

17 September 2024

Urban Logistics REIT plc
("Urban Logistics" or the "Company")
Performance Update: Debt Refinance and Acquisitions

Introduction

Urban Logistics (LON: SHED), the only London listed REIT offering a focused exposure to single-let, last mile/last touch logistics real estate, announces that it has successfully implemented a refinancing of its existing £151 million debt facility and immediately deployed the majority of the net refinancing proceeds into a number of highly attractive acquisitions:

- Refinancing of existing £100 million term loan and £51 million revolving credit facility with a £140 million term loan and a £50 million revolving credit facility
- Attractive fixed rate of 4.48% until August 2025 and 4.98% until maturity in 2027
- Deployed the net proceeds of the refinancing into four high quality assets for a total purchase price of £42.2 million at a blended NIY of 6.6%
- Spread between acquisition NIY and cost of debt provides immediate EPS accretion
- Potential for further income and total return enhancement through identified asset management initiatives
- Small increase in pro forma LTV to 32.6% leaving the company modestly geared and with the benefit of 100% fixed rate or hedged facilities

Richard Moffitt, of Urban Logistics, commented:

"At our full year results announcement in June, we flagged an arbitrage emerging between debt rates and asset pricing in our pipeline of opportunities. We have been able to deploy additional capital into the acquisition of carefully selected buildings at very attractive initial yields. The properties also provide the potential for active asset management opportunities to drive additional income and capital returns for our shareholders.

"This activity supports the growth in our earnings, whilst still maintaining our balance sheet discipline and low LTV. The refinancing provides strong validation of our business from our lenders with our debt maturity extended and our debt costs fixed at attractive rates.

"With a view to generating a strong total return for shareholders we are actively seeking to sell selected assets where our asset management initiatives have been completed and their sale will deliver an attractive return on investment. We will be reinvesting that capital into assets that not only provide a good income return but also provide asset management opportunities and can therefore provide a meaningful contribution to total return going forward. To that end we have a number of assets already under offer and a strong pipeline of further potential acquisition opportunities."

Debt Refinance

Urban Logistics has refinanced the Company's existing secured bank facility, which comprised a £100 million term loan and £51 million revolving credit facility. At 31 March 2024, the term loan on this facility was £87 million drawn at an ongoing rate of 4.99%.

The new facility comprises a £140 million term loan and a £50 million revolving credit facility, and is provided by a club consisting of Barclays, ING and Santander. The facility has a maturity of 3 years, sustainability links, and two optional one-year extensions and a £100 million accordion option, at the lender's discretion.

The facility is priced at a margin above SONIA of 1.75%, and is hedged through to term. Existing hedges mean an interest rate of 4.48% until August 2025, and from that date to term forward dated hedges fix the rate at 4.98%.

Following the refinance and acquisitions announced below, the Company has a proforma net LTV of 32.6%, at the lower end of our medium-term target of 30-40%. The Company's debt facilities are 100% fixed or hedged through to term.

EPS accretive Acquisitions

The additional debt has been used to acquire four assets purchased in individual acquisitions for a total purchase price of £42.2 million at a blended NIY of 6.6%, providing immediate EPS-accretion.

With a blended WAULT to first break of 4.1 years and a blended reversionary yield of 7.1%, the assets provide a significant arbitrage to the debt costs from day one, with opportunities to capture reversion and grow income as well as capital values in the near term.

In total, the acquisitions will add more than 0.4 million sq ft of single-let, last mile/last touch logistics real estate space to the Company's portfolio. Further acquisitions are currently in advanced stages.

Asset acquisitions:

- A 145,998 sq. ft. unit in Wolverhampton, acquired for £17.0m at an NIY of 6.3%, let to Ibstock Bricks Limited for a term ending in 2033, with a first break in 2028
- A 130,676 sq. ft. unit in Doncaster, acquired for £11.7m at an NIY of 7.1%, with a two year rent guarantee and immediate asset management potential
- A 108,897 sq. ft. unit in Peterlee, acquired for £8.3m at an NIY of 6.6%, let to Caterpillar Ltd for a term ending 2030, with a review in 2025
- A 28,938 sq. ft. unit in Dartford, acquired for £5.2m at an NIY of 6.2%, let to Booker Ltd for a term ending in 2033, with a review in 2028

- Ends -

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About Urban Logistics REIT

Urban Logistics REIT plc (LON: SHED) is a FTSE 250 property investment company. The Company is the only London listed REIT offering exposure to the specialist last mile / last touch logistics sector, with a single-let tenant base which delivers essential goods within the UK. The Company's strategy is to invest in mid-sized logistics properties with the objective of generating attractive dividends and capital returns through active asset management and asset recycling to generate significant valuation uplift.

Urban Logistics' investment adviser team has significant experience in investing in the fast-growing logistics sub-sector within the broader real estate market. The team's ability to source important and strategically located mid-sized single let properties, with high-quality tenants, off-market at favourable terms, creates considerable value for shareholders. Tenants include Amazon, XPO, DHL, Evri, DPD, Unipart (for NHS), Royal Mail and J Sainsbury Plc.

Buying well and pursuing additional value enhancing asset management initiatives has driven the Company's growth, enabling Urban Logistics to grow from a £10m market cap company at IPO in April 2016 to a FTSE 250 constituent with a portfolio valued at circa £1bn.

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