

Company Registration No:

08326708

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

LOGICOR EUROPE LTD



Logicor Europe Ltd

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Logicor Europe Ltd

COMPANY INFORMATION

Directors	Simon Clinton Sheena Singla Michael Slattery
Secretary	Intertrust (UK) Limited
Registered Office	36 Carnaby Street London England W1F 7DR
Company Number	08326708
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London United Kingdom EC4A 3HQ

Logicor Europe Ltd

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Principal activities

The principal activities of Logicor Europe Ltd (the “Company”) are to provide consultancy services to logistics property companies throughout Europe as well as asset management services to logistics property companies in the United Kingdom. These companies include affiliated property companies in the Logicor Group, a wider group of Eurocor II S.à r.l., Eurocor III S.à r.l. and their subsidiaries, of which the Company is a member.

Review of the business

The loss for the year, after taxation, amounted to £5,498,524 (2018: loss of £5,051,622). The operating loss before interest and taxation amounted to £4,740,680 (2018: operating loss before interest and taxation of £2,982,866).

From 1 January 2019, both the asset management fees and consultancy fees are charged by the Company on a cost-plus 5% basis. Fees are charged based on an attributable costs plus a 5% mark-up and are allocated based on the size of the property being managed. Consultancy fees are charged by the Company based on a 5% mark-up on its head office costs directly to its subsidiaries and to other asset management companies in the Logicor Group. The Company also charged new fees classified as service fees to the parent companies of the Logicor Group with a mark-up of 10%. Throughout 2019, the company continued to invest in I.T. systems to drive process improvements across the Group, as well as increasing its investment in an existing subsidiary. These activities are expected to continue into 2020.

Key performance indicators

	2019	2018	
Growth in revenue	29%	22%	Year on year revenue growth expressed as a percentage. Revenue increased due to transition to cost-plus fee structure and introduction of new service fees.
EBITDA (%)	(12%)	(12%)	Ratio of earnings before interest, tax and depreciation to revenue expressed as a percentage. EBITDA remained negative as a result of non-cash provisions not being recoverable from group entities until they are realised.

Principal risks and uncertainties

Management has considered the impact of the United Kingdom’s withdrawal from the European Union on the Company. The majority of revenue is derived from consultancy fees to European asset management companies and is not expected to change as a result of this process.

Management has considered and will continue to monitor the threat and implications of the coronavirus epidemic (COVID-19) for its business and employees in the UK and has enacted various business continuity plans and processes. In particular, in respect of employees, all UK employees are being asked to work from home. Management has also contacted key suppliers of the company to understand, in turn, the business continuity of its key suppliers.

Future developments

The Company services logistics and industrial property owners across most major European logistics markets and does not expect to materially expand the current number of locations in 2020.

Logicor Europe Ltd

STRATEGIC REPORT (continued)

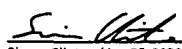
Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Logicor Europe Holdings S.à r.l. (the "Parent") provided a letter confirming their intention to waive intercompany loans provided within 12 months and any other amounts owed by the borrower if it does not have ability to pay such loans after structural costs have been paid.

Management has considered and will continue to monitor the threat and implications of the coronavirus epidemic (COVID-19) for its business and employees in the UK and has enacted various business continuity plans and processes. Whilst there is uncertainty on the length and severity of the epidemic, Management expects to have sufficient liquidity to meet operational spend for the foreseeable future. Accordingly, they adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 4: Accounting Policies.

Approved by the Board and signed on its behalf by:


Simon Clinton (Jun 25, 2020 16:36 GMT+1)

Simon Clinton
Director
25 June 2020

36 Carnaby Street
London
England
W1F 7DR

Logicor Europe Ltd

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present the Annual Report and the audited financial statements for the year ended 31 December 2019.

The "Principal activities", "Review of the business", "Key performance indicators", "Principal risks and uncertainties", "Future developments" and "Going concern" sections are covered in the Strategic Report.

Results and Distributions

The results for the year are shown on page 11. No dividends have been paid, declared or proposed in the current or in the prior year. The Directors do not recommend a final dividend.

Financial Risk Management Objectives and Policies

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments in subsidiaries.

The Credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses long-term debt finance from its parent company.

Directors and Directors' Interests

The following Directors held office during and after the year end unless otherwise stated:

Mohammad Barzegar	Appointed 03 June 2013, Resigned 11 July 2019
Michael Slattery	Appointed 24 June 2019
Simon Clinton	Appointed 17 May 2018
Sheena Singla	Appointed 17 May 2018

None of the Directors hold beneficial interests in the ordinary share capital of the Company.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Logicor Europe Ltd

DIRECTORS' REPORT (continued)

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

During the year, Deloitte LLP were reappointed as auditor of the Company for the year ended 31 December 2019.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Post balance sheet events

The coronavirus is a non-adjusting subsequent event and the Directors consider there to be no material uncertainties which cast significant doubt over the Company's ability to continue as a going concern or areas of the Company's financial statements that are subject to judgment and estimation uncertainty.

The Directors have considered and will continue to monitor the threat and implications of the coronavirus epidemic for its business and employees in the United Kingdom and has enacted various business continuity plans and processes.

Approved by the Board and signed on its behalf by:


Simon Clinton (Jun 25, 2020 16:36 GMT+1)

Simon Clinton
Director
25 June 2020

Logicor Europe Ltd

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Logicor Europe Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOGICOR EUROPE LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Logicor Europe Ltd (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of changes in equity;
- the statement of financial position;
- the statement of accounting policies; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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 are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Logicor Europe Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOGICOR EUROPE LTD (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Logicor Europe Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOGICOR EUROPE LTD (Continued)

Report on other legal and regulatory requirements

Opinions 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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

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Philip Doherty FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 June 2020

Logicor Europe Ltd

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	£	£
Revenue	6		
Consultancy fees		13,173,233	10,523,271
Asset management fees		6,867,025	6,463,304
Service fees		1,935,993	-
		21,976,251	16,986,575
Expenses			
Salaries	9	(16,952,619)	(11,838,359)
Professional fees		(828,702)	(1,424,855)
Legal fees		(233,831)	(261,924)
Branding and marketing		(507,885)	(553,458)
Office costs and temporary staff		(1,412,924)	(2,218,284)
Travel		(664,298)	(600,302)
IT costs		(2,544,818)	(2,056,852)
General expenses		(531,538)	(542,843)
Foreign exchange (losses) / gains		(917,427)	570,611
Bank charges		(18,565)	(19,223)
Depreciation	7	(2,104,324)	(1,003,198)
Loss on disposals		-	(20,754)
		(26,716,931)	(19,969,441)
Operating loss before interest and taxation		(4,740,680)	(2,982,866)
Interest receivable		72,732	20,756
Finance costs	10	(836,411)	(2,089,512)
Loss before taxation	7	(5,504,359)	(5,051,622)
Taxation on loss	11	5,835	-
Loss for the year		(5,498,524)	(5,051,622)

The income statement has been drawn up on the basis that all activities are continuing.

There were no other comprehensive income or expenses for 2019 or 2018 other than those included in the Income Statement and therefore, no Statement of Comprehensive Income has been presented.

The notes on pages 14 to 28 form part of these financial statements.

Logicor Europe Ltd

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		2019	2018
	Note	£	£
ASSETS			
Non-Current Assets			
Investment in subsidiaries	12	2,059,218	1,229,444
Property, Plant and Equipment	13	4,210,576	3,385,482
Right-of-use assets	14	4,830,743	-
Total Non-Current Assets		11,100,537	4,614,926
Current Assets			
Trade and other receivables	15	19,131,060	18,929,433
Cash and cash equivalents		2,232,324	1,810,273
Total Current Assets		21,363,384	20,739,706
Total Assets		32,463,921	25,354,632
LIABILITIES			
Current Liabilities			
Trade and other payables	16	(10,809,710)	(4,116,701)
Lease liabilities	14	(1,012,937)	-
Total Current Liabilities		(11,822,647)	(4,116,701)
Net Current Assets		9,540,737	16,623,005
Non-Current Liabilities			
Borrowings	10	(20,602,200)	(19,931,241)
Lease liabilities	14	(4,230,908)	-
Total Non-Current Liabilities		(24,833,108)	(19,931,241)
Total Liabilities		(36,655,755)	(24,047,942)
Net (Liabilities) / Assets		(4,191,834)	1,306,690
EQUITY			
Share capital	18	3	3
Share premium		51,097,599	51,097,599
Profit and loss account		(55,289,436)	(49,790,912)
Total (Deficit) / Equity		(4,191,834)	1,306,690

The financial statements and notes thereto were approved and authorised for issue by the Board of Directors on 25 June 2020 and are signed on its behalf by:


Simon Clinton (Jun 25, 2020 16:36 GMT+1)

Simon Clinton
Director

Registered Company Number: 08326708

The notes on pages 14 to 28 form part of these financial statements.

Logicor Europe Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium £	Profit and loss account £	Total (Deficit)/ equity £
Balance as at 1 January 2018	2	1,097,599	(44,739,290)	(43,641,689)
Contributions of equity, net of transaction costs and tax	1	50,000,000	-	50,000,001
Loss for the year 2018	-	-	(5,051,622)	(5,051,622)
Balance as at 31 December 2018	3	51,097,599	(49,790,912)	1,306,690
Loss for the year 2019	-	-	(5,498,524)	(5,498,524)
Balance as at 31 December 2019	3	51,097,599	(55,289,436)	(4,191,834)

The notes on pages 14 to 28 form part of these financial statements.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

Logicor Europe Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is 36 Carnaby Street, 3rd Floor, London, England, W1F 7DR. The nature of the Company's operations and its principal activities are to provide consultancy advice to asset management companies within Europe and asset management services to property companies located in the United Kingdom.

2. BASIS OF ACCOUNTING

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") as issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2018, the Company underwent transition from reporting under International Financial Reporting Standards ("IFRS") adopted by the European Union to FRS 101. As a result of the Logicor group's parent financial statements being made publicly available and prepared under IFRS, the Company is exempt from having to prepare financial statements on a consolidated basis. The financial statements have been prepared under the historical cost convention modified to include certain items at fair value, and in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, standards not yet effective and related party transactions.

3. ADOPTION OF NEW AND REVISED STANDARDS

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the modified retrospective approach approach which:

- requires the Company to recognise the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application; and
- to recognise a right-of-use asset equal to the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application, adjusted for accruals and prepayments in place at 1 January 2019.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on lessee accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- (a) Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Company has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

3. ADOPTION OF NEW AND REVISED STANDARDS (continued)

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

(c) Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17). This change has not resulted in the reclassification of any sub-lease agreements as finance leases.

(d) Financial impact of initial application of IFRS 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 January 2019 is 2.74%.

The Company has recognised £5,529,911 of right-of-use assets and £5,680,513 of lease liabilities upon transition to IFRS 16.

4. ACCOUNTING POLICIES

Going concern

In preparing the financial statements as at 31 December 2019, the Directors have reviewed the ability of the Company to meet its obligations over 12 months following the date of signature of these financial statements. The Company is expected to be cash positive for the foreseeable future. Logicor Europe Holdings S.à r.l. (the "Parent") provided a letter confirming their intention to waive intercompany loans provided within 12 months and any other amounts owed by the borrower if it does not have ability to pay such loans after structural costs have been paid. The company is forecasted to be profit generating from 2020 and will have access to adequate resources to continue in existence for the foreseeable future.

Management has considered and will continue to monitor the threat and implications of the coronavirus epidemic (COVID-19) for its business and employees in the UK and has enacted various business continuity plans and processes. Whilst there is uncertainty on the length and severity of the epidemic, Management expects to have sufficient liquidity to meet operational spend for the foreseeable future.

Accordingly, Management has adopted the going concern basis in preparing the financial statements.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

4. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements	Over the life of the lease
IT	2 to 5 years
Fixtures and fittings	2 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Company also has a policy of capitalising consultancy fees relating to software development in accordance with IAS 38 which require that the company only recognise intangible assets when:

- it is probable that the future economic benefits attributable to the asset will flow to the entity; and
- the cost of the asset can be reliably measured.

Leases

Leases liabilities are accounting for in accordance with IFRS 16 with a lease liability and right-of-use asset being recognised and amortised over the life of the relevant lease on a straight-line basis.

Right-of-use assets

Right of use assets are recognised in respect of the companies rented office spaces and certain items of office equipment.

Revenue

Revenue represents asset management fee income, consultancy fee income and service fee income receivable at invoiced amounts exclusive of Value Added Tax. Income is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business. Revenue is therefore recognisable when the costs have been incurred, or the services performed, at the appropriate marked-up value.

Interest income

Interest income is recognised when it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and the rate of interest to be applied.

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any expected credit losses. Receivables are provided for using the expected credit loss model as required by IFRS 9. All receivables are held with affiliated companies within the Logicor Group and as such, expected credit losses are expected to be immaterial.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

4. ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the financial arrangement.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Benefit schemes

Payments to defined contribution pension schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Where benefits are earned over more than one year, the cost of the benefits are recognised on a straight-line basis over the vesting period. The cost of benefits are remeasured every reporting period.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Foreign currencies

The financial statements are presented in Great British Pound Sterling (£), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at that the rates prevailing at that date.

Exchange differences are recognised in the income statement in the year in which they arise.

Current tax

The tax currently payable is based on taxable profit for the year. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax assets on losses are not recognised due to the unpredictability of utilising these losses.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Accounting judgements

Due to the cost-plus nature of profit generation within the Company there are no significant areas of judgement or estimation uncertainty relating to revenue recognition.

There is an area of judgement around the use of the discount rate in calculating the estimated values of right-of-use assets and present value of the lease liabilities. A rate of 2.74% has been chosen as this is consistent with the Company's existing finance costs.

Estimation uncertainty

Where the cost of employee benefits are dependent on the future value of the Company or that of affiliated companies, the value of such benefits is estimated by management. Any such benefits are within the wages and salaries amount in the income statement and accrued into the balance sheet in accruals. The estimated value is derived from the most recent board approved business plan and includes forecasts of cash flows derived from rent rolls and other leasing projections together with expectations of changes in estimated rental values ('ERVs') and yields of properties. The estimated value is based on assumptions and the main sensitivity would be volatility of future property values. If the property assumptions for ERVs changed by 5% and equivalent yields changed by 25bps the impact on the charge for the year would be approximately £2.1m and £2.9m respectively (2018: £0.3m for each scenario).

6. REVENUE

Revenue for the year is derived from UK asset management fees and consultancy fees to European asset management companies. A Service fee is also charged to the Group's Parent companies.

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	2019 £	2018 £
Salaries	16,952,619	11,838,359
Depreciation	2,104,324	1,003,198
Foreign exchange losses / (gains)	917,427	(570,611)
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	45,000	40,000

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

8. DIRECTORS' REMUNERATION

Remuneration in respect of Directors was as follows:

	2019 £	2018 £
Aggregate remuneration comprised:		
Emoluments	1,777,244	2,781,392
Pension contributions to money purchase pension schemes	56,667	83,423
	<u>1,833,911</u>	<u>2,864,815</u>

During the year two Directors (2018: three) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2019 £	2018 £
Aggregate remuneration comprised:		
Emoluments	651,731	1,292,896
Pension contributions to money purchase pension schemes	40,000	41,167
	<u>691,731</u>	<u>1,334,063</u>

9. SALARIES

The average monthly number of employees (including Directors) was 63 (2018: 60).

	2019 No. of employees	2018 No. of employees
Senior Management/Finance	22	24
Management/Investment	20	18
Employees/Other	21	18
	<u>63</u>	<u>60</u>

	2019 £	2018 £
Aggregate remuneration (including Directors) comprised:		
Wages and salaries	14,924,759	9,876,781
Social security costs	1,431,627	1,300,037
Other benefits	596,233	661,541
	<u>16,952,619</u>	<u>11,838,359</u>

From 1 January 2014, the Company operated a defined contribution pension scheme for the benefit of the employees and Directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £450,697 (2018: £429,989).

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

10. FINANCE COSTS & BORROWINGS

	2019 £	2018 £
Finance costs		
Interest payable on loans to Parent Company	670,959	2,089,512
Interest charge on lease liabilities	165,452	-
Total finance costs	<u>836,411</u>	<u>2,089,512</u>
	2019 £	2018 £
Borrowings		
Loan payable to Parent Company	20,602,200	19,931,241
Total non-current borrowings	<u>20,602,200</u>	<u>19,931,241</u>

Interest is charged at LIBOR + 3% and matures on 29 November 2022.

11. TAXATION ON LOSS

	2019 £	2018 £
Current tax		
Current year	-	-
Prior year (Credit)	(5,835)	-
Total tax credit on loss for the year	<u>(5,835)</u>	<u>-</u>

Corporation tax is calculated at 19% (2018: 19%) of the estimated taxable profit for the year.

	2019 £	2018 £
Loss before tax	(5,504,359)	(5,051,622)
Loss at the standard rate of corporation tax in the UK of 19% (2018: 19.25%)	(1,045,828)	(959,808)
Effect of:		
Items disallowable for tax purposes	966,748	5,512
Depreciation in excess of capital allowances	209,822	190,608
UK losses (utilised) / carried forward	(130,741)	763,688
Prior year adjustment	(5,835)	-
Total tax credit on loss for the year	<u>(5,835)</u>	<u>-</u>

No deferred tax asset has been recognised in respect of tax losses carried forward as at 31 December 2019 which total £26.9m (2018: £26.1m) due to the unpredictability of utilising these losses.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

12. INVESTMENT IN SUBSIDIARIES

The subsidiaries of the Company are as follows:

	Incorporated/ acquired	Country	Registered address	% ownership
Logicor Beheer B.V.	23 July 2013	Netherlands	Stadsplateau 7, Utrecht, 3521 AZ Netherlands	100
Logicor Management Polska Sp. z o.o	16 April 2013	Poland	Skaryszewska 7, Warsaw 03-802, Poland	100
Logicor Deutschland GmbH	19 December 2013	Germany	Bockenheimer Landstraße, 13-15, 60325 Frankfurt am Main, Germany	100
Logicor Italia S.R.L.	4 February 2014	Italy	Via A. Manzoni 38, Milan 20121, Italy	100
Logicor España S.L.	4 April 2014	Spain	Calle 7, 5th Floor, Madrid, 28006, Spain	100
Logicor Gestion SAS	31 October 2014	France	134 Boulevard Haussmann, Paris, 75008, France	100
Logicor Property France SA*	31 October 2014	France	134 Boulevard Haussmann, Paris, 75008, France	100
Logicor Portugal SUL	28 May 2015	Portugal	Rua Tierno Galvan, nº10 – Torre 3 das Amoreiras – Piso 6, Sala 602, Lisbon, 1070-274, Portugal	100
Logicor Management Hungary Kft	1 March 2016	Hungary	12 Buday Laszlo, Budapest 1024, Hungary	100

*Indirectly owned through Logicor Gestion SAS.

The above percentages show the amounts of ordinary shares held by Logicor Europe Ltd.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

13. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold improvements £	Fixtures & fittings £	IT equipment £	Total £
At 1 January 2019	901,002	371,601	3,990,074	5,262,677
Additions	26,691	15,554	2,188,005	2,230,250
At 31 December 2019	927,693	387,155	6,178,079	7,492,927
Depreciation				
At 1 January 2019	265,766	103,125	1,508,304	1,877,195
Depreciation	184,591	75,718	1,144,847	1,405,156
At 31 December 2019	450,357	178,843	2,653,351	3,282,351
Net book amount at 31 December 2019	477,336	208,312	3,524,928	4,210,576
Net book amount at 31 December 2018	635,236	268,476	2,481,770	3,385,482

Cost	Leasehold improvements £	Fixtures & fittings £	IT equipment £	Total £
At 1 January 2018	871,031	351,810	2,040,826	3,263,667
Additions	29,971	19,791	1,984,341	2,034,103
Disposals	-	-	(35,093)	(35,093)
At 31 December 2018	901,002	371,601	3,990,074	5,262,677
Depreciation				
At 1 January 2018	86,488	30,576	771,272	888,336
Depreciation	179,278	72,549	751,371	1,003,198
Disposals	-	-	(14,339)	(14,339)
At 31 December 2018	265,766	103,125	1,508,304	1,877,195
Net book amount at 31 December 2018	635,236	268,476	2,481,770	3,385,482
Net book amount at 31 December 2017	784,543	321,234	1,269,554	2,375,331

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Cost	Buildings £	Equipment £	Total £
At 1 January 2019	5,457,074	72,837	5,529,911
At 31 December 2019	5,457,074	72,837	5,529,911
Depreciation			
At 1 January 2019	-	-	-
Depreciation	678,333	20,835	699,168
At 31 December 2019	678,333	20,835	699,168
Net book amount at 31 December 2019	4,778,740	52,003	4,830,743

Leases recognised in the financial statements relate to office premises in London and Solihull as well as some items of office equipment. Leases relating to the London offices are subject to a rent review in March 2022.

Maturity Analysis	2019 £
Within one year	1,012,937
In the second to fifth year inclusive	3,162,399
Above five years	1,715,389
Total	5,890,725
Effect of discounting	(646,880)
Liability at 31 December 2019	5,243,845
Analysed as:	
Current	1,012,937
Non-Current	4,230,908
Total	5,243,845

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2019

15. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Trade receivables with affiliated companies	1,608,936	1,390,721
Trade receivables with subsidiary companies	5,138,640	419,288
Accrued income from affiliated companies	1,214,915	1,378,359
Deposits and other receivables from affiliated companies	6,516,076	6,305,706
Accrued income from subsidiary companies	1,964,854	4,853,694
Other receivables from subsidiary companies	1,456,210	3,130,012
Prepayments and deferred expenditure	778,327	961,456
Other receivables	453,102	490,197
	<u>19,131,060</u>	<u>18,929,433</u>

All amounts receivable from affiliated companies are held with affiliated companies which are not subsidiaries of the Company. Payment of asset management, consultancy and service fee invoices are due within 14 days of receipt of invoice. An amount of £6,300,000 (2018: £6,300,000) is included within Deposits and other receivables from affiliated companies and is part of a cash pooling arrangement with Eurocor Treasuryco S.à r.l. This accrues interest at 0.496%. All other balances are non-interest bearing.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. No provisions for expected credit losses have been recognised as all transactions are with companies within the Logicor Group and are therefore assessed as being immaterial.

16. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Trade payables to affiliated companies	-	198,601
Accrued payables to affiliated companies	1,755,628	554,011
Other payables to affiliated companies	7,897	-
Trade payables with third parties	2,911,943	1,288,926
Other payables	157,025	367,501
Accruals and deferred income	5,977,217	1,707,662
	<u>10,809,710</u>	<u>4,116,701</u>

The Directors consider that the carrying amount of trade payables approximates to their fair value. Trade payables with affiliated companies and amounts payable to affiliated companies are repayable on demand and are non-interest bearing.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

17. FINANCIAL INSTRUMENTS

Categorisation of financial instruments:	2019 £	2018 £
Trade and other receivables	18,806,603	18,593,168
Cash and cash equivalents	2,232,324	1,810,273
Loans and receivables – at amortised cost	21,038,927	20,403,441
 Trade and other payables	 10,809,710	 4,116,701
Borrowings – non-current	20,602,200	19,931,241
Liabilities – at amortised cost	31,411,910	24,047,942

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Company. The majority of the Company's transactions are with companies with the Logicor Group, as such, the credit risk is reduced compared to non-related counterparty risk. The Company continually monitors the underlying tenant credit ratings on behalf of the managed property companies to ensure that they are within the recommended limits to minimise the risk of default and ensure adequate ownership.

Amounts receivable from affiliated companies consists of a large number of customers, who are all related parties, in the real estate industry throughout Europe. Ongoing monitoring and evaluation is performed on the financial condition of accounts receivable to ensure cash is available to pay invoices.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Market risk

The Company's activities expose it primarily to the financial risks of downturns in the logistics market that could result in the inability of managed property portfolios to meet debt service payments and breach debt covenants. The Company takes appropriate steps to monitor and manage such risks in a variety of ways including:

- actively monitoring the logistics market through research and use of experts;
- continually monitoring the covenants placed on tenants;
- meeting with tenants and inspecting properties; and
- setting budgets based on expectation of the market trajectory.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

17. FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the equity balance.

The capital structure of the Company consists of equity (comprising issued capital as disclosed in note 18, share premium, and profit and loss) and debt finance provided by the Parent company (note 15).

The Company is not subject to any externally imposed capital requirements.

18. SHARE CAPITAL

	2019 £	2018 £
Authorised:		
3 ordinary shares of £1 each	3	3
Issued and fully paid:		
3 ordinary shares of £1 each	3	3

19. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure exemptions available not to disclose related party transactions with fellow wholly-owned group undertakings, as these are included in the consolidated financial statements in which the Company is included and are publicly available.

20. CONTROLLING PARTY INFORMATION

The controlling party of the Company is Eurologi II S.à r.l., an entity registered in Luxembourg. Copies of the financial statements for Eurologi II S.à r.l. are available from its registered office, 2-4 rue Eugene Ruppert, Luxembourg, L-2453. As a result of these statements being made publicly available and prepared under IFRS, the Company is exempt from having to prepare financial statements on a consolidated basis. The smallest set of publicly available financial statements into which these financial statements are consolidated are the Eurocor II S.à r.l. and Eurocor III S.à r.l. combined financial statements; and the largest are those of Eurologi II S.à r.l.

The immediate parent of the Company is Logicor Europe Holdings S.à r.l with registered offices at 2-4 rue Eugene Ruppert, Luxembourg, L-2453, whilst the ultimate parent is China Investment Corporation.

Logicor Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2019

21. EVENTS AFTER THE REPORTING YEAR

The coronavirus is a non-adjusting subsequent event and the Directors consider there to be no material uncertainties which cast significant doubt over the Company's ability to continue as a going concern or areas of the Company's financial statements that are subject to judgement and estimation uncertainty.

The financial statements were authorised for issue on 25 June 2020.