



# Hardman & Co Investor Forum

10 February 2021

Delivering Robust Returns in the Dynamically Evolving European Logistics Market

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- An LSE Premium Listing investment trust investing in the continental European Logistics real estate market
    - IPO in July 2018
    - A focus on income
    - Adding value through asset management and innovative acquisitions
  - A stable, performing portfolio of prime strategically located logistics assets
    - Financially resilient due to high quality tenants
    - Delivering a high, progressive dividend
    - Prime locations close to populations and infrastructure
    - Modern, flexible, sustainable assets
  - Highly supportive market conditions
    - Online retailing has been changing the dynamics of the logistics market
    - Digitalisation and automation allow simplification and efficiency of supply chains
    - Covid has accelerated previous trends
    - Stockpiling, on-shoring and a move to “just-in-case” not “just in time”
  - **Delivering sustainable long term robust returns to shareholders**
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# OPERATIONAL HIGHLIGHTS



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Portfolio of  
13 assets

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Portfolio valuation<sup>1</sup>  
€870.5m

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Average lease length  
8.7 years

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Countries  
6

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Valuation growth over year to  
30 September 2020<sup>2</sup>  
5.4%

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Inflation protecting indexation  
95% of income

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Tenants  
22

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Income producing<sup>3</sup>  
100%

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ESG Implementation  
7 initiatives completed

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High quality, large logistics  
assets  
943,284 sqm

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Rental value growth over year  
to 30 September 2020<sup>2</sup>  
0.5%

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<sup>1</sup>Valuation as of 30 September 2020 and includes the value of rental guarantees and recent Nivelles acquisition

<sup>2</sup>Like for like

<sup>3</sup>Including rental guarantees and license fee

The logo consists of three triangles: a small yellow one on top, and two larger dark blue ones below it, arranged in a row.

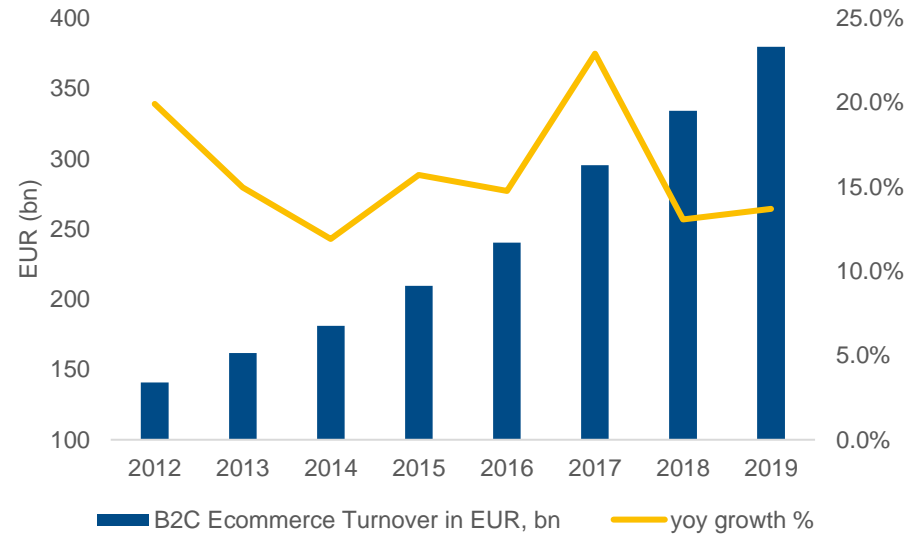
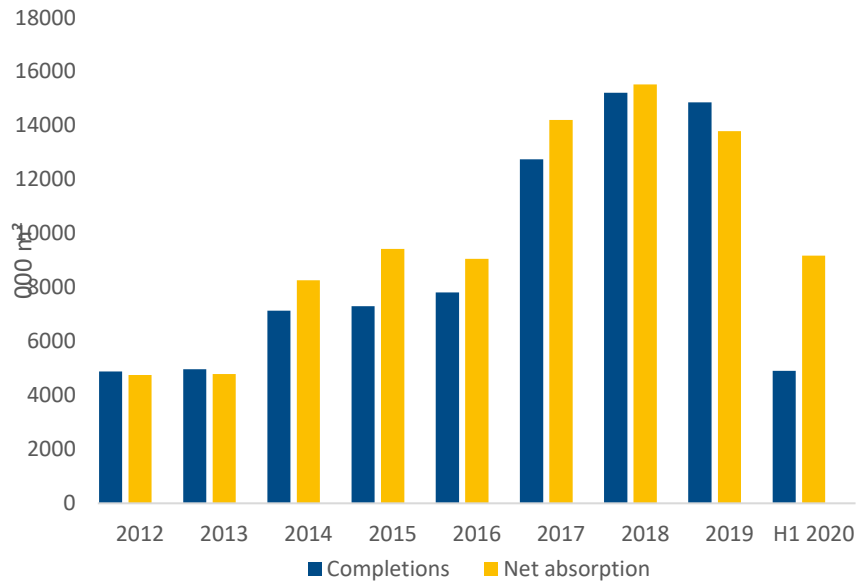
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# Our Market

# MARKET BACKDROP - DEMAND

- Leasing remains strong
- Completions of new developments are not keeping up

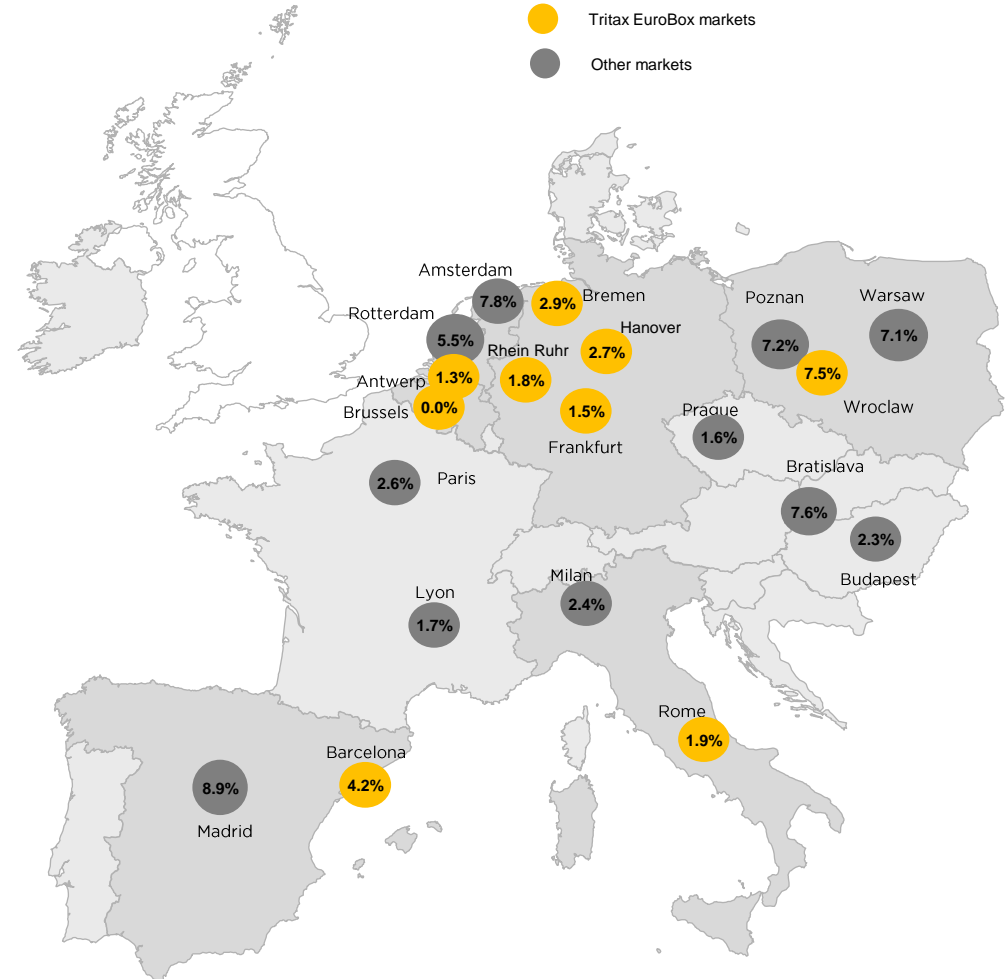
- Ecommerce levels continue to rise



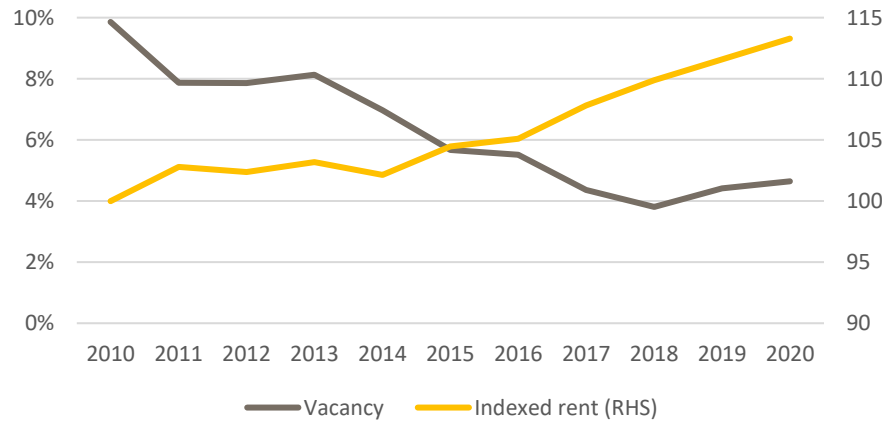
# MARKET BACKDROP - SUPPLY

- Low vacancy in key markets
- Land supply in key locations remains low
- Upward pressure on land values and rents

## Vacancy Rates in Key Markets



## European logistics vacancy rate versus rents





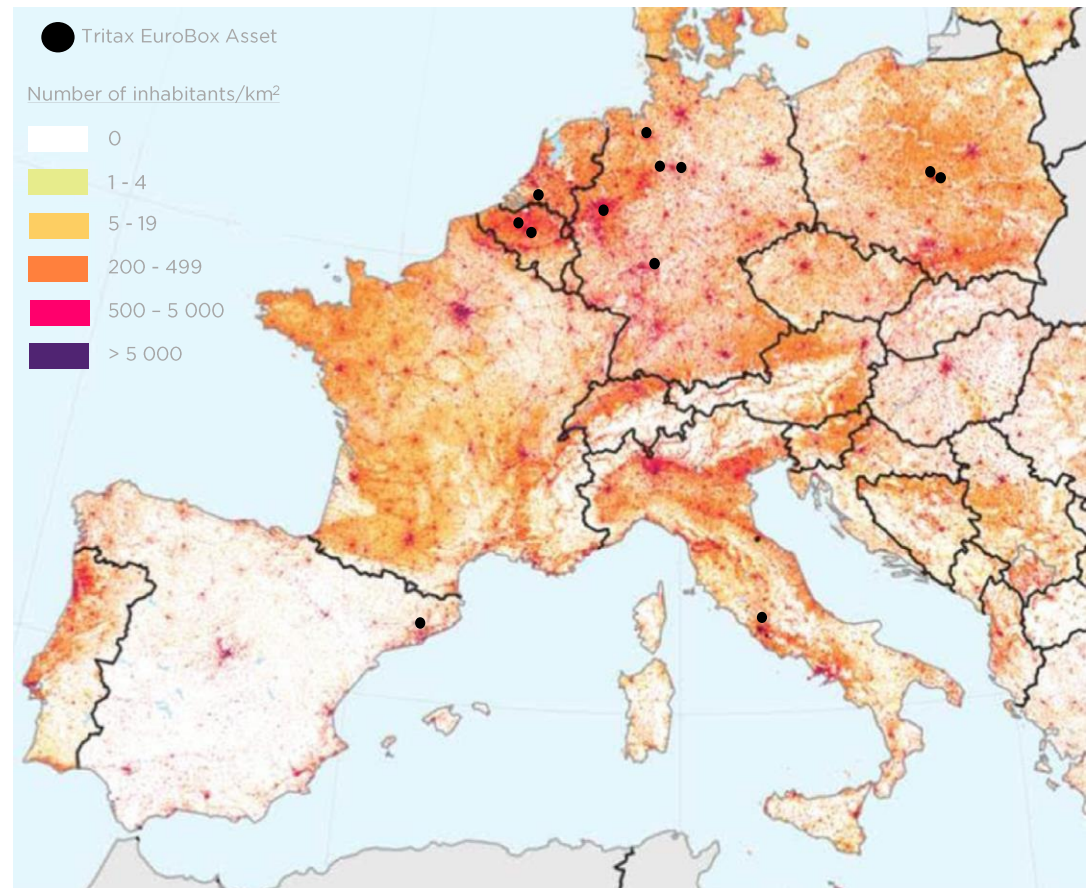
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# Our Portfolio

## Portfolio selection criteria

- Close to major conurbations and densely populated areas
- Locations benefitting from infrastructure connections (highways, ports and airports)
- Sites must have deep power and data resources
- New, modern buildings
- Simple construction and layout
- Automation friendly

## European population density map

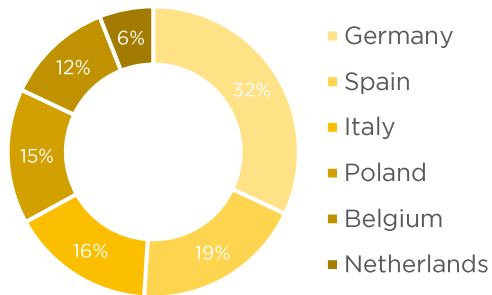




# OUR PORTFOLIO

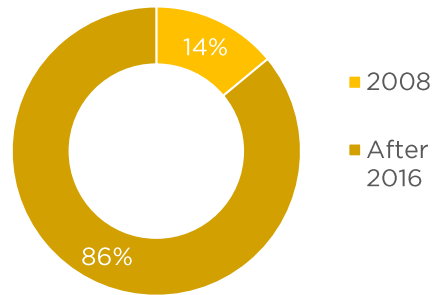
## Characteristics: Well Located

100% of our portfolio is located in key logistics locations



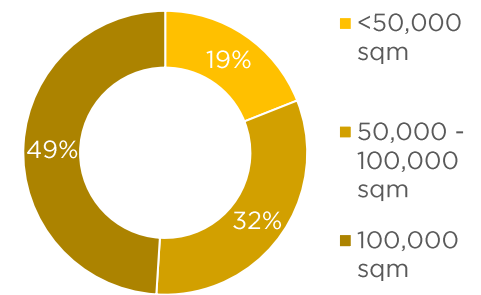
## Modern

86% of our portfolio has been built since 2016



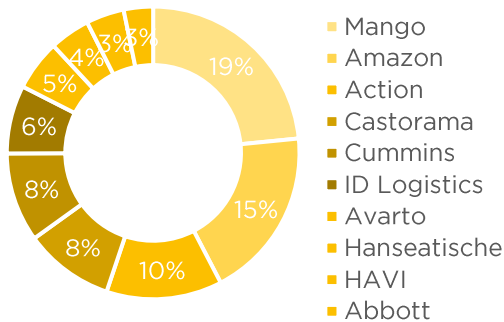
## Large

49% of our assets are over 100,000 sqm



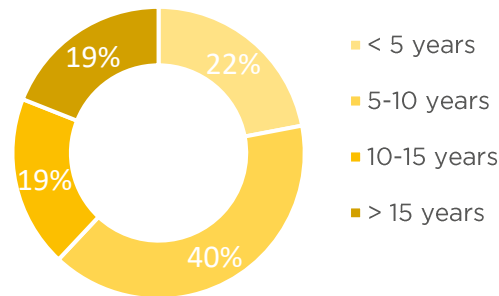
## Characteristics: Diversified

80% of tenant are multi-billion Euro businesses



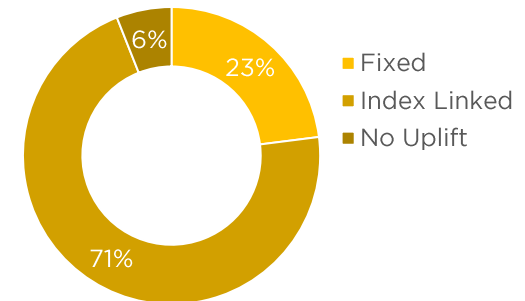
## Long Term

81% of portfolio income is secured for over 5 years



## Growing

95% of leases are subject to an element of indexation



## Key ESG achievements in 2020

- Revised our sustainability strategy and confirmed medium term targets
- GRESB score increased 12 points to 64/100 and 2 Green Stars
- Implemented standard process for embedding green leases
- Assessed the solar PV potential of the portfolio.
- Implementing in Peine, Barcelona and Lodz
- Progressed LED lighting installation at a further two assets
- Supported community and charitable causes in Rumst
- Provided ESG training and objectives for the Board and Manager

## 2020-2023 Targets

1. Own Healthy and Sustainable buildings
  - Alignment with ESG principles
  - Improve GRESB scores
  - Implement green leases
2. Reduce Energy and Carbon Emissions
  - Achieve net zero carbon emissions by 2030
3. Improve nature and wellbeing on our sites
  - Enhance biodiversity
  - Quality workspaces
4. Create a positive socio-economic impact
  - Social and community support

The logo consists of three triangles: a small yellow triangle at the top, and two larger black triangles below it, all pointing upwards.

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# Strategy

- **Successful strategy execution to date**
  - Top quality prime portfolio
  - Delivering dividends and total returns
- **The Company and the markets never stand still**
  - Refine our investment focus
  - Capture the unprecedented conditions
  - Maximise value for shareholders
- **Position the Company for the future**
  - Next phase of growth
  - Our developer relationships provide the pipeline

## **Dividend Policy**

- Aim to pay 90-100% of Adjusted Earnings
- Fully covered, progressive and sustainable dividend
- Annual guidance will be provided

## **Tilt towards value add**

- Moderate increase in exposure to value-add initiatives
- Acquire earlier in the development cycle
- Use allocation to zoned land

## **More active capital allocation**





- Recycling capital
- Debt management
- When appropriate, consider raising further equity



# Value Creation

# CONTINUAL OPPORTUNITIES TO CREATE VALUE



		Past	Present	Future
Barcelona, Spain		<ul style="list-style-type: none"> <li>Off market 1:1 acquisition</li> <li>Renegotiated extension terms to bring forward agreement by 3 years</li> </ul>	<ul style="list-style-type: none"> <li>88,000 sqm extension at 7.1% yield on cost (Nov 2022)</li> <li>Solar PV installation</li> </ul>	<ul style="list-style-type: none"> <li>Reversion to market rent</li> </ul>
Bornem, Belgium		<ul style="list-style-type: none"> <li>Leased vacant unit at purchase</li> <li>Regear lease</li> <li>Sold plot of land at profit</li> <li>Enhanced LED lighting in unit</li> </ul>	<ul style="list-style-type: none"> <li>Developing 15,000 sqm unit on spare land plot (completion July 2021) at &gt;8% yield on cost</li> </ul>	<ul style="list-style-type: none"> <li>Fund internal office expansion for one tenant</li> <li>Crystallise profit through sale</li> </ul>
Wunstorf, Germany		<ul style="list-style-type: none"> <li>Advance land acquisition</li> <li>Funded prelet development</li> </ul>	<ul style="list-style-type: none"> <li>Installing electric vehicle charging points</li> <li>Funding biodiversity initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Extend property by 10,000 sqm on owned land</li> </ul>
Breda, Netherlands		<ul style="list-style-type: none"> <li>Acquisition of part vacant asset with rental guarantee</li> </ul>	<ul style="list-style-type: none"> <li>Lease vacant unit 6% above rental guarantee level (Dec 2020)</li> <li>Green lease terms included in new letting</li> </ul>	<ul style="list-style-type: none"> <li>Regear short leases on site to accommodate tenant's business growth</li> </ul>



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# Outlook

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- **Today**
    - Strong Balance Sheet
    - Full deployment
    - Robust business model, with relevant strategy
    - Resilient, growing income stream underpins returns
  - **Our portfolio is well placed to thrive**
    - Hand picked, high quality portfolio in the best locations in continental Europe.
    - Opportunities to add value through leasing and utilising vacant land
    - Breadth and depth of Manager experience
    - Supportive market conditions
  - **Outlook**
    - Accelerated occupier demand for logistics space as a result of Covid-19
    - Market dynamics are expected to improve further
    - Significant pipeline of new value add opportunities
    - Continued delivery of resilient, sustainable Shareholder value





# Questions & Answers

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