% change like-for-like
			Hazardous tenant waste:					
			Landfill	**4(0%)**	26 (7%)	4 (5%)	26 (7%)	-85%
			Incineration	**104(0%)**	40 (11%)	38 (48%)	38 (10%)	1%
			Waste to energy	**307(0%)**	0 (0%)	3(4%)	0 (0%)	100%
			Recycling	**82,565(100%)**	88 (23%)	34(43%)	88 (23%)	-61%
			Disposed (unspecified)	**18(0%)**	226 (60%)	0(0%)	223 (60%)	-100%
			Total	**82,998**	380	**80**	375	-76%
			Number of applicable properties	**64 of 128 assets**	50 of 130 assets	**37 of 107 assets**		
Total				**449,966**	**166,929**	**349,462**	**120,353**	**190.4%**
Energy-Int	Energy intensity	kWh/m² year	Energy intensity of landlord-obtained energy	**10.24**	17.82	**–**	–	
			Energy intensity of tenant-obtained energy	**139.87**	107.96	**–**	–	
GHG-Dir-Abs	Total direct greenhouse gas emissions (Scope 1)	tCO_2e	Scope 1	**31.17**	17.23	**2.77**	1.41	97%
			Number of applicable properties	**8 of 8**	8 of 8	**—**	NA	
GHG-Indir-Abs	Total indirect greenhouse gas emissions from landlord-obtained electricity (Scope 2)		Scope 2	**190.79**	313.12	**93.28**	81.45	14.5%
			Number of applicable properties	**11 of 11**	15 of 15	**–**	–	
			Scope 3	**18,804**	11,218	**9,274**	9,479	-2.2%
GHG-Indir-Abs	Total indirect greenhouse gas emissions from tenant-obtained energy (Scope 3)		Number of applicable properties	**95 of 128 assets**	88 of 130 assets	**–**	–	

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Environmental performance measures continued

EPRA code	Performance measure	Unit	Scope	Absolute 2024	Absolute 2023	Like-for-like 2024	Like-for-like 2023	% change like-for-like
GHG-Int	Greenhouse gas ("GHG") emissions intensity from landlord-obtained energy	tCO_2e m^2/year	GHG intensity of landlord-obtained energy	**2.08**	3.43	**–**	—	NA
		tCO_2e m^2/year	GHG intensity of tenant-obtained energy	**27.03**	20.4	**–**	—	NA
Water-Abs; Water-LfL	Total water consumption	m^3	Landlord-obtained water	**2,686**	4,796	**–**	—	NA
		m^3	Tenant-obtained water	**136,689**	172,518	**62,464**	69,532	-10.2%
		m^3	Number of applicable properties	**74 of 128 assets**	58 of 130 assets	**37 of 107 assets**	—	
Total		m^3	**Total**	**139,375**	177,314	**62,464**	69,532	-10.2%
Water-Int	Water intensity	m^3/m^2/year	Water intensity of landlord-obtained water	**0.05**	0.19	**–**	—	
			Water intensity of tenant-obtained water	**0.26**	0.40	**–**	—	

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Environmental performance measures continued

Data notes

- Head office of the investment adviser was previously included in the scope 1 & 2 emissions disclosure; this has been updated in line with the GHG protocol, which categorises this data under scope 3.
- No off-site renewable sources have been identified for landlord-obtained energy performance measures. Solar panels have been installed at 15 of our sites and reduce tenant-obtained electricity impacts. The proportion of tenants using off-site renewable electricity has also significantly increased.
- Greenhouse gas emissions have been calculated using UK government conversion factors and the Corporate Greenhouse Gas Protocol location-based methodology.
- Scope 3 reporting is constrained to energy-related emissions from downstream leased assets; no other scope 3 emissions sources are included in the table.
- All reported water consumption is from municipal water sources. No landlord or tenant abstraction from ground or surface water or rain or grey water use occurs within the portfolio.
- The following waste disposal routes are not used within the portfolio: Reuse and Composting. Materials Recovery Facility ("MRF") may be used as part of recycling processing.
- Water and Energy Intensities are normalised to data availability using consumption start and end dates where the consumption is not a full year. This is to ensure that the numerator and denominator are as aligned as possible.
- In this disclosure, estimation refers to filling invoice gaps, not to whether invoices are based on estimated or actual readings.
- The number of total sites for Gas for absolute and like-for-like excludes sites with no supply of natural gas.

Commentary

The increase in tenant-obtained absolute electricity, fuels, water and waste consumption is predominantly caused by receiving data from a higher proportion of tenants. This is the same for Scope 3 GHG emissions, and will continue to increase as we aim for full coverage on tenant controlled areas and an understanding of our full Scope 3 emissions. There are new tenants within the portfolio that operate their main manufacturing facility for the whole country from one of our assets, and, therefore, produce very high quantities of waste on the site.

Our tenant-obtained gas consumption has increased considerably, largely as a tenant has begun operating an electricity generation facility on leased land, converting gas to electricity in periods of high demand. This asset is a part of the UK grid decarbonisation plan, supporting grid balancing through guaranteed energy production to meet supply/demand imbalances found due to the intermittent production capacity of renewable energy sources. The generation in areas of high demand also reduces the cost and inefficiencies of transporting electricity around the grid at peak times.

The reduction in tenant like-for-like consumption is driven by a reduction in energy consumption in comparison to last year's consumption by tenants, likely influenced by energy price increases and supported by our engagement with tenants, including EPC improvements, solar PV programmes and their own commitments to sustainability. Although tenant-reported data is out of our operational control, where there is significant variation, we have engaged with tenants to understand the changes in consumption data.

We are committed to reducing our energy consumption and GHG emissions through a combination of EPC-aligned retrofits, the development of high-performing new assets, and the installation of solar photovoltaic panels at our sites.

Data coverage for both waste and water from tenants has significantly increased compared to the reporting year, driven by efforts to engage with our tenants on ESG including data collection.

Building certifications

BREAAM Green certificates for new developments are an important performance indicator for us, but are only applicable for new developments. All three completed developments have been BREEAM certified and so the number of certifications has increased by the same number compared to 2022 developments have been BREEAM certified, this is an increase of 43% compared to 2022. As developments are a small part of our total portfolio, the majority of the portfolio does not have BREAAM certification.

Cert-tot: BREEAM rating	Excellent	Very good
Number of certificates	2	8
Floor area coverage	0.3m sq ft	0.7m sq ft
Percentage of portfolio by floor area	3%	7%

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

EPC ratings by band

The below table provides an overview of the EPC ratings of the portfolio. All reporting is based on lodged and valid ratings. The portfolio includes some assets in Scotland, which are reported using the EPC band they would have achieved if assessed using the EPC methodology for England and Wales. The EPC totals sum to more than the number of assets in the portfolio as some sites require multiple EPCs per asset.

							LFL count		
Cert-tot: EPC	**Count (March-24)**	Count (March-23)	**Floor area (m²) (March-24)**	Floor area (m²) (March-23)	**% of floor area (March-24)**	% of floor area (March-23)	**March-24**	March-23	% change
A	**37**	32	**136,679**	111,988	**15%**	12%	**35**	32	9%
B	**49**	41	**407,408**	356,465	**45%**	39%	**49**	40	23%
C	**60**	66	**269,488**	307,922	**30%**	34%	**60**	65	-8%
D	**37**	26	**85,703**	126,619	**10%**	14%	**17**	24	-29%
E	**1**	1	**1,248**	1,248	**0%**	0%	**1**	1	0%
F	**–**	–	–	–	**–**	–	**–**	–	–
G	**–**	–	–	–	**–**	–	**–**	–	–
Unknown	**–**	–	–	–	**–**	–	**–**	–	–

Social and governance performance measures

Urban Logistics REIT considers good governance to be fundamental to its business and so discloses here with the aim of providing transparency on its specific processes.

In the near term, Urban Logistics REIT plc assesses social performance on a monitor and report basis. This follows our materiality review and the nature of our assets.

In line with Urban Logistics REIT plc's ability to control operating policies of the Investment Adviser, we disclose the Adviser's social performance measures for all EPRA sBPR employee social performance measures.

Urban Logistics REIT plc does not have direct employees. Instead, all employees and partners of the Investment Adviser who work wholly on the REIT are considered employees for the disclosure of Social Performance Measures. This means that the employee-related Performance Measures are based on the 19 staff members of the Investment Adviser who dedicate 100% of the time they are contracted to working on the REIT.

Community engagement

We ensure that key decisions relating to the portfolio consider our impact on local communities. This involves meeting health & Safety requirements, conducting assessments and undertaking wider consultations as part of the process of gaining planning approval for new developments. Due to the FRI nature of the portfolio, assets are not under Urban Logistics' operational control outside of these projects, and therefore, any community engagement is performed by the tenants. Community Engagement (Comty-Eng) below is therefore only applicable for development projects which are under landlord control. The community is consulted at 100% of development projects. The requirements and impacts are assessed, proposed plans publicly displayed and feedback integrated into the final design. For further information on our stakeholder engagement see pages 40 to 43 of our Annual Report.

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Community engagement continued

EPRA code	Performance measure	Unit	Result
Diversity-Emp	Board gender diversity	%	Male: 60%
			Female: 40%
	Investment Adviser employee gender diversity	%	Male: 58%
			Female: 42%
Diversity-pay	Salary ratio of men to women, reported by median basic salary	Gender pay gap of the Board	33%
		Gender pay gap of the Investment Adviser	40%
Emp-training	Employee training and development	Average hours/year/employee	23
Emp-Dev	Employees with performance appraisals	%	100%
Emp-Turnover	New hires and turnover	Total number of new employee hires	3
		Rate of new employee hire	17%
		Total number of employee turnover	2
		Rate of employee turnover	11%
H&S-Emp	Employee health and safety – reported for all direct employees	Absentee rate (days lost relative to scheduled work days)	0.0077
		Injury rate (per 100,000 hours worked)	0
		Lost day rate (lost days relative to scheduled work days)	0
		Fatalities (total number in the reporting period)	0
H&S-Asset	Asset health and safety assessments	% of assets	NA
H&S-Comp	Asset health and safety compliance	Number	NA
Comty- Eng	Community engagement, impact assessments and development programmes	%	100% of developments
Gov-board	Composition of highest governing body	Number of executive Board members	0
		Number of non-executive Board members	5
		Average tenure on the governance body (years)	5.4
		Number of non-executive Board members with competencies relating to ESG topics	1
Gov-select	Process for nominating and selecting the highest governance body		Please refer to page 62 in the Annual Report
Gov-col	Process for managing conflicts of interest		Please refer to page 60 in the Annual Report

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA overarching recommendations continued

Community engagement continued

Data notes

- Employee-related performance measures are reported for all direct employees and Partners of the Investment Adviser.
- Gender pay gap is expressed as a percentage of the difference between average (mean) basic salary of men and women, showing the percentage that men earn more than women. Partners of the Investment Adviser have not been included in this calculation due to the significant differences in remuneration structure when compared with employees.

Narrative on performance

The Board has announced that, effective from 1 July 2024, Cherine Aboulzelof is joining the Board at which point the Board will comprise of 50% female Directors.

The Manager is 42% female, due to the small size of the team, no further segregation of employee categories is considered appropriate.

Employee turnover and absence remains very low.

Injury rate, lost day rate and fatalities in the Investment Manager are reported for the first time. However, due to the nature of our lease arrangements, all health and safety assessments and compliance checks are conducted by our tenants and Urban Logistics REIT does not have operational oversight.

Reconciliations between the non-GAAP financial information disclosed in the Annual Report to the nearest comparable IFRS measurement, where appropriate, are disclosed. The definition of each of the non-GAAP financial information can be found in the Glossary of Terms.

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

EPRA Aligned Supplementary Financial Indicators

Reconciliations between the non-GAAP financial information disclosed in the Annual Report to the nearest comparable IFRS measurement, where appropriate, are disclosed. The definition of each of the non-GAAP financial information can be found in the Glossary of Terms.

I. EPRA performance measures summary

	Note	**31 March 2024**	31 March 2023
EPRA earnings per share	II	**6.65p**	7.85p
EPRA net tangible asset value	III	**160.27p**	162.44p
EPRA net reinstatement value	III	**175.89p**	178.16p
EPRA net disposal value	III	**160.74p**	163.09p
EPRA net initial yield	IV	**5.0%**	5.0%
EPRA "topped up" net initial yield	IV	**5.1%**	5.1%
EPRA vacancy rate	V	**5.8%**	7.4%
EPRA cost ratio (including vacant property costs)	VI	**18.9%**	21.2%
EPRA cost ratio (excluding vacant property costs)	VI	**16.2%**	18.3%
EPRA LTV	VII	**30.4%**	29.3%

II. Income statement

	31 March 2024 £'000	31 March 2023 £'000
Gross revenue	**59,951**	55,305
Property operating costs	**(2,511)**	(2,313)
Net rental income	**57,440**	52,992
Administrative expense	**(9,191)**	(9,683)
Other income	**147**	57
Long-term incentive plan charge	**(11)**	4,345
Operating profit before interest and tax	**48,385**	47,711
Net finance costs	**(15,896)**	(10,680)
Exceptional items	**(1,125)**	–
Profit before tax	**31,364**	37,031
Tax on EPRA earnings	**–**	–
EPRA earnings	**31,364**	37,031
Weighted average number of Ordinary Shares	**471,975,411**	471,975,411
EPRA earnings per share	**6.65p**	7.85p

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

III. Balance sheet

	31 March 2024 £'000	31 March 2023 £'000
Investment properties	**1,105,587**	1,101,583
Other net assets	**2,044**	14,951
Net borrowings	**(348,986)**	(346,774)
Total shareholders' equity	**758,645**	769,760
Adjustments to calculate EPRA NTA:		
Fair value of interest rate derivative	**(2,169)**	(3,034)
Intangible assets	**(21)**	(32)
EPRA net tangible assets	**756,455**	766,694
Ordinary Shares in issue at year end	**471,975,411**	471,975,411
Dilutive shares in issue at year end	**—**	—
	471,975,411	471,975,411
EPRA NTA per share	**160.27p**	162.44p

The Group has adopted EPRA NTA as its primary measure of net asset value, as it considers it to be the most relevant measure for its operating activities. A reconciliation of the three EPRA net asset value measurements from IFRS NAV is provided in the table below.

31 March 2024	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	758,645	758,645	758,645
Fair value of interest rate derivatives	(2,169)	(2,169)	—
Intangible assets	(21)	—	—
Real estate transfer tax	—	73,670	—
EPRA net asset value	**756,455**	**830,146**	**758,645**
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	**160.27p**	**175.89p**	**160.74p**

31 March 2023	EPRA NTA £'000	EPRA NRV £'000	EPRA NDV £'000
IFRS equity attributable to shareholders	769,760	769,760	769,760
Fair value of interest rate derivatives	(3,034)	(3,034)	—
Intangible assets	(32)	—	—
Real estate transfer tax	—	74,136	—
EPRA net asset value	**766,694**	**840,862**	**769,760**
Diluted shares (number)	471,975,411	471,975,411	471,975,411
EPRA net asset value per share	**162.44p**	**178.16p**	**163.09p**

IV. EPRA net initial yield and "topped up" net initial yield

	31 March 2024 £'000	31 March 2023 £'000
Total properties per Financial Statements	**1,105,587**	1,101,583
Less head lease right-of-use asset	**(9,810)**	(9,576)
Less development properties	**(6,685)**	(17,905)
Completed property portfolio	**1,089,092**	1,074,102
Add: notional purchasers' costs	**72,969**	71,965
Gross up for completed property portfolio valuation (A)	**1,162,061**	1,146,067
Annualised passing rent[1]	**60,574**	59,307
Less irrecoverable property outgoings	**(2,023)**	(2,181)
Annualised net rents (B)	**58,551**	57,126
Contractual rental increases for rent-free period	**744**	989
"Topped up" annualised net rent (C)	**59,295**	58,115
EPRA net initial yield (B/A)	**5.0%**	5.0%
EPRA "topped up" net initial yield (C/A)	**5.1%**	5.1%

1. Annualised passing rent excludes short-term lettings and licences.

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

V. EPRA vacancy rate

	31 March 2024 £'000	31 March 2023 £'000
Estimated rental value of vacant space	**4,364**	5,517
Estimated rental value of the whole portfolio	**74,770**	74,176
EPRA vacancy rate	**5.8%**	7.4%

VI. Total cost ratio/EPRA cost ratio

Total cost ratio	**31 March 2024 £'000**	31 March 2023 £'000
Costs		
Property operating expenses	**2,511**	2,313
Administrative expenses	**9,191**	9,683
Less: service charge income	**(347)**	(251)
Less: ground rents	**(104)**	(112)
Total costs including vacant property costs (A)	**11,251**	11,633
Group vacant property costs	**(1,623)**	(1,566)
Total costs excluding vacant property costs (B)	**9,628**	10,067
Gross rental income		
Gross rental income	**59,951**	55,305
Less: ground rents paid	**(104)**	(112)
Less: service charge income	**(347)**	(251)
Total gross rental income (C)	**59,500**	54,942
Total cost including vacant property costs (A/C)	**18.9%**	21.2%
Total cost excluding vacant property costs (B/C)	**16.2%**	18.3%
Total costs (A)	**11,251**	11,633
EPRA total costs including vacant property costs (D)	**11,251**	11,633
Vacant property costs	**(1,623)**	(1,566)
EPRA total costs excluding vacant property costs (E)	**9,628**	10,067
EPRA cost ratio (including vacant property costs) (D/C)	**18.9%**	21.2%
EPRA cost ratio (excluding vacant property costs) (E/C)	**16.2%**	18.3%

SUPPLEMENTARY INFORMATION (UNAUDITED) CONTINUED

VII. EPRA LTV

	31 March 2024 £'000	31 March 2023 £'000
Gross drawn debt	**353,714**	350,964
Net payables	**13,713**	1,474
Cash and cash equivalents	**(30,274)**	(30,159)
Net debt (A)	**337,153**	322,279
Investment property (excluding ROU asset)	**1,099,547**	1,092,007
Head lease ROU asset	**9,810**	9,576
Intangible assets	**21**	32
Total property value (B)	**1,109,378**	1,101,615
EPRA LTV (A/B)	**30.4%**	29.3%

VIII. EPRA capital expenditure analysis

	31 March 2024 £'000	31 March 2023 £'000
Acquisitions	**–**	166,205
Development	**4,359**	28,697
Capital expenditure:		
– no incremental lettable space	**6,871**	8,616
Total	**11,230**	203,518

IX. EPRA like-for-like net rental income

	31 March 2024 £'000	31 March 2023 £'000	Change
Like-for-like net rental income	**45,981**	45,665	0.7%
Other	**1,012**	737	
Like-for-like net rental income (and other)	**46,993**	46,402	1.3%
Development lettings	**1,931**	1,004	
Like-for-like net rental income plus developments	**48,924**	47,406	3.2%
Properties acquired	**8,435**	3,023	
Properties sold	**201**	897	
Net rental income	**57,560**	51,326	12.1%

X. Total accounting return

	31 March 2024 £'000	31 March 2023 £'000
Opening EPRA NTA	**162.44p**	188.78p
Closing EPRA NTA	**160.27p**	162.44p
Change in EPRA NTA	**(2.17)p**	(26.34)p
Dividends paid	**7.60p**	7.60p
Total growth in EPRA NTA plus dividends	**5.43p**	(18.74)p
Total return	**3.3%**	(9.9)%

INVESTMENT POLICY

Investment objectives and policy

Urban Logistics' investment objectives and policy, as adopted in December 2021, is as follows:

Asset selection is central to the successful implementation of our strategy

Our acquisition criteria balances a range of factors to ensure we buy the right assets at the right price; and that there are opportunities for us to add value through our active asset management approach.

Investment objective

The investment objective is to deliver total investment returns through both income, with regular dividends providing shareholders with a sustainable income stream that will grow over the medium term, and targeted capital growth which the Company believes will enhance shareholders' total return over the long term.

Portfolio

The Company intends to achieve the investment objective by investing in and growing a diversified portfolio of primary and secondary grade industrial and logistics properties within the UK, and by engaging in active asset management to leverage and enhance returns.

The Company will invest in assets that comprise an interest in freehold or leasehold property (other than by way of security), which meet the following criteria:

- UK industrial or logistics properties (typically single let);
- modern (typically post-1980) constructions; and
- representing average lot value across the portfolio at acquisition of up to £15 million (increased by RPI from admission).

The Company will seek to invest in strategically-located, single-let, last mile industrial and logistics properties that have good underlying features, including:

- the opportunity for rental growth and outperformance;
- strong tenant financial covenant;
- lease terms focusing on duration and rental growth; and
- positive geographical characteristics, including age and repair, location, building quality, site cover, transportation links, workforce availability, environmental performance and internal operational efficiencies.

The properties will be located in established logistics regions, such as the Midlands' "Golden Triangle", and in locations where the Company sees medium and long-term potential.

The Company may acquire properties directly or through holdings in SPVs and properties may be held through limited partnerships, trusts or other vehicles with third-party co-investors.

Borrowing and gearing policy

The Company will seek to use gearing to enhance returns over the long term and, in addition, will seek to fix its borrowing rates. Gearing, represented by borrowings as a percentage of gross assets, will not exceed 57.5% at the time of investment. It is the Directors' intention to target gearing of 30% to 40% of gross asset value in the medium term and to comply with the REIT condition relating to the ratio between the Group's "property profits" and "property finance costs".

Use of derivatives

The Company may enter derivative contracts for efficient portfolio management. In particular, the Company may engage in interest rate hedging or similar instruments to mitigate the risk of interest rate increases.

Investment restrictions

The Company will invest and manage its assets with an objective of spreading risk through the following investment restrictions which, in each case, apply at the time of investment:

(I) the Company will derive its rental income from a portfolio of no less than ten properties;

(II) the Company will have a maximum exposure of 25% of its rental income derived from any single tenant;

(III) the Company may invest up to 10% of its gross asset value in non-income producing properties with pre-let tenancies (or otherwise guaranteed income) in place, but which are requiring development or re-development (such as extending, reconfiguring and refurbishing existing assets), to realise that income, with the intention of holding any completed development as an investment. The investments in this category will not be undertaken speculatively, although the Company may take options over adjacent land/property. The Company may finance these assets using, inter alia, forward-funding arrangements;

(IV) the Company may invest up to 10% of its gross asset value in assets (including development assets), which are not producing income at the time of acquisition, including assets that do not have pre-let tenancies (or otherwise guaranteed income) in place;

(V) at least 90% by value of the properties directly or indirectly owned by the Company shall be in the form of freehold or long leasehold (over 60 years remaining at the time of acquisition) properties or the equivalent; and

(VI) the Company will not invest in closed-ended investment companies.

The Directors currently intend, at all times, to conduct the affairs of the Group so as to enable it to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

In the event of a breach of the investment guidelines and restrictions set out above, a notification will be made to a Regulatory Information Service if the Directors consider the breach to be material.

No material change will be made to the investment objective or the investment policy without the approval of the FCA and shareholders by ordinary resolution at any general meeting, which will also be notified by a RIS announcement.

GLOSSARY OF TERMS

Energy performance certificate ("EPC")
A measure of the energy efficiency of a property on a scale of A (most efficient) to G (least efficient) and is a legal requirement for a building to be sold, let or constructed. Once obtained, an EPC is valid for ten years.

EPRA cost ratio
Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.

EPRA earnings per share ("EPS")
Earnings from continuing operational activities divided by weighted average number of shares in issue during the year.

EPRA LTV
EPRA LTV represents debt divided by market value of the property.

EPRA net disposal value ("NDV")
Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of the liability, net of any resulting tax.

EPRA net initial yield
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.

EPRA net reinstatement value ("NRV")
Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA net tangible assets ("NTA")
Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA topped-up net initial yield
EPRA net initial yield adjusted for expiration of rent-free periods or other unexpired lease incentives such as discounted rent periods and step rents.

EPRA vacancy rate
Estimated market rental value ("ERV") of vacant space divided by ERV of the whole portfolio.

Estimated rental value ("ERV")
The estimated annual market rental value of lettable space as assessed by the external valuer.

European Public Real Estate Association ("EPRA")
The European Public Real Estate Association ("EPRA") is the industry body for European Real Estate Investment Trusts ("REITs").

Gross to net rental income ratio
Rental income (rental income and license fee income) less Net property operating expenses (property operating costs less service charge income) as a percentage of rental income.

Interest cover
Operating profit before changes in fair value of investment properties and interest rate derivatives divided by finance expense, after adding back loan arrangement fee amortisation.

Investment Adviser
Logistics Asset Management LLP (formerly known as Pacific Industrial LLP) is the partnership, led by Richard Moffitt, which was appointed Investment Adviser in May 2023.

Investment Manager
PCP2 Ltd was the AIFM and Investment Manager until May 2023. Post May 2023, G10 Capital Limited took on the role of AIFM to the Company.

Loan to value ("LTV")
The Group's net debt expressed as a percentage of the investment property portfolio at fair value per Group Statement of Financial Position, including assets held for sale, and excluding right of use assets.

Net debt
The Group's bank loans (Gross) net of cash balances at the period end.

Net initial yield ("NIY")
Annual rents on investment properties as a percentage of the investment property portfolio valuation having added notional purchasers' costs.

NTA
Net tangible assets.

Occupancy rate
The ERV of the let units as a percentage of the total ERV of the investment property portfolio.

Property income distribution ("PID")
Dividends from the Group's tax-exempt property business.

REIT
UK Real Estate Investment Trust.

SONIA
Sterling Overnight Index Average.

Total accounting return ("TAR")
Represents the movement in EPRA NTA per share plus dividends paid during the period expressed as a percentage of EPRA NTA per share at the beginning of the period.

Total property return ("TPR")
The change in the fair value of the investment property portfolio, plus net rental income and profit or loss on the sale of investment properties expressed as a percentage return on the capital employed during the year; however, this excludes acquisitions.

Weighted average unexpired lease term ("WAULT")
The average lease term remaining to expiry across the portfolio weighted by contracted rental income.

COMPANY INFORMATION

Directors

Nigel Rich CBE FCA	Chairman
Heather Hancock LVO DL	Director
Richard Moffitt	Director
Bruce Anderson ACMA FCIOBS	Director
Lynda Heywood FCA FCT	Director – appointed 1 May 2023
Cherine Aboulzelof	Director – appointed 1 July 2024
Mark Johnson	Director – resigned 11 May 2023
Jonathan Gray	Director – resigned 11 May 2023

Company Secretary

Link Company Matters Limited

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Registered Office

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G10 Capital Limited

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Investment Adviser (post 11 May 2023)

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Financial Adviser

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Depositary

Indos Financial Limited

The Scalpel, 18th Floor, 52 Lime Street
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Auditor and Reporting Accountant

RSM UK Audit LLP

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Bankers

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2 Triton Square
Regent's Place
London
NW1 3AN

Barclays Bank PLC

1 Churchill Place
London
E14 5HP

Lloyds Bank PLC

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London
EC2V 7HN

Aviva PLC

St Helen's, 1 Undershaft
London
EC3P 3DQ

FINANCIAL INFORMATION

Website

www.urbanlogisticsreit.com

19 July 2024	Interim dividend
24 July 2024	Annual General Meeting
30 September 2024	Half-year end
November 2024	Announcement of half-year results
31 March 2025	Year end

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