

Our Two-cents on the Ukraine-Russia War

Date: February 25, 2022

A few of you have reached out to us for our thoughts on the Ukraine war, and thank you for your trusting! We thought it might be beneficial to share our thoughts with you all, CGL friends & community.

On the events such as the Ukraine war, almost anyone can give some predictions, from think-tank professors, talking-heads on TV to college students and even our retired parents who spend most of their time on TikTok. We would not dare to pretend to be some expert in this regard as neither are we geo-political scholars, nor military strategist. So our thoughts are solely restricted to the area related with the job you have entrusted us to do, the potential impacts of this unfortunate war on the logistics property assets you have invested through us in Europe.

As we have reiterated with you in person and through our Fund documents before you give us your capital to invest, our Long Term Stable Income Fund is investing in the logistic property assets strictly within European Union countries. Ukraine is not an EU country, which arguably might be the reason of the war. The most eastward country that we have invested within our portfolio is Poland, whose capital Warsaw is about 1,500 kilometers away from the current war zone.



Source: CGL's portfolio in Poland

As far as the geographical distance is between Poland and Ukraine, actually that is the least Poland is distinct from Ukraine. Being not only a member of European Union but a key member of NATO which includes the U.S., Poland seems way more remotely away from a territorial war economically and militarily than just a geographical distance. Had Poland been attacked for some crazy reason, we believe the logistics property assets in Europe would be the least of our worries because we all would have to prepare ourselves to live in a totally different world with wars ravaging in a much larger scale, a situation unfathomable to us. Had it happened, any growth assets would drop like falling knife, and real estate such as logistic properties, given its strong nature of safe-haven, might actually be a better place to be in.

No surprise that Euro has fell precipitously against the U.S. Dollar at the news of the war. We are pleased to confirm with you that all of your investments with us have been fully hedged back to the U.S. Dollar at the inception of the investment and the sharp depreciation of Euro has no negative impact on you whatsoever at all. Thank your for your trusting of our risk management philosophy and your investments with us are well prepared for the crisis as such.

One of my colleagues had recently shared with me that being a logistics warehouse operator across EU, we may well see increasing demand of space in the coming months due to the war. As much as he is pleased with the safety of our investments, I could also tell the pain and even guilt from his face by saying so. Any war is tragedy, a huge waste of human lives and social resources; to the lost lives, we humankind indeed owe them the guilt. Our thoughts and prayers are with the people who have lost their lives and families in the war. May peace, kindness and human wisdom prevail.....

CGL Investment Management Corporation Limited