URBAN LOGISTICS
REIT PLC

ANNUAL REPORT
2019

URBAN LOGISTICS REIT PLC IS A PROPERTY INVESTMENT COMPANY, QUOTED ON THE AIM MARKET OF THE LONDON STOCK EXCHANGE.

We focus on a specialist sub-sector of the UK real estate market, investing in industrial and logistics properties that enable businesses to operate essential modern distribution networks capable of responding to the challenges created by e-commerce and the evolving infrastructure demands of today's economy.

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

OUR VISION

To become the market leader in smaller lot size industrial and logistics properties.

Find out more

www.urbanlogisticsreit.com

AT A GLANCE

What we do
Urban Logistics REIT plc (AIM: SHED) is a property investment company, which invests in smaller (sub-£10 million) logistics properties across the UK.

Why we do it
We believe that a focus on smaller sized single-let properties exploits a unique value opportunity in this real estate sector, which is underpinned by resilient wider economic trends that support valuations and the portfolio's ability to generate both income and an attractive total return.

Number of assets

33

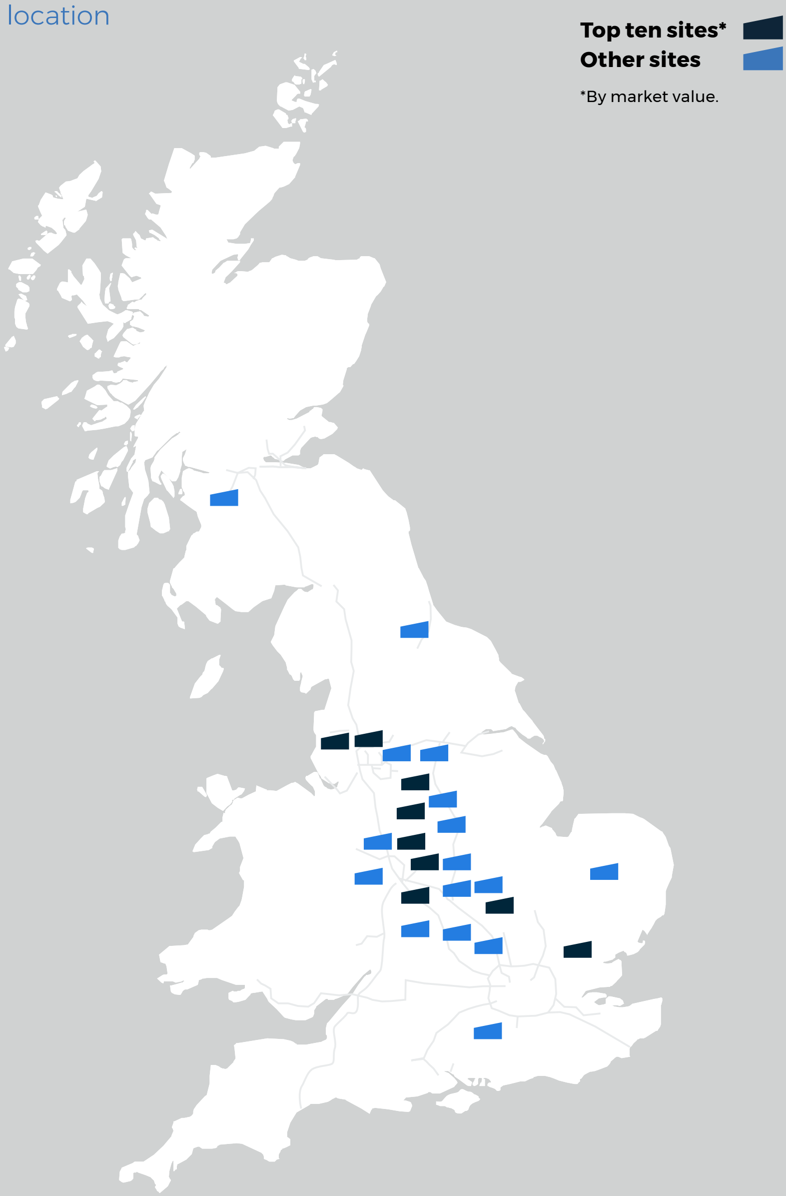
2018: 29

Average lot size

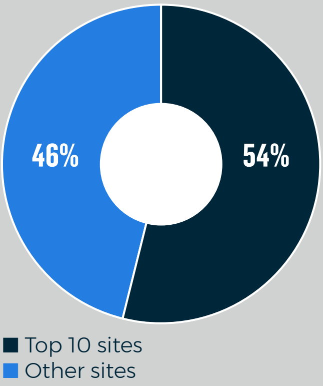
70,000 sq ft

2018: 55,000 sq ft

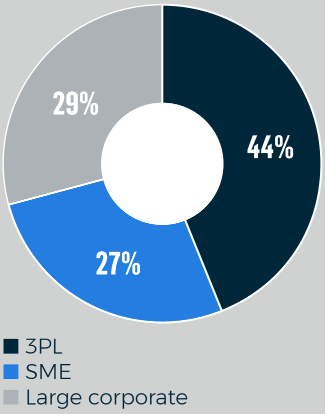
Asset location



Contracted rent (%)



Tenant diversity (%)



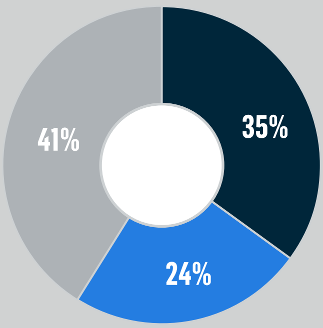
Top ten assets by market value

Culina Logistics, Haverhill

01.	Culina Logistics	£18,550,000
02.	ITLE	£14,750,000
03.	Hillarys Blinds	£9,250,000
04.	DHL	£9,230,000
05.	Manitowoc	£9,000,000
06.	SOLD[1]	£8,430,000
07.	DHL	£8,000,000
08.	SOLD[2]	£8,000,000
09.	Alliance Boots	£7,740,000
10.	DHL	£6,575,000

1. Sold for £9.1m in May 2019.
2. Sold for £8.1m in April 2019.

Portfolio WAULT



■ 0-3 yrs
■ 4-5 yrs
■ 6+ yrs

Portfolio valuation

£186.4m

31 March 18: £131.9m

WAULT

5.5 years

31 March 18: 5.0 years

Net initial yield

5.9%

31 March 18: 5.9%

Contracted rent

£11.3m

31 March 18: £7.6m

Occupancy

100%

+6.7% 31 March 18: 93.3%

OUR MODEL

Urban Logistics focuses on investing in industrial and logistics properties that enable businesses to operate essential modern distribution networks capable of responding to the challenges created by e-commerce and evolving infrastructure demands.

STOCK SELECTION

ACTIVE ASSET MANAGEMENT

TARGETING 10 – 15% TOTAL RETURN P.A.

Find out more on
PAGE 4

HIGHLIGHTS

Rental income

£10.8m

+93.6% 31 March 18: £5.6m

IFRS profit before tax

£18.7m

+90.1% 31 March 18: £9.9m

EPRA earnings per share

7.01p

+42.7% 31 March 18: 4.91p

Dividend per share

7.00p[(2)]

+10.8% 31 March 18: 6.32p

Total accounting return

17.7%

31 March 18: 10.9%

EPRA NAV per share

137.96p

+12.6% 31 March 18: 122.49p

Valuation uplift[(1)]

7.2%

31 March 18: 5.5%

Loan to value

33.7%

31 March 18: 34.4%

1. Like-for-like growth over the financial year of the properties held at both 31 March 2018 and 31 March 2019 was 10.7% (2018: 12.9 %).
2. Paid or declared in respect of the financial period.

Find out more
www.urbanlogisticsreit.com

CHAIRMAN'S STATEMENT

NIGEL RICH CBE
Chairman

THE GROUP HAS DELIVERED A STRONG PERFORMANCE OVER THE FINANCIAL PERIOD.

I am pleased to present the Group's consolidated results for its annual reporting period to 31 March 2019.

Three years on from the Company's IPO we continue to build an increasingly diversified and high-quality Urban Logistics portfolio with secure income from our tenants.

We undertook a capital raise in April 2018 of £20 million and subsequently focussed on investment and asset management activity.

The fundamentals of our market remain attractive and we are confident of continuing to deliver consistent returns for our shareholders.

Overview
The Group has delivered another strong performance over the financial period. EPRA NAV per share has increased by 12.6% and earnings per share by 42.7%, enabling an increase in the dividend of 10.8%. The Total Accounting Return of 17.7% has exceeded our total return target of 10 – 15% per annum.

In April 2018 we raised £20 million via a market placement, which was used together with bank financing for the £36 million purchase of six logistics assets from LondonMetric Property plc.

The addition of these six properties, and a site in Bedford, meant we held 33 properties at 31 March 2019 and own a portfolio which at 31 March 2019 was valued at £186 million, compared with £132 million at 31 March 2018. On a like-for-like basis the valuation uplift over the period was 10.7%.

The Group's income profile and capital values continue to improve through successful acquisitions and asset management and contracted rent is now £11.3 million, up from £7.6 million in the prior year. The portfolio has also seen an increase in average WAULT to 5.5 years (5.0 years at 31 March 2018). At 31 March 2019 the portfolio was fully occupied.

The market
The Manager's Report describes our investment focus in the real estate sub-sector that is UK logistics. Logistics is the delivery of essential products to consumers and the portfolio is well-positioned to deal with the ongoing changing dynamics in this market, in particular from e-commerce and e-fulfilment. This is against a backdrop of changing fortunes on the high street with a number of traditional retailers struggling.

Our tenants typically require warehousing near, or adjacent to, cities with good road infrastructure. We look to buy 20,000 – 200,000 sq ft properties with single tenants who are involved in the supply of goods to an end user. The leases will usually have an upcoming lease event such as break clauses, an impending rent review, or a termination/vacancy which allows the Manager the opportunity to increase rents or improve the yield and, in some cases, develop the property.

The portfolio
In addition to the new properties purchased we have also disposed of three properties for £10.9m.

In February 2019 we exchanged contracts to forward fund two urban logistics sites in Staffordshire and Leicestershire. Practical completion is anticipated by early 2020, these sites will deliver new assets to our portfolio at a time when smaller urban logistics buildings remain in short supply.

We continue to develop a high-quality pipeline of acquisition opportunities, the purchase of which is dependent on being able to raise new money from the equity capital markets.

Dividend
We are announcing a second interim dividend for the financial year of 4.02 pence per share, with a record date of 7 June 2019. This will be paid to shareholders on 28 June 2019. This dividend takes the total dividends paid or declared in respect of the financial year to 7.00 pence per share, which is an increase of 10.8% on the prior year.

The Manager
Our Manager, Pacific Capital Partners Limited, has continued to serve us very well. Richard Moffitt and Christopher Turner are responsible for asset acquisitions, disposals and asset management. They remain very successful in finding suitable properties to acquire, asset manage and occasionally dispose of when full value has been extracted. Their skills are critical to the success of the company. Following acquisition, asset management is vital in both securing and enhancing income. Examples of both are covered in the Manager's Report.

We were also well supported by the Manager's financial and administrative team.

The Investment Management Agreement was extended in July 2018 so that it now runs through to April 2024. This ensures continuity of the relationship we enjoy with the Manager. All other key terms of the agreement remain unchanged.

Outlook
We will look to acquire further assets in line with our proven strategy where we recycle capital but principally, we expect to fund through equity raising and bank debt.

At this point, it is difficult to predict the outcome of the political process surrounding Brexit. While politicians continue to do battle, uncertainty will likely impact the equity markets and the property market in general.

For Urban Logistics this may make it challenging to raise equity, however, we believe that the market for last mile logistics will remain strong due to end customer needs and our portfolio, which comprises urban logistics assets where tenants' activities revolve around essential everyday products, will remain attractive as e-commerce's share of the supply chain continues to grow.

Nigel Rich CBE
Chairman
14 June 2019

INVESTMENT CASE

Urban Logistics has established a high quality portfolio of assets, creating scale through its active asset management programme and upward momentum in rents and capital value.

IDENTIFYING UNIQUE VALUE OPPORTUNITIES

The Company's specialist focus on smaller-sized single-let properties exploits a unique value opportunity in the real estate sector, underpinned by resilient wider economic trends.

EXPERIENCED BOARD & TEAM

Urban Logistics benefits from a high-quality investment management team, complemented by an experienced and knowledgeable Board. This unique combination of skills and experience enables the Company to identify and acquire assets; implement its asset management strategy; and create value for shareholders.

CONSERVATIVE CAPITAL STRUCTURE

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

BUSINESS MODEL

LAST MILE LOGISTICS. ESSENTIAL GOODS.

Urban Logistics focuses on investing in industrial and logistics properties that enable businesses to operate essential modern distribution networks capable of responding to the challenges created by e-commerce and evolving infrastructure demands. We are building a portfolio of high-quality single let properties with secure income from a diverse range of tenants operating in a variety of sectors. Our active asset management approach enables us to deliver sector leading returns to shareholders, targeting 10 – 15% total return per annum.

INPUTS

LOGISTICS FOCUSSED

Maintain market knowledge, source opportunities via rigorous stock selection process.

SPECIALIST MANAGER

Focus on single-let properties let to institutional grade tenants, up to 200,000 sq ft.

MIDLANDS AND SOUTH EAST BIAS

Targeting e-fulfilment in locations where supply is limited and demand robust.

INVESTMENT POLICY

Negotiate acquisitions at 30 – 70% of new build cost on assets with below market rate rents with short-to-medium term rent review reversionary potential.

WHAT WE DO

1.

STOCK SELECTION

Well-located single-let logistics properties.

MARKET DYNAMICS

Real estate returns focussed on income-led total return

- Rental growth through experienced asset management.
- SHED offers compelling capital growth off low passing rents and capital values.

THE FUNDAMENTALS OF OUR MARKET REMAIN ATTRACTIVE AND WE ARE CONFIDENT OF CONTINUING TO DELIVER CONSISTENT RETURNS FOR OUR SHAREHOLDERS.

NIGEL RICH CBE
Independent Non-Executive Chairman

2.

ACTIVE ASSET MANAGEMENT

Focus on tenant needs, lease terms and rent.

3.

TARGETING 10 – 15% TOTAL RETURN P.A.

Recycle capital and re-invest in extensive pipeline.

WHO WE CREATE VALUE FOR

INVESTORS

Reward equity holders with high-quality income, maintaining supportive institutional and private shareholder register.

TENANTS

Proactive tenant engagement and relationship management, with a collaborative face-to-face approach, making assets work harder for them.

FINANCING PARTNERS

A low, 35 – 40% debt to equity ratio.

MARKET

A closer integration of logistics and retailing across the UK.

Supportive economic case

- Resilient occupier demand in property subsector.
- High barriers to entry: cost of replacement, availability of land, planning constraints.
- Occupier demand owing to growth in e-commerce and investment by suppliers.
- Export and manufacturing markets holding up well in Brexit environment.
- Rental values strengthening.

Investment demand

- Stable, consistent returns.
- Wider range of facilities proliferating; Urban Logistics focus.
- E-fulfilment growth.

Find out more
www.urbanlogisticsreit.com

MANAGER'S REPORT

OVERVIEW

Our focus is the urban logistics sub-sector of the UK property market, concentrating on a part of the market that delivers essential products to UK businesses and consumers, usually by way of e-commerce.

We have always avoided fashion retailers, whose fortunes can be volatile. Our tenants typically supply everyday items such as pharmaceuticals, ambient and frozen food, building supplies and general merchandise.

The continued rise in online ordering continues to drive logistics take-up to unprecedented levels in the UK with 2018 take-up 82% higher than in 2017, (Source: CBRE H2 Logistics 2018) and exceeded 2016's previous record (31.5 million sq ft v. 29.35 million sq ft). Take up in this sector of the market, (sub-200,000 sq ft), was 8.5 million sq ft in 2018 with speculative development for 2019 predicted to be only 2.5 million sq ft. Against this backdrop we are developing a considerable pipeline of assets across the logistics sector.

Retail economics suggest that online retail in the UK might well represent over 24% of total retail sales by 2022, totalling approximately £98.5 billion of sales. It is estimated that every additional £1 billion of online sales this leads to an additional requirement for approximately 1.125 million sq ft of warehouse demand. Alongside population growth around major UK cities of over 10% by 2038, according to Savills, we see a strong market for local delivery continuing.

Supply in the 20,000 – 200,000 sq ft logistics space where we are focused has fallen by 36% since 2012 and rents are expected to rise by an average of 11.5% by 2022 across the market (source: Savills).

The market

We are seeing a modest amount of speculative developments, but this is typically for assets of over 300,000 sq ft. In particular, last mile logistics businesses are struggling to find available space in the "mid-box" market, due to competition from other land uses. This presents unique challenges to the future configuration of the supply chain model. The UK Warehouse Association, for example, is reporting capacity constraints across more than 75% of its members, with Brexit concerns also causing some shorter-term build-up in inventory.

Whilst automation and autonomous vehicle solutions for distribution garner headlines, we see labour availability as a more immediate concern for suppliers. Properties near urban locations will benefit from improved labour pools.

According to our research commissioned from Savills, the "mid-box" market remains compelling due to indicators demonstrating that structural changes are continuing to stimulate occupier demand, causing availability to fall and rents to rise. A constrained development pipeline suggest vacancy rates in the sub 200,000 sq ft range will remain low in the medium-term. The most significant "space race" going forward is set to be focused around urban locations. Greater London alone is deemed to have lost one third of its industrial land over the past 10 years.

Radius Data Exchange shows that units of approximately 45,000 sq ft have been taken up with greater intensity recently; growing from 54% to 61% of overall letting activity in 2018.

Better supply chains will facilitate a decisive competitive advantage for retailers who possess or control them, with further benefits from moving to a vertically integrated model. To a large extent we believe large-scale operators have developed their supply chains and it is to last mile logistics where the funding needs to be committed.

Traditional locations for logistics – alongside motorways and on urban boundaries – will not be sufficient to cover city demands for last mile deliveries and reverse logistics. Therefore, more logistics facilities will be needed close to city and town centres. We foresee an increasing growth of demand for logistics hubs or consolidation centres to service big cities across the UK.

FINANCIAL COMMENTARY

The financial period to 31 March 2019 was focussed on portfolio asset management and investment activity. The results demonstrate some significant achievements and how the stated strategy of the Group, namely adding scale whilst focussing on investment returns, continues to prosper.

Valuation and portfolio growth

CBRE independently valued the portfolio at 31 March 2019, in accordance with the RICS Valuation Professional Standards, at £186.4 million. The Group reported a fair value uplift across the portfolio of £13.4 million in the year, or 7.2%. The like-for-like annual valuation uplift was 10.7% for properties held at both 31 March 2018 and 31 March 2019, supporting our growth conviction.

The valuation increase reflects our focus on asset management and buying well-located properties. It also highlights our success in sourcing off-market opportunities.

Portfolio activity

The Group has invested in 33 assets, currently comprising 35 different tenancies as at 31 March 2019. Some asset management examples across the portfolio in this financial year include:

BEDFORD

Annual passing rent
£1,100,328

Size (sq ft)
183,388

Rent per sq ft
£6.00

Tenure
Freehold

This site was purchased on 8 November 2018 for £17.0 million and consisted of approximately 10 acres of land and a property with vacant possession. It is located at Hudson Road, Bedford.

A land element of approximately four acres was sub-sold to a local developer for £5.0 million at the time of acquisition.

A tenant was then secured within five days of completion of purchase on a 15-year lease with a rent at £6.00 per sq ft. The capital value at 31 March 2019 was up £2.8 million, or 23%.

PRICE'S CANDLES, BEDFORD

Annual passing rent
£265,000

Size (sq ft)
44,195

Rent per sq ft
£6.00

Tenure
Freehold

This is a well-configured warehouse that was acquired at IPO in April 2016. It is located in an established commercial location, with good access to both the A1 and M1.

Following a rent review with the tenant and head lease extension to 150 years the property was sold for £3.2 million, a Total Property Return of 55%. This is a good example of the Manager extracting value from active asset management (rent and lease terms) and realising value created by selling into the market.

MANAGER'S REPORT CONTINUED

KOMORI / PHARMACY2U, LEEDS

Annual passing rent
£207,500

Size (sq ft)
41,494

Rent per sq ft (Komori)
£5.15

Tenure
Freehold

Rent per sq ft (Pharmacy2u)
£5.24

This is a well-configured warehouse in an established strategic location, with good access to Leeds city centre. The property was acquired in November 2017.

The acquisition is consistent with the Company's investment strategy of identifying attractively priced stock with asset management potential. Two rent reviews were negotiated and both tenants extended their leases. The property was subsequently sold, representing a Total Property Return of 16%.

NUNEATON

Size (sq ft)
130,508

Tenure
Freehold

This building was purchased as part of a portfolio in September 2017 for £6.7 million and refurbished. It was subject to a rent guarantee until September 2019.

The property was sold to an owner occupier, Cofresh Limited, post-financial period on 5 April 2019 and realised a Total Property Return of 38%.

HID, HAVERHILL

Annual passing rent
£382,053

Size (sq ft)
37,355

Rent per sq ft
£9.90

Tenure
Freehold

The property was acquired in September 2017 and is in an established strategic location with good access and circulation. During the period the tenant did not exercise a break clause and a rent review was settled, increasing the rent by 16.5%. The capital value increased by £0.8 million, or 15.9%.

ACQUISITION AND FORWARD FUNDING

Stone (an M6 motorway location) and Hinckley (an M1/A5 motorway location) are two sites in the Midlands where the Company is working with a local developer to forward fund and deliver six new high-quality urban logistics warehouses.

The Company has received strong interest from prospective tenants and expects that both sites will be fully pre-let by the time of practical completion. The gross development value of the sites is £15.4 million.

The intention is for the sites to be built and let by early 2020. They are both well-located and near key arterial routes.

The Company will benefit from a 6% interest rate coupon on the forward funding provided for construction. An element of financing will be sought from the Group's financing partners – Barclays and Santander.

Financial results

EPRA earnings for the period were £5.9 million, up from £2.5 million in the prior year. There were two principal drivers of this positive performance. The first was the impact of acquisitions and related property income. The second was the successful asset management undertaken during the period, including rent reviews and lease extensions. This resulted in EPRA NAV per share increasing by 12.6% to 137.96p at 31 March 2019.

Administrative and other expenses, which include the Manager's fee (excluding the LTIP charge) and other costs of running the Group, were £1.8 million, equivalent to 1.3% of the total assets at 31 March 2019.

Financing and hedging

As at 31 March 2019, the Group has a senior debt facility with Santander and Barclays totalling £72.6 million with a term of five years. The loan to value ("LTV") of 33.7% was slightly below the Group's target range of 35 – 40%. Net financing costs were £2.2 million for the period. We had a cash balance at 31 March 2019 of £9.8 million which has now been fully committed to further property investments.

Investment activity

Acquisitions and disposals across the financial year included:

Acquisitions

The Group acquired a total of seven logistics properties in the year for £48.0 million. Six logistics assets were purchased in portfolios for £36.0 million from LondonMetric in July and September 2018. This acquisition was sourced off-market at a net initial yield of 5.9%. A single asset in Bedford was also acquired in December 2018 for £12.0m.

The portfolios' logistics occupiers include DHL, NNR Global Logistics, Encon and Hillarys Blinds. The assets are close to established regional transport hubs in urban or last-mile locations.

MANAGER'S REPORT CONTINUED

Disposals

The Company sold three properties in Bedford, Newport and Leeds for £10.9 million. In addition to Leeds and Bedford, mentioned above, the Group also sold a non-core office in Newport for £4.3 million realising a Total Property Return of 7.8%.

Post period end

In April 2019, a property was sold in Nuneaton for £8.1 million, representing a Total Property Return of 37.9%. A property was also sold in May 2019 in Bedford for £9.2 million, representing a Total Property Return of 74.2%. At the same time as the Nuneaton disposal a property was purchased in Thatcham for £3.4 million, let to DHL's UK Mail, offering reversionary potential given its South East location.

MARKET OUTLOOK

We believe that the logistics sector continues to show resilience in a context of wider economic uncertainty. Underlying market conditions remain favourable for domestic UK business and we see ongoing activity across our occupier base which is centred proportionately across SMEs, third party logistics operators and FTSE listed entities.

Investment volumes remain high at over £4 billion per annum and despite the sector's popularity there is no dominant player. The sector's superior returns in 2018 allied to projected rental growth prospects have proven highly attractive.

With alternative real estate assets generally providing low returns there is continued search for yield and growth, with the pricing gap between logistics and ten-year gilt yields remaining wide. We are well positioned to continue to achieve our target returns for our investors.

The Manager
14 June 2019

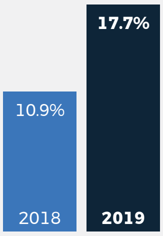
KEY PERFORMANCE INDICATORS

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

Set out below are the key performance indicators we use to track our progress.

Total accounting return ("TAR")

17.7%

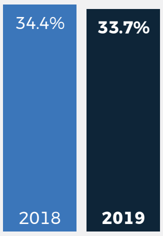


TAR measures the movement in EPRA NAV per share plus dividends paid during the period expressed as a percentage of the EPRA NAV per share at the beginning of the period. Our objective is to deliver long-term returns through execution of our strategy.

Performance:
TAR of 17.7% for the year ended 31 March 2019 (31 March 18: 10.9%).

Loan to value ("LTV")

33.7%

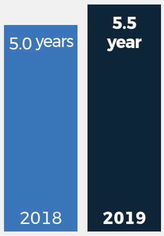


LTV measures the proportion of our property assets that are funded by borrowings. Our medium-term target is 35 – 40% of the Group's gross asset value.

Performance:
LTV of 33.7% at 31 March 2019 (31 March 18: 34.4%).

Weighted average unexpired lease term ("WAULT")

5.5 years

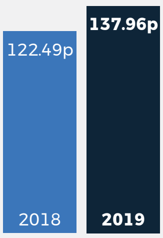


WAULT is the average unexpired lease term across the invested portfolio, weighted by annual passing rents. It is used to determine the quality of our investment portfolio. Our medium-term target is five to seven years across the portfolio.

Performance:
WAULT of 5.5 years at 31 March 2019 (31 March 18: 5.0 years).

EPRA NAV per share

137.96p

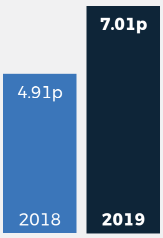


EPRA NAV per share is the value of our assets less the book value of our liabilities, calculated in accordance with EPRA guidelines, that is attributable to our shareholders. Our aim is to build on long-term asset value growth whilst managing liabilities.

Performance:
EPRA NAV per share of 137.96 pence at 31 March 2019 (31 March 18: 122.49 pence).

EPRA earnings per share ("EPRA EPS")

7.01p

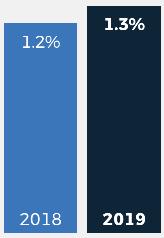


EPRA EPS measures the Group's underlying operating results and provides an indication of the extent to which current dividend payments are supported by earnings.

Performance:
EPRA EPS of 7.01 pence per share for the year ended 31 March 2019 (31 March 18: 4.91 pence).

Total expense ratio ("TER")

1.3%



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

Performance:
TER of 1.3% for the year ended 31 March 2019 (31 March 18: 1.2%).

PRINCIPAL RISKS AND UNCERTAINTIES

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 have 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 Group's success.

Risk	Potential impact	Mitigation
1. STRATEGY		
The Group's investment strategy may be defective.	Acquisition of properties at the wrong stage of the property cycle, and result in sub-optimal shareholder returns.	The Manager has extensive experience in the industrial real estate sector and is heavily involved in the day-to-day operations of the Group. Detailed due diligence is carried out on an asset-by-asset basis to ensure the return profile is in line with the Group's investment policy. The Board regularly reviews prospective acquisition papers to ensure they are consistent with the Group's strategy and objectives. The Board has regular soundings taken on the market from external advisors.
2. PROPERTY RISKS		
A significant fall in the valuation of the Group's investment property portfolio.	An adverse change will have a negative impact of the Group's financial performance and may also lead to a breach in our banking covenant.	The investment property portfolio is well-located and has a strong tenant base with attractive asset management opportunities. These factors help to underpin our asset values. The Board continually reviews all forecast and budgetary information to ensure compliance with all banking covenants and targets gearing in the range of 35 – 40% LTV. Our investment property portfolio is revalued twice yearly by independent valuers.
Tenant default.	A tenant default will result in reduced revenue for the Group and contribute to sub-optimal shareholder returns.	Detailed due diligence is carried out on all tenants prior to either an acquisition or new tenancy with limited exposure to any one tenant and sector. The Group has a high-quality tenant base with strong covenants, which are continually monitored by the Board. To date the Group has not had any tenant defaults and believes that its well-located assets will be in demand in the case of a void given their generic nature which appeal to a broad base of occupiers.
3. FINANCIAL RISKS		
Availability and access to further debt.	If the Group is unable to access further debt funding, it will inhibit its ability to pursue potential investment opportunities.	The Group's has a senior debt facility with Santander and Barclays totalling £72.6 million with a term of five years. The Board continually reviews the Group's liquidity and gearing levels. The Group targets an LTV of 35 – 40%, well within our banking covenants.
Increased interest rates.	An increase in interest rates could weaken the Group's profitability resulting in reduced shareholder returns.	The Group has entered into a hedging arrangement with its senior debt provider by way of interest rate derivatives.

Risk	Potential impact	Mitigation
4. ECONOMIC		
Weakening macro-economic environment in the sector in which we operate.	A downturn in economic conditions may impact the Group's performance by way of reduced rental income and in turn negatively affect property values.	The Group focusses on well-located assets and has a diverse tenant base across a range of sectors with limited exposure to any one tenant and sector. The Group focusses on acquiring assets with resilient values, typically 30 – 70% replacement cost and sourced off-market.
5. REGULATORY		
The Group is part of the UK REIT regime.	If the Group fails to comply with regulation, then the Group may fail to remain part of the UK REIT regime. Any failure will impact the Group's profitability and shareholder returns.	Compliance with the UK REIT regime is continuously monitored by both the Manager and the Board. External advice is sought for specific transactions which may have an impact on the Group's REIT status. The Board has ultimate responsibility for ensuring we comply with the UK REIT regime.
6. MANAGER		
Inadequate systems and financial controls of the Manager.	A breakdown in the Manager's procedures may impact investment decisions leading sub-optimal returns for shareholders. The Group places reliance on the Manager's services and its ability to provide relevant information on a timely basis.	Collectively, staff and partners of the Manager have extensive experience in industrial real estate and financial services industries and has well established financial controls in place with appropriate oversight by financial management to ensure operations are run as effectively as possible. The Management Engagement Committee is responsible for reviewing and assessing the performance of the Manager.
Loss of key personnel.	Impact the Group's ability to achieve its strategic business objectives.	Management contracts are in place which ensure management interests are aligned with shareholders.
7. POLITICAL		
Ongoing impact of Brexit negotiations.	Negotiations to the leave the EU may have an adverse impact on investment, financial and occupier markets.	The Group has a diverse tenancy base, the majority of whom are involved in the supply of essential goods throughout the UK. The Manager has been in regular discussions with tenants throughout the year. The vast majority responded with no expectation of a significant adverse trading effect as a result of Brexit. The Board has considered the impact of Brexit and has concluded that, in the short-term, it will not materially impact the Group's operational of financial performance.

Approval of Strategic Report
The Strategic Report, (including Financial Highlights, Chairman's Statement, Manager'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
Chairman
14 June 2019

CORPORATE GOVERNANCE REPORT

CHAIRMAN'S INTRODUCTION

THE BOARD OF URBAN LOGISTICS REIT IS COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE AND RECOGNISES ITS RESPONSIBILITY TO SERVE THE INTERESTS OF SHAREHOLDERS BY CREATING SUSTAINABLE GROWTH AND SHAREHOLDER VALUE OVER THE MEDIUM TO LONG TERM, WHILST ALSO REDUCING OR MITIGATING RISK.

As an AIM quoted company, Urban Logistics REIT plc (the "Company" or "Urban Logistics") is required to declare which recognised corporate governance code it has adopted and state how that code has been applied. The Board formally adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") in 2018 as it considers it to be suitable for the current size and stage of development of the Company.

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

Role of the Chairman

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

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

Strategy and business model

The Company's business model, strategy and key markets are set out in the Manager's Report on pages 6 to 10.

The Board

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

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

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

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

Directors

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

Full biographies of each Director can be found on pages 16 to 17.

Board performance

The Board continually reflects on its performance to identify potential areas for improvement. In March 2019, Urban Logistics engaged an external provider to carry out a formal Board and Committee performance review. The results from this review have been reviewed and analysed by the Board.

The review concluded that the Board and Committee members have a clear understanding of the Company and their role within it and the Board, as a whole, has sufficient skills, experience, time and resources to undertake their duties. Succession planning and Board diversity were highlighted as areas that need to be considered, especially as the Company grows.

Governance structure and processes

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

The Board has also delegated a number of responsibilities to its Audit, Nomination and Management Engagement Committees. Each Committee has appropriate Terms of Reference which have been reviewed and approved by the Board. The Board has not established a Remuneration Committee as it currently has no Executive Directors or employees. A copy of each Committee's Terms of Reference can be found on our website: www.urbanlogisticsreit.com

Shareholders

We are confident in our approach to ongoing communication with our shareholders as we recognise the value in positive shareholder engagement. Our website is kept up-to-date with information to help our investors keep in touch and understand our business. The Manager meets with the shareholders and investors on behalf of the Board by way of "shareholder roadshows" to discuss our results which have proven to be a popular and effective way to engage with shareholders and develop our understanding of their needs and expectations. The Manager provides feedback to the Board following these roadshows and also regularly updates the Board with the views of shareholders and analysts.

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

At the Annual General Meeting all votes are dealt with on a show of hands and the number of proxy votes cast is indicated. Votes on separate issues are proposed as separate resolutions. The outcome of the votes at our 2019 Annual General Meeting will be posted on our website once it has been held.

Risk management

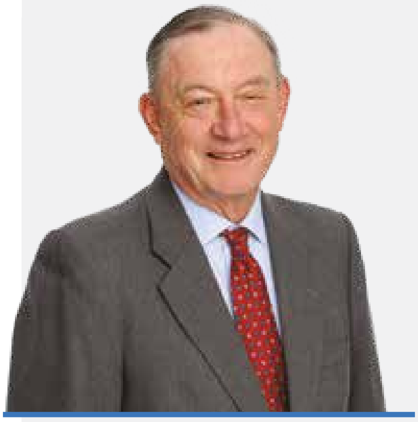
The Board is responsible for determining the nature and extent of the principle risks that the Group is willing to take in achieving its objectives and has carried out a robust review of those risks facing the Group, including those that would threaten the business model, future performance, solvency or liquidity. Pages 12 and 13 set out the Company's principal risks and uncertainties.

Ethical values and stakeholder responsibility

The Board acknowledges that it has the responsibility to "set the tone from the top" in terms of the culture and ethical behaviours of the Company. In addition, the Board expects its service providers, including its Manager, to have a high standard of ethical behaviour and for the employees of the service providers to behave in a proper manner. The Management Engagement Committee reviews the behaviours of its service providers, including the Manager as part the annual review.

Nigel Rich CBE
Chairman
14 June 2019

BOARD OF DIRECTORS



NIGEL RICH CBE
Non-Executive Chairman

Nigel Rich brings a wealth of Board experience, having operated across the globe in senior positions, most recently at Segro plc.

He served as the Group Chief Executive of Trafalgar House plc from 1994 to 1996 and previously spent 20 years at the Jardine Matheson Group in Asia, serving as a Managing Director of Jardine Matheson Holdings from 1989 to 1994.

He has served as the Chairman of the Board at Hamptons International, Excel plc, Xchanging plc and also as the Chairman of the Board of Segro plc, from October 2006 until April 2016. He has also served as a Member of The Takeover Panel (UK) and has been a member of the Finance and General Committees of the R&A. He is currently a director of the British Empire Trust.

RICHARD MOFFITT
Director

Previously Head of Industrial and Logistics at CBRE.

- More than 25 years' experience of the UK Industrial and Logistics markets.
- Credibility with owners and operators of real estate.
- In-depth market understanding and awareness of current issues.
- A thorough understanding of owner and tenant requirements.
- Extensive contact list including institutional funds.
- Member of The Chartered Institute of Logistics and Transport.

Transaction history includes:

- Goodman acquisition of Rosemound for £650 million +.
- Scaling up and subsequent disposal by London & Stamford.
- Disposal of £300 million of assets to Logicor by Anglesea.
- Founding partner of M3 Agency LLP (logistics property consultancy). Sold to CBRE in 2010 where he then ran the logistics business until 2015.

JONATHAN GRAY
Non-Executive Director

Jonathan Gray has considerable financial services experience having worked in senior roles at HSBC, UBS and NCB.

He has worked on numerous flotations, including a number of property companies such as Property Fund Management, Cleveland Trust and CLS Holdings. From 2010 - 2014 he was the Non-Executive Chairman of PGF II SA, a London based £200 million private property fund. He currently works as a financial advisor/ consultant to a variety of international companies.

BRUCE ANDERSON

Non-Executive Director

Bruce Anderson has considerable real estate and financial services experience having worked in senior roles at Lloyds, HBoS and Bank of Scotland; this includes 15 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 currently a Non-Executive Director at Green Property Limited.

MARK JOHNSON

Director

Co-founded Pacific Investments Management Limited ("Pacific Investments") with Sir John Beckwith. Qualified as a lawyer before working in corporate finance at Barclays Merchant Bank and Barclays de Zoete Wedd.

Previously Mark Johnson was CEO of the Riverside Group, one of the UK's leading leisure companies, under the chairmanship of Sir John, and oversaw its successful sale.

He is a founding partner and shareholder/Director of Pacific's investment portfolio and private equity companies including Barbican Healthcare Plc, Sports & Outdoor Media International Plc, Liontrust Asset Management Plc, Thames River Capital LLP, River and Mercantile Group Plc, Argentex LLP and Pacific Asset Management LLP.

THE BOARD

The Board

The Board comprises five Directors of whom three are independent. Nigel Rich, Jonathan Gray and Bruce Anderson being determined as independent by the Board.

The current members of the Board and their membership on the Committees of the Company are as follows:

	Independent	Audit Committee	Management Engagement Committee	Nomination Committee
Nigel Rich	✔	Member	Chairman	Chairman
Bruce Anderson	✔	Chairman	Member	Member
Jonathan Gray*	✔	Member	Member	Member
Richard Moffitt	–	–	–	–
Mark Johnson	–	–	–	Member

* Senior independent Director.

As Richard Moffitt and Mark Johnson have an interest in the Manager, they are not considered independent and exclude themselves from voting on matters that involve Pacific Capital Partners Limited, or where there is a perceived potential conflict of interest. Whilst not independent, the Board considers that both Richard and Mark remain able to provide constructive challenge and scrutiny to the Board, as well as valuable and relevant skills and experience.

Board Committees

The Board has delegated a number of responsibilities to its Audit, Nomination and Management Engagement Committees. Each Committee has prepared appropriate Terms of Reference and their actions are reported to and monitored by the Board. 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 2019 financial year can be found on pages 20 to 23.

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

Time commitments

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. During the year ended 31 March 2019, there were 12 Board meetings. The Company is currently in a growth phase, so the Board convened a substantial number of additional meetings during the year, to consider and implement equity fundraisings and investment opportunities.

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

	Board	Audit Committee	Management Engagement Committee	Nomination Committee
Nigel Rich	10/12	6/6	3/3	2/2
Bruce Anderson	12/12	6/6	3/3	2/2
Jonathan Gray	12/12	6/6	3/3	2/2
Richard Moffitt	11/12	–	–	–
Mark Johnson*	12/12	2/2	–	2/2

* Mark Johnson stepped down from the Audit Committee in July 2018.

The Manager

Under the Investment Management Agreement, the Board has delegated day-to-day responsibility for running the Company to the Manager who deal with all the property transactions. They are supported administratively by appropriate people from the Manager's professional staff. Richard Moffitt and Christopher Turner are the principle members of the team and report to the Board at each meeting and other members of the management team attend as required.

The Manager regularly uses for its purchase and sales of assets, M1 Agency LLP, a limited liability partnership in which Richard Moffitt has an interest. The fees for each transaction are reviewed by the Board and Manager excluding Richard Moffitt to ensure that the fees payable are in line with market fees and practice. The total fees paid in the year amounted to £1.1 million.

The Board formally reviews the Manager's performance each year, to allow the Board to state, if appropriate, that the Manager's continued appointment is in shareholders' interests. The Investment Management Agreement was extended in July 2018 so that it now runs through to April 2024. This ensures continuity of the relationship with the Manager. All other key terms of the agreement remain unchanged.

Conflicts of interest

The Articles of Association allow the Board to authorise potential conflicts of interest that may arise, subject to imposing limits or conditions when giving authorisation if this is appropriate.

Only independent Directors (who have no interest in the matter being considered) will be able to take the relevant decision and, in taking the decision, the Directors must act in a way they consider will be most likely to promote the Group's success. Procedures have been established to monitor actual and potential conflicts of interest on a regular basis, and the Board is satisfied that these procedures are working effectively.

Internal control

The Manager is responsible for operating the Group's system of internal control and reviewing the effectiveness of this. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

Anti-bribery and corruption

The Manager has a zero-tolerance policy for bribery and corruption policy and is committed to carrying out business fairly, honestly and openly. The Manager undertakes annual regulatory training on AML and anti-bribery and corruption. The Company has a whistleblowing policy with appropriate links to the Chairman and or Audit Chairman.

Financial and business information

The Board is responsible for preparing the Annual Report. As the Directors' Responsibility Statement confirms, the Board believes that this Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary to assess the Group's performance.

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

NIGEL RICH CBE
Chairman of the Management Engagement Committee

Composition

The Management Engagement Committee (the "Committee") comprises of all independent Directors with Nigel Rich as Chairman.

Responsibilities

The main role and duties of the Committee include reviewing the terms, appointment and performance of the various service providers, including the Manager. It includes a review of the engagement terms on which the Manager is engaged on an annual basis as well as determining their reappointment.

The Committee met three times during the year. The primary area of focus was the consideration of the extension to the Agreement. An annual review of the other key service providers, including brokers, the registrar, valuers, the Company Secretary and the Company's lawyers was also undertaken.

The Committee concluded that the Manager's performance was satisfactory for the year with no issues noted. An extension to the Agreement was granted in July 2018 so that the Agreement now runs through to April 2024.

Nigel Rich CBE
Chairman of the Management Engagement Committee
14 June 2019

AUDIT COMMITTEE REPORT

BRUCE ANDERSON
Chairman of the Audit Committee

Composition

The Audit Committee (the "Committee") comprises Bruce Anderson as Chairman, Nigel Rich and Jonathan Gray, all of whom are independent Non-Executive Directors.

Responsibilities

The role of the Audit Committee is to review and report to the Board of Directors on financial reporting, internal control and risk management. It has also considered the independence, effectiveness and performance of the external auditor and the audit process.

The key responsibilities and principal activities of the Committee are as follows:

- To advise Board of Directors that the statements made in the Interim and Annual Report, including those on going concern and principal risks are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.
- To review any formal announcements on the Group's financial performance, including as assessment of the estimates and judgements.
- The appropriateness of the interim and year-end individual property valuations and the independence of the external valuers.
- To review the Manager's system of internal control and risk management framework.
- Review any changes in accounting policies that may impact the financial statements.
- To review and approve the external auditor's terms of engagement, remuneration and tenure of appointment.

External auditor

Nexia Smith & Williamson ("Smith & Williamson") has been retained as the Group's external auditor for the year ended 31 March 2019.

During the year, the Committee considered the appointment, compensation, performance and independence of the Group's external auditor through discussion with the finance team of the Manager and through a review of the audit deliverables.

The assessment of the performance and effectiveness involves consideration of the qualifications, expertise and resources of the audit partner and team as well as the quality and timeliness of the audit deliverables. The Committee considers that the audit team assigned to the Group by Smith & Williamson has a good understanding of the Group's business which enables it to produce an in-depth, high-quality and timely audit.

AUDIT COMMITTEE REPORT CONTINUED

Audit and non-audit fees

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

	2019	2018
Audit fees including related assurance services (£000)	82	88
Non-audit fees (£000):		
Transaction-related services	59	466
Capital raise fees	15	25
Total	**156**	**579**

Smith & Williamson received £15,000 in respect of providing reporting accountant services in connection with the Company's public offering in April 2018. These fees have been treated as share issue expenses and offset against share premium.

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 Manager and, as such, the Audit Committee places reliance on its internal systems and controls.

Valuation of property portfolio

The Group has property assets of £186.4 million as at 31 March 3019. 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 2019, in accordance with the RICS valuation – Professional Standards January 2014 (the "Red Book"). The Committee met with the team from CBRE in May 2019 and discussed the assumptions underlying the individual property valuations and has concluded that the valuation is appropriate.

REIT status

The Group must comply with the UK REIT regulations to continue to benefit from the favourable tax regime. The Manager prepares and monitors the REIT tests which are reported to the Board on a quarterly basis. The Audit Committee are satisfied that there is full compliance with the UK REIT regulations and notes the significant headroom for the financial year.

Business combinations

At the time of acquiring a subsidiary that owns investment properties, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Where acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations.

Fair, balanced and understandable

The Audit Committee considered whether the 2019 Annual Report and financial statements was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's position, performance, business model and strategy. In reaching its decision, the Audit Committee reviewed the procedures established and adopted by finance team of the Manager which consisted of the following:

- Clear guidance was issued to all contributors at the start of the process;
- Individual sections of the Annual Report were drafted by appropriate senior management, who met regularly to review consistency;
- A review of the documentation that outlines the controls in place for the production of the Annual Report; and
- A full verification exercise to ensure factual accuracy was undertaken.

The Audit Committee is satisfied that the Annual Report and financial statements met this requirement.

Bruce Anderson
Chairman of the Audit Committee
14 June 2019

NOMINATION COMMITTEE REPORT

NIGEL RICH CBE
Chairman of the Nomination Committee

Composition
The Nomination Committee (the "Committee") comprises of all independent Directors and Mark Johnson with Nigel Rich as Chairman.

Responsibilities
The role of the Committee is to review appropriateness of the structure, size and composition of the Board, give full consideration to succession planning, and consider and recommend to the Board the re-election of the Directors at the Annual General Meeting.

The Committee met twice during the year whereby the current Board composition, structure and size and the combined capabilities and experience of the Directors was considered. It was concluded that at the current stage of development the Company has a sufficient number of Directors with the requisite knowledge and expertise to fulfil the current requirement of the Company.

The planned activities for the financial year 2020 will include analysis of the recent Board Effectiveness Review and to make recommendations to the Board regarding any key findings from this Review.

Future Board appointments
During the financial year 2020, the Nomination Committee will review whether the number of Directors' is appropriate, considering the size of the Company, and composition of the Board, particularly with regards to diversity.

Nigel Rich
Chairman of the Nomination Committee
14 June 2019

DIRECTORS' REPORT

Report and financial statements

The Directors present their report together with the audited financial statements for the year ended 31 March 2019.

Urban Logistics REIT plc and its subsidiaries carry on the business of property lettings throughout the United Kingdom. The Strategic Report includes further information about the Company's principal activity, including financial performance during the year and indications of likely future developments.

The Directors believe they have discharged their responsibilities under section 414C of the Companies Act 2006 to provide a balanced and comprehensive review of the development and performance of the business.

Financial results and dividends

The Group reported a profit for the year after taxation of £18.7 million (2018: £9.9 million).

EPRA earnings for the year were £5.9 million, up from £2.5 million in the prior year. There were two principal drivers of this positive performance. The first was the growth in number of properties across the portfolio and its strong rental income, following successful rent reviews and lease extensions. The second was the successful asset management undertaken during the year which was in line with our Investment Policy and undertaken across a number of properties, with further initiatives available to the Manager.

Administrative and other expenses, which include the Manager's fee (excluding the LTIP charge) and other costs of running the Group, were £1.8 million, equivalent to 1.3% of the gross assets as at 31 March 2019.

During the year, the following interim dividends were paid:

Description	Pence per share	Payment date	Financial year
Third interim dividend	3.20p	04/05/2018	2018
Fourth interim dividend	0.20p	14/12/2018	2018
Interim dividend	2.98p	14/12/2018	2019

The total dividends paid and proposed in respect of the period ended 31 March 2018 was 6.32 pence.

A second interim dividend in respect of the year ended 31 March 2019 of 4.02 pence per share was declared on 24 May 2019. This takes the total dividend paid and declared in respect of the year ended 31 March 2019 to 7.00 pence.

Share capital

On 26 April 2018, the Company issued 17,071,130 new Ordinary Shares, which were admitted to trading on the AIM Market of the London Stock Exchange. At 31 March 2019, there were 87,690,604 Ordinary Shares of £0.01 in issue.

As at 31 March 2019, there is only one class of share in issue and there are no restrictions on the voting rights attached to these shares or the transfer of securities in the Company, and are all fully paid.

The Company made no purchase of its own shares during the year. Further details on issued share capital is set out in note 22 to the financial statements.

Directors' interests and remuneration

The present membership of the Board and biographical details of Directors are set out on pages 16 to 17.

The Company has arranged Directors' and Officers' liability insurance cover in respect of legal action against its Directors, which is reviewed and renewed annually and remains in force as the date of this report.

Directors' shareholdings

The beneficial interest in the Ordinary Shares of the Company held by the Directors who were in office during the year are set out below.

Director	Number of Ordinary Shares held	Percentage of issued share capital at 31 March 2019
Nigel Rich - Chairman	225,536	0.26%
Bruce Anderson	45,554	0.05%
Jonathan Gray	60,000	0.07%
Mark Johnson	193,478	0.22%
Richard Moffitt	398,362	0.45%

Directors' remuneration

The fees paid to the current Directors in the year to 31 March 2019 are set out below.

Director	
Nigel Rich – Chairman	£75,000
Bruce Anderson	£35,000
Jonathan Gray	£35,000
Mark Johnson*	–
Richard Moffitt*	–
Total	**£145,000**

* Mark Johnson and Richard Moffitt do not receive any remuneration as directors of the Company.

Future developments
An indication of the likely future developments of the Company's business is set out in the Strategic Report.

Employees
The Group has no employees.

Financial instruments
Details of the financial instruments used by the Group and financial risk management policies can be found in note 20 and in the Principal Risks and Uncertainties section on page 12.

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

Substantial shareholdings
The Directors have been notified that the following shareholders have a disclosable interest of 5% or more in the Ordinary Shares of the Company at the date of this report:

	Number of shares held	Percentage of issued share capital
Allianz Global Investors GmbH (UK)	10,310,612	11.76%
Rathbone Investment Management Ltd	9,635,694	10.99%
Henderson Global Investors Ltd	9,171,189	10.46%
Sir John Beckwith	7,055,000	8.00%
Premier Fund Managers Ltd	6,913,373	7.88%

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 tenant leases.

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.

Post-balance sheet events
On 5 April 2019, the Group completed the sale of a property located in Nuneaton for £8.1 million. The property was sold to an owner occupier, Cofresh Limited, and realised a Total Property Return of 38%.

On 5 April 2019, the Group purchased a logistics property in Thatcham for a total consideration of £3.4 million, representing a net initial yield of 5.9%. The warehouse has a rent of £7.97 per sq ft and a reversionary yield of circa 7.0%.

Post-year end, a further 61,000 warrant shares were exercised for a strike price of 97.0 pence per Ordinary Share. The remaining 396,250 warrant shares expired on 13 April 2019.

On 17 May 2019, the Group completed the sale of a site located on Postley Road, Bedford for £9.2 million realising a Total Property Return of 74%.

Independent auditor
Nexia Smith & Williamson has expressed its willingness to continue as Auditor for the financial year ended 31 March 2020.

Disclosure of information to the auditor
The Directors who were members of the Board at the time of approving of approving the Directors' Report have confirmed that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board on 14 June 2019.

Nigel Rich
Chairman

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 Company and of the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are also responsible for ensuring that they meet their responsibilities under AIM rules.

Approval

This Directors' responsibility statement was approved by the Board of Directors and signed on its behalf by:

Nigel Rich
Chairman
14 June 2019

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 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cashflows, Company Statement of Cashflow, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union 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 2019 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of 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 SME listed 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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Key audit matters
We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Valuation of investment property (Group)
Description of risk
The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property.

The valuations as at 31 March 2019 were carried out by third-party valuers, CBRE Limited (the "Valuers").

The Group's accounting policy for investment properties is included within note 4. Details of the Groups valuation methodology and resulting valuation can be found in notes 3, 13 and 20.

How the matter was addressed in the audit
We assessed the Valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

We carried out procedures, on a sample basis, to satisfy ourselves of the reasonableness of the inputs used by the Valuers in the valuations.

We read the valuation reports for all the properties and corresponded with the Valuers to understand their approaches and confirmed that the valuation approaches were in accordance with RICS standards and suitable for use in determining the carrying value for the purpose of the financial statements.

We compared the sales prices for properties disposed of in the year and post-year end to the most recent valuation performed by the Valuers and considered the results of this comparison when assessing the reasonability of the valuations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF URBAN LOGISTICS REIT PLC CONTINUED

Materiality
The materiality for the Group financial statements as a whole was set at £5,900,000. This has been determined with reference to the benchmark of the Group's total assets, which we consider to be one of the principal considerations for members of the Parent Company in assessing the performance of the Group. Materiality represents 3% of the total assets as presented on the face of the Consolidated Statement of Financial Position.

The materiality for the Parent Company financial statements as a whole was set at £2,800,000. This has been determined with reference to the benchmark of the Parent Company's total assets as the Parent Company exists only as a holding company for the Group and carries on no trade in its own right. Materiality represents 3% of total assets as presented on the face of the Parent Company's Statement of Financial Position.

An overview of the scope of our audit
The scope of our work covered 100% of Group revenue, Group profit before tax and Group net assets which included the audit of all subsidiaries for Group reporting purposes.

Other information
The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by 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; and
- 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 where 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 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.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement set out on page 26, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Guy Swarbreck
Senior Statutory Auditor,
for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
14 June 2019

25 Moorgate
London
EC2R 6AY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 Mar 19 £'000	Year ended 31 Mar 18 £'000
Rental income	5	**10,771**	5,564
Property operating expenses		**(694)**	(561)
Net rental income		**10,077**	5,003
Administrative and other expenses		**(1,833)**	(1,074)
Other income		**–**	133
Long-term incentive plan charge	11	**(119)**	(657)
Operating profit before changes in fair value of investment properties and interest rate derivatives		**8,125**	3,405
Changes in fair value of investment property	13	**13,352**	7,194
Profit on disposal of investment property		**160**	57
Operating profit		**21,637**	10,656
Finance income		**29**	4
Finance expense	8	**(2,210)**	(929)
Changes in fair value of interest rate derivatives	19	**(709)**	134
Profit before taxation		**18,747**	9,865
Tax credit/(charge) for the period	9	**–**	–
Profit and total comprehensive income (attributable to the shareholders)		**18,747**	9,865
Earnings per share – basic	10	**22.12p**	19.54p
Earnings per share – diluted	10	**22.10p**	19.51p
EPRA earnings per share – diluted	10	**7.01p**	4.91p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Mar 19 £'000	31 Mar 18 £'000
Non-current assets			
Investment property	13	**186,420**	131,850
Intangible assets		**22**	–
Interest rate derivatives	19	**–**	19
Total non-current assets		**186,442**	131,869
Current assets			
Trade and other receivables	15	**1,531**	585
Cash and cash equivalents	16	**9,760**	3,280
Total current assets		**11,291**	3,865
Total assets		**197,733**	135,734
Current liabilities			
Trade and other payables	17	**(1,808)**	(1,490)
Deferred rental income		**(2,388)**	(1,694)
Total current liabilities		**(4,196)**	(3,184)
Non-current liabilities			
Long-term rental deposits		**(951)**	(672)
Interest rate derivatives	19	**(690)**	–
Bank borrowings	18	**(71,420)**	(47,672)
Total non-current liabilities		**(73,061)**	(48,344)
Total liabilities		**(77,257)**	(51,528)
Total net assets		**120,476**	84,206
Equity			
Share capital	22	**877**	681
Share premium	23	**93,877**	71,832
Share warrant reserve	24	**14**	89
Other reserves		**194**	75
Retained earnings	26	**25,514**	11,529
Total equity		**120,476**	84,206
Net Asset Value per share basic	28	**137.39p**	123.62p
Net Asset Value per share diluted	28	**137.18p**	122.51p
EPRA Net Asset Value – diluted	28	**137.96p**	122.49p

The financial statements of Urban Logistics REIT plc (registered number 09907096) on pages 30 to 36 were approved by the Board of Directors and authorised for issue on 14 June 2019 on its behalf by:

Nigel Rich
Chairman

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	31 Mar 19 £'000	31 Mar 18 £'000
Non-current assets			
Investment in subsidiaries	14	**93,800**	11,800
Intangible assets		**22**	–
Total non-current assets		**93,822**	11,800
Current assets			
Trade and other receivables	15	**1,897**	62,816
Cash and cash equivalents	16	**1,702**	41
Total current assets		**3,599**	62,857
Total assets		**97,421**	74,657
Current liabilities			
Trade and other payables	17	**(744)**	(346)
Total current liabilities		**(744)**	(346)
Total liabilities		**(744)**	(346)
Total net assets		**96,677**	74,311
Equity			
Share capital	22	**877**	681
Share premium	23	**93,877**	71,832
Share warrant reserve	24	**14**	89
Other reserves		**194**	75
Retained earnings	26	**1,715**	1,634
Total equity		**96,677**	74,311

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 £4.84 million.

Nigel Rich
Chairman

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 Mar 19 £'000	Year ended 31 Mar 18 £'000
Cash flows from operating activities		
Profit for the period (attributable to equity shareholders)	18,747	9,865
Add: amortisation of intangible assets	4	–
Less: changes in fair value of investment property	(13,352)	(7,194)
Add/(Less): changes in fair value of interest rate derivatives	709	(134)
(Less): profit on disposal of investment property	(160)	(57)
Less: finance income	(29)	(4)
Add: finance expense	2,210	929
Long-term investment plan	119	657
Increase in trade and other receivables	(946)	(45)
Increase in trade and other payables	1,291	1,443
Cash generated from operations	8,593	5,460
Net cash flow generated from operating activities	8,593	5,460
Investing activities		
Purchase of investment properties	(52,088)	(12,236)
Disposal of investment properties	11,030	5,542
Purchase of intangible assets	(26)	–
Acquisition of a subsidiary, net of cash acquired	–	(74,031)
Net cash flow used in investing activities	(41,084)	(80,725)
Financing activities		
Proceeds from issue of Ordinary Share capital	20,400	53,053
Proceeds from issue of warrant shares	2,430	–
Cost of share issue	(664)	(1,826)
Bank borrowings drawn	28,931	32,582
Bank borrowings repaid	(4,930)	(2,394)
Loan arrangement fees paid	(610)	(860)
Interest paid	(1,853)	(781)
Interest received	29	4
Dividends paid to equity holders	(4,762)	(2,913)
Net cash flow generated from financing activities	38,971	76,865
Net increase in cash and cash equivalents for the period	6,480	1,600
Cash and cash equivalents at start of period	3,280	1,680
Cash and cash equivalents at end of period	9,760	3,280

COMPANY CASH FLOW STATEMENT

	Year ended 31 Mar 19 £'000	Year ended 31 Mar 18 £'000
Cash flows from operating activities		
Profit for the period (attributable to equity shareholders)	**4,843**	2,393
Add: amortisation of intangible assets	**4**	–
Less: finance income	**(3)**	(2)
Long-term investment plan	**119**	657
Increase in trade and other receivables	**(10)**	(4)
Increase in trade and other payables	**397**	114
Cash generated from operations	**5,350**	3,158
Net cash flow generated from operating activities	**5,350**	3,158
Investing activities		
Acquisition of a subsidiary, net of cash acquired	**–**	–
Increase in loan due from Group undertakings	**(21,070)**	(51,499)
Purchase of intangible assets	**(26)**	–
Net cash flow used in investing activities	**(21,096)**	(51,499)
Financing activities		
Proceeds from issue of Ordinary Share capital	**20,400**	53,053
Proceeds from issue of warrant shares	**2,430**	–
Cost of share issue	**(664)**	(1,826)
Interest received	**3**	2
Dividends paid to equity holders	**(4,762)**	(2,913)
Net cash flow generated from financing activities	**17,407**	48,316
Net increase in cash and cash equivalents for the period	**1,661**	(25)
Cash and cash equivalents at start of period	**41**	66
Cash and cash equivalents at end of period	**1,702**	41

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019	Share capital £'000	Share premium £'000	Share warrant reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2018	**681**	**71,832**	**89**	**75**	**11,529**	**84,206**
Profit for the period	–	–	–	–	18,747	18,747
Total comprehensive income	**–**	**–**	**–**	**–**	**18,747**	**18,747**
Dividends to shareholders	–	–	–	–	(4,762)	(4,762)
Long-term incentive plan	–	–	–	119	–	119
Issue of Ordinary Shares	171	19,565	–	–	–	19,736
Redemption of Warrant Shares	25	2,480	(75)	–	–	2,430
31 March 2019	**877**	**93,877**	**14**	**194**	**25,514**	**120,476**
Year ended 31 March 2018						
1 April 2017	**215**	**20,454**	**91**	**34**	**4,577**	**25,371**
Profit for the period	–	–	–	–	9,865	9,865
Total comprehensive income	**–**	**–**	**–**	**–**	**9,865**	**9,865**
Dividends to shareholders	–	–	–	–	(2,913)	(2,913)
Long-term incentive plan	–	–	–	657	–	657
Crystallisation of long-term incentive plan	5	611	–	(616)	–	–
Issue of Ordinary Shares	461	50,767	–	–	–	51,228
Redemption of Warrant Shares	–	–	(2)	–	–	(2)
31 March 2018	**681**	**71,832**	**89**	**75**	**11,529**	**84,206**

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2019	Share capital £'000	Share premium £'000	Share warrant reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 April 2018	**681**	**71,832**	**89**	**75**	**1,634**	**74,311**
Profit for the period	–	–	–	–	4,843	4,843
Total comprehensive income	**–**	**–**	**–**	**–**	**4,843**	**4,843**
Dividends to shareholders	–	–	–	–	(4,762)	(4,762)
Long-term incentive plan	–	–	–	119	–	119
Issue of Ordinary Shares	171	19,565	–	–	–	19,736
Redemption of Warrant Shares	25	2,480	(75)	–	–	2,430
31 March 2019	**877**	**93,877**	**14**	**194**	**1,715**	**96,677**
Year ended 31 March 2018						
1 April 2017	**215**	**20,454**	**91**	**34**	**2,154**	**22,948**
Profit for the period	–	–	–	–	2,393	2,393
Total comprehensive income	**–**	**–**	**–**	**–**	**2,393**	**2,393**
Dividends to shareholders	–	–	–	–	(2,913)	(2,913)
Long-term incentive plan	–	–	–	657	–	657
Crystallisation of long-term incentive plan	5	611	–	(616)	–	–
Issue of Ordinary Shares	461	50,767	–	–	–	51,228
Redemption of Warrant Shares	–	–	(2)	–	–	(2)
31 March 2018	**681**	**71,832**	**89**	**75**	**1,634**	**74,311**

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information
Urban Logistics REIT plc, previously Pacific Industrial & Logistics REIT plc (the "Company") and its subsidiaries (the "Group") carry on 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 AIM Market of The London Stock Exchange. The registered office address is: 124 Sloane Street, London, SW1X 9BW.

2. Basis of preparation
The financial statements have been prepared in accordance with IFRS as adopted by the European Union and, as regards the Parent Company financial statements, applied in accordance with the provisions of the Companies Act 2006.

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 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 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 £4.84 million.

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.

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 is preparing the Annual Report and financial statements.

Standards in issue and effective from 1 April 2018
The Group and the Company have adopted IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial instruments for the year ended 31 March 2019. The Group earns revenue from rental income, therefore IFRS 15 is not significant for the Group or Company. In respect of IFRS 9, the Group and Company adopted the expected credit loss model when calculating impairment losses on financial assets carried at amortised cost. Details of these are provided in note 15 to the financial statements.

Standards issued but not yet effective
The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:
– IFRS 16 "Leases" will be effective for the year ending March 2020 onwards.

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application, other than on presentation and disclosure.

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.

Critical accounting judgements
Business combinations
The Group acquires subsidiaries that own real estate. At the time of acquisition, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Significant accounting judgements, estimates and assumptions continued

Key sources of estimation uncertainty

Fair value of investment property

The market value of 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 July 2017 (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 are set out in note 13.

4. Principal accounting policies

The principal accounting policies applied in the preparation of these interim 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 acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. At the Group level, acquisition costs are recognised in the Statement of Comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Subsidiaries are entities which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiary entities are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases. In respect of subsidiaries, inter-company transactions and unrealised gains on intra-group transactions are eliminated on consolidation.

The financial information of the subsidiaries is prepared for the same reporting periods as the Parent Company, using consistent accounting policies.

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.

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 on a straight-line basis over the term of the loan.

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.

Investment properties are initially recognised at cost including transactions 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 change in fair value is recognised in the Statement of Comprehensive Income in the period in which they arise.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income.

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.

Financial assets

Investments other than investments in subsidiaries are classified as either held-for-trading or not at initial recognition. At the year-end date all investments are classified as not held for trading. An irrevocable election has been made to recognise changes in fair value in other comprehensive income.

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. 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 cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

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.

Revenue recognition

Rental income from operating leases on properties owned by the Group is accounted for on a straight-line basis over the term on 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.

Leases

Leases where substantially all of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. All others are deemed operating leases. Property interests held under operating leases which meet the definition of investment properties are carried, as such, at fair value with the related lease treated as a finance lease.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Principal accounting policies continued

Long-term incentive plan

There is a long-term incentive plan ("LTIP") in place whereby Pacific Industrial LLP, an affiliate of Pacific Capital Partners Limited (the "Manager") has subscribed for B Ordinary Shares and C Ordinary Shares issued in Pacific Industrial & Logistics Limited, a subsidiary of Urban Logistics REIT plc (the "Company"). Under the terms of the LTIP, the Company is obliged to acquire the B Ordinary Shares and C Ordinary Shares in Pacific Industrial & Logistics Limited, in return for services provided by Pacific Industrial LLP, subject to certain conditions.

The fair value of the LTIP is calculated at the grant date using the Monte Carlo Model. The resulting cost is charged to the Statement of Comprehensive Income over the vesting period. The value of the charge is adjusted to reflect expected and actual levels of vesting. Further details have been provided in note 11.

Taxation

Taxation on the profit or loss for the period 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 period, 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.

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.

For the year to 31 March 2019, there were two tenants which accounted for 13% and 10% of the Group's gross rental income.

6. Operating profit

Operating profit is stated after charging:

	31 Mar 19 £'000	31 Mar 18 £'000
Directors' remuneration (note 7)	**162**	128
Long-term incentive plan (note 11)	**119**	657
Auditor's fees		
– Fees payable for the audit of the Company's annual accounts	**18**	15
– Fees payable for the ISRE 2410 review of the Company's interim accounts	**13**	13
– Fees payable for the audit of the Company's subsidiaries	**51**	56
– Fees payable for other services	**59**	4
Total auditor's fee	**141**	88

In addition to the above, Smith & Williamson also received £15k in respect of providing reporting accountant services in connection with the Company's public offering in April 2018. These fees have been treated as share issue expenses and offset against share premium.

7. Directors' remuneration

	31 Mar 19 £'000	31 Mar 18 £'000
Directors' fees	**145**	114
Employer's National Insurance	**17**	14
	162	128

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' Report. Two Directors are also set to benefit from the long-term incentive plan ("LTIP"). For further information refer to related party transactions in note 27.

8. Finance expense

	31 Mar 19 £'000	31 Mar 18 £'000
Interest on bank borrowings	**1,853**	781
Amortisation of loan arrangement fees	**357**	148
	2,210	929

9. Taxation

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business, provided it continues to meet certain conditions as per REIT regulations. For the year ending 31 March 2019, the Group did not have any non-qualifying 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.

10. Earnings per share

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

	31 Mar 19 £'000	31 Mar 18 £'000
Profit attributable to ordinary shareholders		
Total comprehensive income (£'000)	**18,747**	9,865
Weighted average number of Ordinary Shares in issue	**84,734,355**	50,473,801
Basic earnings per share (pence)	**22.12p**	19.54p
Number of diluted shares under option/warrant	**89,866**	88,860
Weighted average number of Ordinary Shares for the purpose of dilutive earnings per share	**84,824,221**	50,562,661
Diluted earnings per share (pence)	**22.10p**	19.51p
Adjustments to remove:		
Changes in fair value of investment property (£'000)	**(13,352)**	(7,194)
Changes in fair value of interest rate derivatives (£'000)	**709**	(134)
Profit on disposal of investment properties	**(160)**	(57)
EPRA earnings (£'000)	**5,944**	2,480
EPRA diluted earnings per share	**7.01p**	4.91p
Adjustments to add back:		
LTIP crystallisation	**–**	616
Adjusted earnings (£'000)	**5,944**	3,096
Adjusted earnings per share	**7.01p**	6.12p

The ordinary number of shares is based on the time weighted average number of shares throughout the period.

At 31 March 2019, the Company had 457,250 Warrant Shares in issue. Each warrant holder has the right to subscribe for new Ordinary Shares on the basis of one new Ordinary Share for each warrant held at a strike price of 97.0 pence per Ordinary Share. The dilutive nature of the share is 3.0 pence per share.

Post-year end, a further 61,000 Warrant Shares were exercised for a strike price of 97.0 pence per Ordinary Share. The remaining 396,250 Warrant Shares expired on 13 April 2019.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Long-Term Incentive Plan ("LTIP")

The Company has a LTIP, accounted for as an equity-settled share-based payment. At 31 March 2019, Pacific Industrial LLP, an affiliate of Pacific Capital Partners Limited, has subscribed for 1,000 B Ordinary Shares of £0.01 each and 1,000 C Ordinary Shares of £0.01 each issued in Urban Logistics Holdings Limited (formerly Pacific Industrial & Logistics Limited), a subsidiary of the Company.

Date options granted	Class of share	Fair value at grant £'000	Charge for the year £'000
April 2016	B Ordinary	307	98
August 2017	C Ordinary	131	21
			119

The LTIP has an EPRA NAV element and a share price element and will be assessed on: i) 30 September 2020 (the "First Calculation Date") and ii) 30 September 2023 (the "Second Calculation Date"). The EPRA NAV element will be 10% of the excess of the EPRA NAV per Ordinary Share return, including dividends, over an annualised 9% hurdle, multiplied by the number of Ordinary Shares in issue at the relevant calculation date. The share price element will be 10% of the excess of the share price return, including dividends, over an annualised 9% hurdle, multiplied by the number of Ordinary Shares in issue at the relevant calculation date.

At the First Calculation Date, the share price element and the EPRA NAV element hurdle will be calculated by reference to the Placing Price of 115.0 pence.

At the Second Calculation Date, if a payment has been made at the First Calculation Date under either element, the hurdle for that element at the Second Calculation Date will be re-set to be based on the prevailing EPRA NAV per Ordinary Share/share price as at the First Calculation Date (as applicable). If no payment is made under an element at the First Calculation Date, then the hurdle for that element will continue to be calculated by reference to the Placing Price of 115.0 pence.

The LTIP will be paid in shares of Urban Logistics REIT plc or, at the Board's discretion, in cash.

12. Dividends

	Year ended 31 Mar 19 £'000	Year ended 31 Mar 18 £'000
Ordinary dividends paid		
2017 Second interim dividend: 3.00p per share	**–**	644
2017 Third interim dividend: 0.23p per share	**–**	157
2018 Interim dividend: 1.00p per share	**–**	681
2018 Special interim dividend: 2.10p per share	**–**	1,430
2018 Third interim dividend: 3.20p per share	**2,180**	–
2018: Fourth interim dividend: 0.02p per share	**17**	–
2019: First interim dividend: 2.98p per share	**2,565**	–
Total dividends paid	**4,762**	2,912

The Company has declared a second interim dividend of 4.02 pence per Ordinary Share in respect of the financial year ended 31 March 2019. The dividend will be paid as a property income distribution ("PID") on 28 June 2019 to shareholders on the register at the close of business on 7 June 2019. The ex-dividend date will be 6 June 2019.

13. 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 2019, in accordance with the RICS valuation – Global Standards July 2017 (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 13.

	Investment properties freehold £'000	Investment properties leasehold £'000	Total £'000
As at 1 April 2018	106,100	25,750	**131,850**
Property additions through acquisitions	51,960	128	**52,088**
Disposals in year	(7,700)	(3,170)	**(10,870)**
Change in fair value during the period	10,970	2,382	**13,352**
As at 31 March 2019	**161,330**	**25,090**	**186,420**

Total rental income for the year recognised in the Consolidated Statement of Comprehensive Income amounted to £10.77 million (March 2018: £5.56 million).

Further information relating to property valuation techniques have been disclosed in note 20.

14. Investments

Investments are analysed as follows:

	Group £'000	Company £'000
At 1 April 2018	–	11,800
Increase in investments via share purchase	–	82,000
At 31 March 2019	**–**	**93,800**

Details of the Group's subsidiary undertakings as at 31 March 2019, all of which are included in the consolidated financial statements, are given below:

Company name	Country of incorporation	Principal activity	Effective Group interest
Urban Logistics Holdings Limited	England and Wales	Holding Company	99.99%
Urban Logistics Acquisitions 1 Limited	England and Wales	Holding Company	99.99%
Urban Logistics Acquisitions 2 Limited	England and Wales	Property Investment	99.99%
Urban Logistics Prop Co 1 (Ac) Limited	England and Wales	Property Investment	99.99%
Sheds General Partner 2 Limited*	England and Wales	Dormant	99.99%
Sheds GP Nominee Co. 1 Limited*	England and Wales	Dormant	99.99%
Sheds GP Nominee Co. 2 Limited*	England and Wales	Dormant	99.99%
Sheds Prop 4 S.a.r.l	Luxembourg	Dormant	99.99%
Sheds YPL (Investments) Limited*	Guernsey	Dormant	99.99%
Sheds YPL (Investments II) Limited*	Guernsey	Dormant	99.99%
Sheds YPL (Investments III) Limited*	Guernsey	Dormant	99.99%

Registered office address for companies incorporated in England and Wales: 124 Sloane Street, London, SW1 X9BW.

Registered office address for companies incorporated in Guernsey companies: 11 New Street, St Peter Port, Guernsey GY1 2PF.

Registered office address for companies incorporated in Luxembourg companies: 14, Rue Edward Steichen, L-2540 Luxembourg.

Pacific Industrial LLP, an affiliate of the Manager, owns 0.01% of the issued share capital in Pacific Industrial & Logistics Limited. These shares have no right to dividends, therefore, no amounts have been recognised within non-controlling interests.

* At 31 March 2019, these companies were in liquidation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. Trade and other receivables

	Group 31 Mar 19 £'000	Company 31 Mar 19 £'000	Group 31 Mar 18 £'000	Company 31 Mar 18 £'000
Trade receivables	**644**	**7**	194	–
Other receivables	**459**	**–**	34	–
Amounts due from Group undertakings	**–**	**1,877**	–	62,807
Prepayments	**428**	**13**	357	9
	1,531	**1,897**	585	62,816

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 approximates their fair 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.

Trade receivables comprise rental income which is due on contractual quarter days. At 31 March 2019, £644,028 (2018: £194,226) was due from tenants. A provision for impairment of trade receivables is established using an expected credit losses model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default. The calculation resulted in no allowance for bad debt needing to be recognised in the accounts.

Included within other receivables is £344,673 (2018: £18,370) in relation to the unamortised lease incentives associated with entering into tenant leases. The year-on-year increase is a result of an increased number of new lettings for the current financial year.

16. Cash and cash equivalents

	Group 31 Mar 19 £'000	Company 31 Mar 19 £'000	Group 31 Mar 18 £'000	Company 31 Mar 18 £'000
Cash and cash equivalents	**9,760**	**1,702**	3,280	41
	9,760	**1,702**	3,280	41

Group cash and cash equivalents available include £0.95 million (March 2018: £0.67 million) of restricted cash in the form of rental deposits held on behalf of tenants.

17. Trade and other payables

	Group 31 Mar 19 £'000	Company 31 Mar 19 £'000	Group 31 Mar 18 £'000	Company 31 Mar 18 £'000
Falling due in less than one year				
Trade and other payables	**406**	**352**	693	302
Social security and other taxes	**450**	**173**	110	10
Accruals	**746**	**178**	647	34
Other creditors	**206**	**41**	40	–
	1,808	**744**	1,490	346

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 approximates their fair value.

Social security and other taxes relate solely to the Group's net VAT position with HMRC at the balance sheet date. At 31 March 2019, the Group owed £450,057 (2018: £110,461) to HMRC. The year-on-year increase is largely driven by increased contractual rental income as a result of property acquisitions made in the current financial year.

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

	Bank borrowings £'000
Balance at 1 April 2018	47,672
Bank borrowings drawn in the year	28,931
Bank borrowings repaid in the year	(4,930)
Loan arrangement fees paid	(610)
Non-cash movements:	
Amortisation of loan arrangement fees	357
Total bank borrowings per the Consolidated Group Statement of Financial Position	**71,420**
Being:	
Drawn debt	72,594
Unamortised loan arrangement fees	(1,174)
Total bank borrowings per the Consolidated Group Statement of Financial Position	**71,420**

On 5 December 2018, the Group, Santander UK plc and Barclays Bank plc entered into a facility agreement pursuant to which Santander UK plc has agreed to provide the Group with a loan facility of £72.6 million for a term of five years.

19. Interest rate derivatives

The Group has used interest rate swaps to mitigate exposure to interest rate risk. The total fair value of these contracts are 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 movement in the fair value of the interest rate derivatives are taken to finance costs in the statement of comprehensive income.

	Year ended 31 Mar 19 £'000	Year ended 31 Mar 18 £'000
Non-current liabilities: derivative interest rate swaps:		
At beginning of period	**19**	(115)
Change in fair value in the period	**(709)**	134
	(690)	19

20. 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, interest rate derivative 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 Mar 19 £'000	**Fair value 31 Mar 19 £'000**	Book value 31 Mar 8 £'000	Fair value 31 Mar 18 £'000
Financial assets				
Trade receivables	**644**	**644**	194	194
Cash and short-term deposits	**9,760**	**9,760**	3,280	3,280
Interest rate derivatives	**–**	**–**	19	19
Financial liabilities				
Trade and other payables	**(2,309)**	**(2,309)**	(2,052)	(2,052)
Bank loans	**(71,420)**	**(72,594)**	(47,672)	(48,593)
Interest rate derivatives	**(690)**	**(690)**	-	-

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty fails to meet it 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Financial risk management continued

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 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 18.

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 an interest rate cap entered into to mitigate interest rate risk.

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 shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

	6 months or less £'000	6–12 months £'000	1–2 years £'000	2–5 years £'000	More than 5 years £'000	Total £'000
31 March 2019						
Bank borrowings	**1,075**	**1,075**	**2,219**	**79,259**	**–**	**83,628**
Trade and other payables	**1,808**	**–**	**–**	**951**	**–**	**2,759**
	2,883	**1,075**	**2,219**	**80,210**	**–**	**86,387**
31 March 2018						
Bank borrowings	733	734	1,436	52,858	–	55,761
Trade and other payables	1,490	–	–	672	–	2,162
	2,223	734	1,436	53,530	–	57,923

Included within the contracted payments is £11.03 million bank interest payable up to the point of maturity across the facility.

Included in trade and other payables is £951k (2018: £672k) in relation to rent deposits held with respect to three tenants.

Financial instruments – Company

The Company's financial instruments comprise amounts due from Group undertakings, cash and cash equivalents and trade and other payables.

	Book value 31 Mar 19 £'000	Fair value 31 Mar 19 £'000	Book value 31 Mar 18 £'000	Fair value 31 Mar 18 £'000
Financial assets				
Trade and other receivables	**1,884**	**1,884**	62,807	62,807
Cash and short-term deposits	**1,702**	**1,702**	41	41
Financial liabilities				
Trade and other payables	**(744)**	**(744)**	(346)	(346)

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.

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.

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 that 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."

Various assumptions were made in the determination of the market value, namely: tenure, letting, taxation, town planning and the condition and repair of the properties and sites.

A 5% increase in estimated rental value ("ERV") would increase the property portfolio valuation by £9.33 million and a 5% decrease would decrease the property portfolio valuation by £9.33 million. Similarly, a decrease in net initial yield ("NIY") by 0.25% would increase the property portfolio valuation by £8.30 million and an increase of 0.25% would decrease the property portfolio valuation by £7.62 million.

21. 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 continues 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 adjusted 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 35 - 40% of the Group's gross assets.

22. Share capital

	31 Mar 19 Number	31 Mar 19 £'000
Issued and fully paid up at 1p each	**87,690,604**	877
At beginning of period	**68,114,724**	681
Issued and fully paid – 26 April 2018	**17,071,130**	171
Issued and fully paid – 1 May 2018	**521,964**	5
Issued and fully paid – 12 September 2018	**373,000**	4
Issued and fully paid – 22 November 2018	**20,000**	–
Issued and fully paid – 12 March 2019	**106,750**	1
Issued and fully paid – 27 March 2019	**1,483,036**	15
At 31 March 2019	**87,690,604**	877

On 26 April 2018, the Company raised £20.4 million through the issue of 17,071,130 Ordinary Shares at an issue price of 119.50 pence per share.

On 1 May 2018, 521,964 warrant shares were redeemed for an issue price of 97.0 pence per share.

On 12 September 2018, 373,000 warrant shares were redeemed for an issue price of 97.0 pence per share.

On 22 November 2018, 20,000 warrant shares were redeemed for an issue price of 97.0 pence per share.

On 12 March 2019, 106,750 warrant shares were redeemed for an issue price of 97.0 pence per share.

On 27 March 2019, 1,483,036 warrant shares redeemed for an issue price of 97.0 pence per share.

At 31 March 2019, there were 457,250 warrant shares in issue. Each warrant holder has the right to subscribe for Ordinary Shares on the basis of one new Ordinary Share for each warrant held at a strike price of 97.0 pence per Ordinary Share.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23. 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 Mar 19 £'000	31 Mar 18 £'000
Balance brought forward	**71,832**	20,454
Share premium on the issue of Ordinary Shares	**22,709**	52,593
Crystallisation of LTIP – Ordinary A shares	**–**	611
Share issue costs	**(664)**	(1,826)
	93,877	71,832

24. Share warrant reserve

This reserve relates to the warrant shares issued upon admission to the AIM Market of The London Stock Exchange in April 2016.

	31 Mar 19 Number	31 Mar 19 £'000
At beginning of the year	**2,962,000**	89
Redeemed – 1 May 2018	**(521,964)**	(16)
Redeemed – 12 September 2018	**(373,000)**	(11)
Redeemed – 22 November 2018	**(20,000)**	(1)
Redeemed – 12 March 2019	**(106,750)**	(3)
Redeemed – 27 March 2019	**(1,483,036)**	(44)
At 31 March 2019	**457,250**	14

At 31 March 2019, there were 457,250 (2018: 2,962,000) warrant shares in issue. Each warrant holder has the right to subscribe for new Ordinary Shares on the basis of one new Ordinary Share for each warrant held at a strike price of 97.0 pence per Ordinary Share.

Post-year end, a further 61,000 Warrant Shares were exercised for a strike price of 97.0 pence per Ordinary Share. The remaining 396,250 Warrant Shares expired on 13 April 2019.

25. Operating leases

The Group as lessor

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	< 1 year £'000	2 – 5 years £'000	> 5 years £'000	Total £'000
31 March 2019	**11,151**	**27,387**	**23,957**	**62,495**

	< 1 year £'000	2 – 5 years £'000	> 5 years £'000	Total £'000
31 March 2018	7,599	23,082	7,020	37,701

26. Retained earnings

Retained earnings relates to net gains and losses less distributions to owners not recognised elsewhere.

	Group 31 Mar 19 £'000	Company 31 Mar 19 £'000
Balance at the beginning of the period	**11,529**	1,634
Retained profit for the period	**18,747**	4,843
Third interim dividend for the year ended 31 March 2018	**(2,180)**	(2,180)
Fourth interim dividend for the year ended 31 March 2018	**(17)**	(17)
First interim dividend for the year ended 31 March 2019	**(2,565)**	(2,565)
Balance at end of period	**25,514**	1,715

27. Related party transactions

The terms and conditions of the Investment Management Agreement are described in the Management Engagement Committee Report. During the year, the amount paid for services provided by Pacific Capital Partners Limited (the "Manager") totalled £1.05 million. The total amount outstanding at the year end relating to the Investment Management Agreement was £0.34 million.

Long-term incentive plan

Under the terms of the Company's long-term incentive plan, at 31 March 2019 Pacific Industrial LLP, an affiliate of Pacific Investments Limited had subscribed for shares in Pacific Industrial & Logistics Limited, a subsidiary of Urban Logistics REIT plc. Further details have been provided in note 11.

M1 Agency LLP

During the year, the Group incurred fees totalling £679,665 from M1 Agency LLP, a partnership in which Richard Moffitt is a member. These fees were incurred in the acquisition of investment properties, sale of three investment properties and two re-lettings.

For the transactions listed above, Richard Moffitt's benefit derived form the profit allocation he receives from M1 Agency LLP as a member and not from the transaction.

The Board, with the assistance of the Manager, excluding Richard Moffitt, review and approve each fee payable to M1 Agency LLP, and ensure the fees are in line with market rates and on standard commercial property terms.

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 £1,743,805 were charged to Pacific Industrial & Logistics Acquisitions (1) Limited, a subsidiary undertaking incorporated in England and Wales, from Urban Logistics REIT plc. At 31 March 2019, £nil was due from Pacific Industrial & Logistics Acquisitions (1) Limited.

During the year, Urban Logistics REIT plc carried out transactions with Pacific Industrial & Logistics Limited, a subsidiary undertaking incorporated in England and Wales. The total amount of these transactions was a net loan decrease of £60,930,021 (2018: increase of £51,499,288). At 31 March 2019, Urban Logistics REIT plc was due £1,876,858 (2018: £62,806,879) from Pacific Industrial & Logistics Limited.

During the year, Urban Logistics REIT plc received a dividend of £5,000,000 from Pacific Industrial & Logistics Limited.

28. 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.

NAV have been calculated as follows:

	31 Mar 2019	31 Mar 2018
Net assets per Condensed Statement of Financial Position (£'000)	**120,476**	84,206
Add: Cash received from issued share warrants (£'000)	**444**	2,873
Diluted NAV (£'000)	**120,920**	87,079
Adjustment for: Fair value of interest rate derivatives (£'000)	**690**	(19)
EPRA NAV (£'000) – basic	**121,166**	84,187
EPRA NAV (£'000) – diluted	**121,610**	87,060
Ordinary Shares: Number of Ordinary Shares in issue at period end	**87,690,604**	68,114,724
Number of Ordinary Shares for the purposes of dilutive NAV per share at period end	**88,147,854**	71,076,724
Basic NAV	**137.39p**	123.62p
EPRA NAV – basic	**138.17p**	123.60p
Diluted NAV	**137.18p**	122.51p
EPRA NAV – diluted	**137.96p**	122.49p

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. Post-balance sheet events

On 5 April 2019, the Group completed the sale of a property located in Nuneaton for £8.1 million. The property was sold to an owner occupier, Cofresh Limited, and realised a Total Property Return of 38%.

On 5 April 2019, the Group purchased a logistics property in Thatcham for a total consideration of £3.4 million, representing a net initial yield of 5.9%. The site has a rent of £7.97 per sq ft and a reversionary yield of circa 7.0%.

Post year end, a further 61,000 warrant shares were exercised for a strike price of 97.0 pence per Ordinary Share. The remaining 396,250 warrant shares expired on 13 April 2019.

On 17 May 2019, the Group completed the sale of a site located on Postley Road, Bedford for £9.2 million realising a Total Property Return of 74%.

SUPPLEMENTARY INFORMATION

i. EPRA performance measures summary

	31 Mar 19 £'000	31 Mar 18 £'000
EPRA earnings per share (diluted)	**7.01p**	4.91p
EPRA net asset value per share (diluted)	**137.96p**	122.49p
EPRA triple net asset value per share (diluted)	**137.18p**	122.51p
EPRA net initial yield	**5.9%**	5.9%
EPRA "topped up" net initial yield	**6.1%**	6.1%
EPRA vacancy rate	**0.0%**	6.7%
EPRA cost ratio (including vacant property costs)	**23.5%**	29.0%
EPRA cost ratio (excluding vacant property costs)	**17.5%**	20.1%

ii. Income statement

	31 Mar 19 £'000	31 Mar 18 £'000
Gross rental income	**10,771**	5,564
Property operating costs	**(694)**	(561)
Net rental income	**10,077**	5,003
Administrative expenses	**(1,833)**	(1,074)
Other income	**–**	133
Long-term incentive plan charge	**(119)**	(657)
Operating profit before interest and tax	**8,125**	3,405
Net finance costs	**(2,181)**	(925)
Profit before tax	**5,944**	2,480
Tax on EPRA earnings	**–**	–
EPRA earnings	**5,944**	2,480

iii. Balance sheet

	31 Mar 19 £'000	31 Mar 18 £'000
Investment property	**186,420**	131,850
Other net assets/(liabilities)	**6,166**	9
Net borrowings	**(71,420)**	(47,672)
EPRA net assets	**121,166**	84,187

iv. EPRA net initial yield and "topped up" net initial yield

	31 Mar 19 £'000	31 Mar 18 £'000
Investment property – wholly owned	**186,420**	131,850
Completed property portfolio	**186,420**	131,850
Add:		
Allowance for estimated purchasers' costs	**12,332**	8,646
EPRA property portfolio valuation (A)	**198,752**	140,496
Annualised passing rent	**11,883**	8,960
Less irrecoverable property costs	**(247)**	(714)
Annualised net rents (B)	**11,636**	8,246
Contractual rental increased for rent free period	**503**	380
"Topped up" annualised net rent (C)	**12,139**	8,626
EPRA net initial yield (B/A)	**5.9%**	5.9%
EPRA "topped up" net initial yield (C/A)	**6.1%**	6.1%

SUPPLEMENTARY INFORMATION CONTINUED

v. EPRA vacancy rate

	31 Mar 19 £'000	31 Mar 18 £'000
Annualised potential rental value of vacant properties	–	649
Annualised potential rental value for the completed property portfolio	**12,847**	9,665
EPRA vacancy rate	**0.0%**	6.7%

vi. EPRA cost ratio

	31 Mar 19 £'000	31 Mar 18 £'000
Costs		
Property operating expenses	**694**	561
Administrative expenses	**1,833**	1,074
Less:		
Ground rents	**(1)**	(34)
Total costs including vacant property costs (A)	**2,526**	1,601
Group vacant property costs	**(638)**	(492)
Total costs excluding vacant property costs (B)	**1,888**	1,109
Gross rental income	**10,771**	5,564
Less:		
Ground rents	**(1)**	(34)
Total gross rental income (C)	**10,770**	5,530
Total EPRA cost ration (including vacant property costs) (A/C)	**23.5%**	29.0%
Total EPRA cost ration (excluding vacant property costs) (B/C)	**17.5%**	20.1%

GLOSSARY OF TERMS

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 NAV per share
Net asset value, adjusted to exclude interest rate derivatives, divided by number of shares in issue at the balance sheet date.

EPRA NNNAV per share
EPRA NAV adjusted to include the fair values of: (i) financial instruments, (ii) debt and (iii) deferred taxes.

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 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").

Loan to value ("LTV")
The Group's net debt expressed as a percentage of the investment property portfolio.

Occupancy rate
The ERV of the let units as a percentage of the total ERV of the investment property portfolio.

Net initial yield
Annual rents on investment properties as a percentage of the investment property portfolio valuation having added notional purchaser's costs.

Property income distribution ("PID")
Dividends from the Group's tax-exempt property business.

REIT
UK Real Estate Investment Trust.

Total Accounting Return ("TAR")
Represents the movement in EPRA NAV per share plus dividends paid during the period expressed as a percentage of EPRA NAV per share at the beginning of the period.

Total property return ("TPR")
Capital growth plus net rental income plus sale profit expressed as a percentage of the purchase price.

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
Jonathan Gray	Director
Richard Moffitt	Director
Bruce Anderson, ACMA	Director
Mark Johnson	Director

Company Secretary
Vistra Company Secretaries Limited
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10 Temple Back
Bristol
BS1 6FL

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Manager and AIFM
Pacific Capital Partners Limited
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Broker and nominated advisor
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Barclays Bank plc
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London
E14 5HP

Depositary
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25 North Row
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W1K 6DJ

Auditor and reporting accountant
Nexia Smith & Williamson Audit Limited
25 Moorgate
London
EC2R 6AY

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CBRE Limited
Henrietta House
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W1G 0NB

Registrars
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Bridgewater Road
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BS13 8AE

Legal advisers to the Company
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4 More London
London
EC2M 1JJ

Website
www.urbanlogisticsreit.com

FINANCIAL INFORMATION

12 July 2019	Annual General Meeting
30 September 2019	Half Year End
November 2019	Announcement of Half Year Results
31 March 2020	Year End

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**"AGM"**) of Urban Logistics REIT plc (the **"Company"**) will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London SE1 2AU at 10 a.m. on 12 July 2019 for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed, in the case of resolutions 1 to 9, as ordinary resolutions and, in the case of resolutions 10 and 11, as special resolutions):

Ordinary business

Ordinary resolutions

1. To receive the Annual Report and Accounts of the Company for the financial year ended 31 March 2019 together with the Directors' Report and Auditors' Report thereon.
2. That Nigel Rich be re-elected as a Director of the Company with effect from the end of the meeting.
3. That Jonathan Gray be re-elected as a Director of the Company with effect from the end of the meeting.
4. That Bruce Anderson be re-elected as a Director of the Company with effect from the end of the meeting.
5. That Richard Moffitt be re-elected as a Director of the Company with effect from the end of the meeting.
6. That Mark Johnson be re-elected as a Director of the Company with effect from the end of the meeting.
7. To re-appoint Nexia Smith & Williamson as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at which the Company's accounts are laid.
8. To authorise the Audit Committee of the Company to determine the amount of the auditors' remuneration.

Special business

Ordinary resolution

9. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate maximum nominal amount of £87,751.60 (equating to 8,775,160 Ordinary Shares of £0.01 each ("Ordinary Shares") and representing approximately 10.00% of the Ordinary Share capital of the Company as at 14 June 2019) provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next Annual General Meeting of the Company and 30 September 2020 save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert any security into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired. The authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to section 551 of the Act.

Special resolutions

10. That, subject to the passing of resolution no. 9, the Directors be and are hereby empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) for cash either pursuant to the authority conferred by resolution no. 9 above or by way of sale of treasury shares as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment and/or transfer of equity securities up to an aggregate nominal amount of £87,751.60 (equating to 8,775,160 Ordinary Shares and representing approximately 10.00% of the Ordinary Share capital of the Company as at 14 June 2019) provided that this authority shall expire (unless renewed, varied or revoked by the Company in general meeting) on the earlier of the conclusion of the next Annual General Meeting of the Company and 30 September 2020 save that the Company shall be entitled to make, prior to the expiry of such authority, offers or arrangements which would or might require equity securities to be allotted and/or transferred after such expiry, and the Directors may allot and/or transfer equity securities in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired. The authority granted by this resolution shall replace all existing authorities previously granted to the Directors to allot equity securities for cash or by way of a sale of treasury shares as if section 561(1) of the Act did not apply.
11. That the Company be authorised generally and unconditionally, in accordance with section 701 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:
    a. the maximum number of Ordinary Shares that may be purchased is 13,153,965 representing approximately 14.99% of the issued Ordinary Share capital as at 14 June 2019;
    b. the minimum price which may be paid for an Ordinary Share is 1 pence; and
    c. the maximum price which may be paid for an Ordinary Share is the higher of: (i) 5% above the average of the mid-market quotation of an Ordinary Share for the five business days before the purchase is made; and (ii) the higher of the last independent trade and the highest current independent bid for any number of Ordinary Shares on the trading venue where the purchase is carried out.

    The authority conferred by this resolution will expire on the earlier of the conclusion of the next Annual General Meeting of the Company and 30 September 2020 save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

By order of the Board of Directors
Company Secretary of Urban Logistics REIT plc
14 June 2019
Registered office: 124 Sloane Street, London SW1X 9BW

Notes:

Proxies

1. A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company and a member may appoint more than one proxy in relation to a meeting to attend, speak and vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. To appoint more than one proxy, the proxy form should be photocopied and the name of the proxy to be appointed indicated on each form together with the number of shares that such proxy is appointed in respect of (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. A form of proxy is enclosed with this notice. Forms of proxy may also be obtained on request from the Company's registered office. In order to be valid any proxy form or other instrument appointing a proxy must be returned duly completed by one of the following methods no later than 48 hours before the time of the Annual General Meeting (excluding non-working days), in hard copy form by post, by courier, or by hand to: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. Submission of a proxy appointment will not preclude a member from attending and voting at the AGM should they wish to do so. To direct your proxy on how to vote on the resolutions, mark the appropriate box on your proxy form with an "X". To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.
3. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be returned to the registered office with your proxy form.

Thresholds and entitlement to vote

4. To be passed, ordinary resolutions require a majority in favour of the votes cast and special resolutions require a majority of not less than 75% of members who vote in person or by proxy at the meeting. On a show of hands every shareholder who is present in person (or being a company is present by a representative not himself, a shareholder) and who is allowed to vote at a general meeting shall have one vote. Upon a poll every member holding Ordinary Shares who is present in person or by proxy (or being a company is represented) shall have one vote for every Ordinary Share of which he is the registered holder.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members registered in the Register of Members of the Company as at close of business on 10 July 2019 (or if the AGM is adjourned, members entered on the Register of Members of the Company no later than 48 hours before the time fixed for the adjourned AGM) shall be entitled to attend, speak and vote at the AGM in respect of the number of Ordinary Shares registered in his or her name at that time. Changes to entries on the Register of Members of the Company after close of business on 10 July 2019 shall be disregarded in determining the rights of any person to attend, speak or vote at the AGM.
6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
8. As at 13 June 2019, being the latest practicable date before the publication of this notice of AGM, the Company's issued share capital consisted of 87,751,604 Ordinary Shares each carrying one vote. Therefore, the total voting rights in the Company as at 13 June 2019 is 87,751,604.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent ID (3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

11. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Miscellaneous

13. Copies of the Directors' letters of appointment are available for inspection at the registered office of the Company during normal business hours from 14 June 2019 and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.
14. Members who have general queries about the Annual General Meeting should write to the Company Secretary at the Company's registered office: 124 Sloane Street, London SW1X 9BW.
15. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommend that the Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company that is found to contain any virus will not be accepted.

Explanation of certain resolutions

16. **Resolution 1 – Receipt of the Annual Report and Accounts** – The Directors are required to present the Annual Report and Accounts of the Company to the meeting.
17. **Resolutions 2 to 6 – Re-appointment of Directors** – The Board, led by the Chairman, has considered each of the Directors and has concluded that each of them makes positive and effective contributions to the meetings of the Board and the Committees on which they sit, and that they demonstrate commitment to their roles. The Board is satisfied that each independent Non-Executive Director offering themselves for re-appointment is independent in character and there are no relationships or circumstances likely to affect their character or judgement. Biographies of each of the Directors are provided on pages 16 and 17 of the Annual Report and Accounts and are also available from the Company's website: www.urbanlogisticsreit.com. The Board unanimously recommends the re-appointment of each of the Directors.
18. **Resolutions 7 and 8 – Auditor re-appointment and remuneration** – The auditors of a Company must be reappointed at each general meeting at which accounts are laid. Resolution 7 proposes the re-appointment of the Company's existing auditor, Nexia Smith & Williamson (who have been in office since the Company's incorporation) until the next general meeting at which accounts are presented. Resolution 8 is a separate resolution which proposes to grant authority to the Audit Committee to determine the auditor's remuneration.
19. **Resolution 9** – General authority to allot – This resolution, to be proposed as an ordinary resolution, relates to the grant to the Directors of authority to allot unissued Ordinary Shares until the earlier of the conclusion of the Annual General Meeting to be held in 2020 and 30 September 2020 (being six months after the financial year end of the Company), unless the authority is renewed or revoked prior to such time. This authority is limited to a maximum nominal amount of £87,751.60 (representing approximately 10.00% of the issued Ordinary Share capital of the Company as at 13 June 2019 (the latest practicable date prior to the publication of this document)). The Directors have no present intention to exercise the authority sought under this resolution. As at 13 June 2019, the Company held no Ordinary Shares in treasury.
20. **Resolution 10 – Statutory pre-emption rights** – The Act requires that if the Directors decide to allot unissued shares in the Company or transfer them out of treasury, the shares proposed to be issued or transferred must be first offered to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. However, to act in the best interests of the Company, the Directors may require flexibility to allot and/or transfer shares out of treasury for cash without regard to the provisions of section 561(1) of the Act. Therefore this resolution, to be proposed as a special resolution, seeks authority to enable the Directors to allot and/or transfer equity securities out of treasury up to a maximum nominal amount of £87,751.60 (representing approximately 10.00% of the issued Ordinary Share capital of the Company as at 13 June 2019 (the latest practicable date prior to the publication of this document)). This authority expires on the earlier of the conclusion of the Annual General Meeting to be held in 2020 and 30 September 2020 (being six months after the financial year end of the Company), unless the authority is renewed or revoked prior to such time.

21. **Resolution 11 – Market purchases** – The Directors are requesting authority for the Company to make market purchases of up to 13,153,965 Ordinary Shares (representing approximately 14.99% of the issued Ordinary Share capital of the Company as at 13 June 2019 (the latest practicable date prior to the publication of this document)). There is no present intention to exercise such general authority. Any repurchase of Ordinary Shares will be made subject to the Act and within guidelines established from time to time by the Directors (which will take into account the income and cash flow requirements of the Company) and will be at the absolute discretion of the Directors, and not at the option of shareholders. Subject to shareholder authority for the proposed repurchases, general purchases of the Ordinary Shares in issue will only be made through the market. Such purchases may only be made provided the price to be paid is not more than the higher of: (i) 5% above the average of the middle market quotations for the Ordinary Shares for the five business days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid at the time of purchase.

NOTES

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