



abrdn European Logistics Income plc

Capturing long-term income potential from logistics real estate in Europe

Annual Report 31 December 2022

eurologisticsincome.co.uk



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in abrdn European Logistics Income plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Visit our Website

To find out more about abrdn European Logistics Income plc, please visit: eurologisticsincome.co.uk

Any Questions?

If you should have any questions in relation to this Annual Report and financial statements please send them by email to: European.Logistics@abrdn.com

Overview

Company Overview

abrdn European Logistics Income plc (the "Company" or "ASLI") is an investment trust investing in high quality European logistics real estate to achieve its objective of providing its shareholders with a regular and attractive level of income and capital growth. The Company invests in a portfolio of mid-box and urban logistics warehouses diversified by both geography and tenant throughout Europe, targeting well located assets in established distribution hubs and within population centres.

In addition to its performance objective, the Company is characterised by:



A diverse portfolio of assets across five countries



A strong focus on ESG and green performance



Investment predominantly in the more liquid mid-box and urban logistics segment of the real estate market



Modest gearing parameters



Durable inflation-linked rental income



Local abrdn asset managers across European offices

Highlights as at 31 December 2022

Net asset value total return¹

2021: 12.4%

(3.8%)

Share price total return¹

2021: 12.4%

(38.3%)

Ongoing Charges¹

2021: 1.3%

1.3%

Number of assets

2021: 23

27

Average building size (sqm)

2021: 23,403

21,374

IFRS Net Asset Value (€'000)

2021: 487,505

489,977

(Discount)/Premium to Net Asset Value Per Share¹

2021: 7.8%

(35.0%)

IFRS Earnings Per Share

2021: 15.43¢

(4.51¢)

Average lease length in years (excl breaks)

2021: 8.0

8.9

All-in fixed interest rate

2021: 1.43%

2.01%

IFRS Net Asset Value per share (€)¹

2021: 1.29

1.19

Ordinary dividend per share

2021: 5.64¢

5.64¢

Portfolio valuation (€'000)¹

2021: 666,008

758,719

Loan-To-Value¹ (%)

2021: 25.1%

34.0%

EPRA Net Tangible Assets per share (€)¹

2021: 1.36

1.25

¹ Alternative Performance Measurements – see glossary on pages 150 to 154.

Overview

Chairman's Statement

Dear Shareholder,

I am pleased to present to you the Company's fifth Annual Report in respect of the year ended 31 December 2022. I should also like to take this opportunity to formally welcome our new lead manager, Troels Andersen, who joined us back in October. With the support of the wider European team, there has been a seamless transition with Troels, who is based in Copenhagen, picking up the reins and quickly getting up to speed with our diversified European property portfolio.

Following on from the Company's strong financial and operational performance delivered in 2021, as key structural drivers boosted the logistics sector and helped to deliver a double digit net asset value ("NAV") total return, 2022 was characterised by unpredictable political events, an economic slowdown and surging inflation.

As the COVID pandemic eased, focus quickly turned to a global cost of living crisis driven by high inflation. The war in Ukraine also had a significant impact as central banks and governments tried to react to the conflicting pressures of high inflation, rising interest rates, slowing economies and the escalating cost of living. A risk-off theme led to valuations initially being trimmed and then falling more materially as investors stood back to take stock and bank base rates rose.

The impact on debt costs led to a declining flow of capital into real estate generally and softening yields. We have not been immune to negative sentiment despite robust occupier demand as our discount to net asset value widened in a relatively short period of time.

With Eurozone inflation peaking in October 2022 at 10.6%, a final interest rate hike in December from the European Central Bank marked a year of disruption for financial markets and real estate investors. However, recent data indicates that headline inflation has peaked as energy-driven increases are beginning to slow. According to Capital Economics, core interest rates are expected to rise throughout H1 2023 to peak at 3.5% by mid-year, providing more certainty for investors to manage cash flows, before falling again into 2024.

We are highly aware of the broader economic challenges ahead for the remainder of 2023 that could have a negative impact on valuations. However, we believe that we are well placed in terms of the resilience of our increasingly diversified portfolio, our fixed rate debt and the future earnings growth driven by predominantly long-term indexed leases.

The 8.9 year portfolio WAULT and CPI indexation of the majority of our tenant leases provides for this durability of income and a strong degree of inflation protection which should partly ameliorate any decline in valuations.

65% of our annual income is subject to uncapped CPI indexation and the majority of the remainder subject to capped indexation. Rent remains a small element of our occupiers' overheads which can make it easier for them to absorb increased lease costs.

Occupational demand has remained resilient for industrial property, as companies continued to adapt to changes in retail habits, as well as a growing need to strengthen supply chains given the previous three years of disruptions. Supply levels of new logistics warehousing remain constrained with limited new development due to increased interest rates and construction costs, planning challenges and competition from alternative uses, so further rental growth is likely even as economies have weakened.

Prime logistics in Germany, Netherlands, France and Spain is seeing historically low vacancy rates and, with speculative development expected to decline, we believe that vacancy rates will remain tight, which will keep upward pressure on rents.

The segment of the market that we operate in has seen particularly fast growth, which many believe is a permanent shift considering underlying fundamentals. The acquisitions made during the year helped to further diversify the portfolio and to reinforce a roster of high-quality tenants, including Amazon. The Company's portfolio is 51% weighted by value to the high-growth, urban logistics sector, the part of the market forecast to see the greatest capital and rental growth over the medium to long-term.



Tony Roper
Chairman

Overview

As at 31 December 2022, the Company's property portfolio consisted of 27 assets located across five European countries and was independently valued at €759 million (£666 million). The like-for-like portfolio valuation was resilient throughout most of the year when compared to other parts of the commercial real estate market, with a 6% decrease witnessed in Q4, as a result of the market-wide outward yield movements caused by rising interest rates as mentioned above.

In August, the Company announced the acquisition of two urban logistics properties, in Bordeaux and Niort, France. The aggregate purchase price of €23 million reflected a net initial yield ('NIY') of 4.0%. Both are leased to logistics operator Dachser Intelligent Logistics, the German-owned global third party logistics provider, operating as Dachser France.

In October, the Company announced the €9.3 million acquisition of an urban logistics warehouse in Dijon, France, also leased to Dachser, representing a 4.2% NIY. In October, the Company also acquired a warehouse in Horst, the Netherlands, for €12.2 million via a sale and leaseback deal with Limax, a producer, packager and distributor of soft fruits and mushrooms. The tenant critical asset with cold storage lies in an area known for its agrifood and agricultural businesses.

During the year, the Investment Manager undertook a number of asset management initiatives in Lodz and Warsaw as it continues to capture the portfolio's indexation characteristics. We agreed a new 5 year lease with ADER at Unit 3, part of Phase II of the Gavilanes site in Madrid. ADER provides distribution services to companies in the freight and logistics sector. The annual contracted rent of almost €470,000 per annum is fully CPI indexed and was in line with expectations. We also completed the 2,500 sqm extension with our tenant Combilo in Waddinxveen. The lease runs concurrent with the original, with 11 years remaining, and generates additional rent of c. €250,000 per annum, reflecting a yield of 5%. The extension complies with the latest energy neutrality standards in the Netherlands and includes 16 rooftop solar panels, resulting in an A+++ energy rating.

Post the year end, the Company agreed a new 9.5 year lease with Dachser France at its La Creche, Niort, property, 3% ahead of previous annual rent payable and significantly ahead of ERV, with full French ILAT indexation. Negotiations are in train in relation to Avignon and Ede re-gears and further information will be released shortly. The Company's Meung-sur-Loire asset remained vacant at year end with the Investment Manager continuing to work hard with its locally based transaction managers and brokers to find a suitable tenant. Discussions are currently underway around potential short-term interest

which would boost income. The Board has also noted the intentions of electric van manufacturer Arrival to consolidate operations in the US. Negotiations have commenced around the two units that Arrival leases in Madrid. We are optimistic that a suitable agreement will be reached allowing the Company to re-let these very well located buildings and reduce any potential for a decrease in income.

In addition to the above, the Investment Manager is in negotiations over the potential sale of one of our assets, at or around current valuation. The Company will announce further details on this when, and if, such sale concludes.

As I have previously stated, our investment case is enhanced by the competitive advantage provided through the Investment Manager's relationships and market knowledge with its local teams based in key markets in Europe, enabling it to originate and then execute on attractive acquisitions, as well as leveraging this insight to improve the portfolio performance. The Investment Manager has built a portfolio of assets diversified by both geography and tenant in established distribution hubs and within close proximity of cities with substantial labour pools and excellent transport links. These critical factors should ensure that the Company's assets will remain attractive to tenants, underpinning longer term valuations. Further details on the composition of the portfolio and lease renewals are provided in the Investment Manager's Report that follows.

Results

As at 31 December 2022 the audited Net Asset Value ("NAV") per Share was €1.19 (GBp – 105.4p), a decrease of 7.75% compared with the NAV per Share of €1.29 (GBp – 108.5p) at 31 December 2021. With the interim dividends declared, this reflected a NAV total return of –3.8% for the year in euro terms (+1.7% in sterling calculated on a quarterly basis).

The closing Ordinary Share price at 31 December 2022 was 68.5p (31 December 2021 – 117.0p), representing a discount to NAV per Share of 35.0%. The Board monitors the share price discount regularly and whilst share buybacks may not be a panacea for the impact of underlying economic issues that have afflicted the wider real estate sector, the Board is aware that shareholders approved their use at the most recent AGM in 2022. Available cash could be used for this where deemed appropriate.

Dividends

First, second and third interim dividends in respect of the year ended 31 December 2022 of 1.41 euro cents per Ordinary Share were paid to Shareholders on 24 June 2022, 23 September 2022 and 30 December 2022. These equated to 1.19 pence, 1.20 pence and 1.20 pence respectively.

On 17 February 2023, the Board declared a fourth interim dividend of 1.41 euro cents per Ordinary Share (equivalent to 1.20p), which was paid to Shareholders on 24 March 2023, making a total of 5.64 euro cents paid in respect of the financial year under review. The equivalent sterling rate paid was 4.79p per Share (2021 – 4.84p per Share).

The Company continues to pay quarterly interim dividends in line with its policy with dividends declared in respect of the quarters ending on 31 March, 30 June, 30 September and 31 December. Shareholders may elect through the registrar to receive dividend payments in Euros instead of Sterling. Once a Shareholder has elected to receive dividends in Euros, then all future dividends will be paid in Euros unless the Shareholder elects to switch back to Sterling payments. The dividend target and any dividend payment may be made up of both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

Further details on this breakdown can be found on page 21 and are reflected within the Company's dividend announcements.

Financing

Having witnessed the recent material interest rate fluctuations across the continent, I am pleased to say that the Company's debt, provided by our European partner banks, remains fixed in nature and secured on certain assets or groups of assets within the portfolio. These non-recourse loans range in maturities between 2.5 and 7.0 years with all-in interest rates ranging between 1.1% and 3.0% per annum. Our earliest re-financings are not scheduled until June 2025.

During the year fixed term loans totalling €108.6 million were arranged and drawn with ING Spain, secured against the assets in Gavilanes, Madrid.

The Company maintains an uncommitted master loan facility ("Facility") with Investec Bank plc for €70 million, which is currently undrawn. Under this Facility, the Company may make requests for drawdowns at selected short-duration tenors, as and when required, to fund acquisitions or for other liquidity requirements and this was used to good effect during the purchase of the Gavilanes assets. Within the Facility, Investec also

makes available a £3.3 million committed revolving credit facility which is carved out of the total €70 million limit of the Facility.

The year-end gearing level was 34.0% (2021 – 25.1%) with an average all-in interest rate of 2.06% on the total fixed term debt arrangements of €270.3 million.

ESG and Asset Management

The Investment Manager continues to seek to improve the sustainability credentials of the portfolio and the results of the 2022 GRESB ('Global Real Estate Sustainability Benchmark') survey saw the Company's portfolio achieve a score of 86/100, representing continued improvement and an uplift on its 2021 GRESB survey score of 84/100. It also compares favourably versus the 79/100 average peer score and 74/100 overall average 2022 GRESB score.

The Company has maintained its high rating with 4 out of a maximum 5 stars and outperformed the benchmark average score in most categories. The latest GRESB scoring recognises the fundamental importance the Investment Manager places on sustainability when acquiring and subsequently enhancing the Company's portfolio. The improved performance score rewards the progress made with regards to environmental, social and governance ("ESG") factors. These include solar panel project initiatives, the tenant satisfaction survey, light sustainability audits and nearly 100% data collection across the portfolio linked to Envizi sustainable reporting software which is used to analyse energy consumption. The Investment Manager obtains volumetric usage data on energy use, waste disposal and water consumption for reporting and possible cost savings. This data collection is useful for tenants enabling them to analyse areas where they may be able to reduce emissions, become more efficient and pare costs. In addition, all buildings have LED lighting and the Investment Manager continues with plans to further enhance ESG credentials going forward where possible.

Fuelled by increasing regulation, ESG matters will continue to dominate the public and political sphere as stakeholders' concerns for transparency and disclosure are enhanced. This includes our tenants, for whom ESG obligations are an increasing priority. Considering environmental compliance, resource use, social impact and governance is an integral part of a property acquisition and management approach. The tightening of ESG regulation across Europe and the current hikes in interest rates make the transformation into higher rated assets important but, with increased legislation and mandatory disclosures increasing, the risk associated with 'stranded assets' within real estate portfolios will grow. We are more likely to see investors seeking to avoid assets at risk of stranding and even incurring penalties for failing to comply with tightening legislation. Our portfolio of relatively newer assets stands us in good stead in this regard.

ESG is embedded within the Investment Manager's investment process and although many of our assets are recently built, a programme continues to identify areas where improvements can be made.

Sustainability is fundamental to our ability to create long-term value for all stakeholders and the Investment Manager has defined and continues to implement a strategy to support our sustainability targets for positive environmental and socio-economic impacts. The ESG section provides further clarity on our processes, including our further thoughts on establishing a net zero carbon pathway.

Governance

The Company is a member of the Association of Investment Companies and seeks to follow best practice regarding appropriate disclosure.

In accordance with good governance, the Directors offered to meet with a number of our larger shareholders during the year to hear their views on the Company and its performance. Directors are available to meet with investors to discuss the Company in more detail at the AGM and may be contacted through the Company Secretary at all other times.

The Board looks to undertake short annual site visits to view the properties owned, meet with tenants where possible and members of local staff and advisers of the Investment Manager. During the year the Board was pleased to visit the Gavilanes and Coslada, Madrid, assets helping to better understand the in-demand location, site layouts and meeting with abrdn's local Madrid-based real estate team which has a focus on managing these assets for us.

Following best practice, the whole Board is standing for re-election at the forthcoming AGM and further details on each Director may be found on pages 72 and 73 of the Annual Report and financial statements for the year ended 31 December 2022.

Annual General Meeting

The Company's Annual General Meeting will be held in London on Monday, 12 June 2023 at 11:30am at Wallacespace, 15 Artillery Lane, London, E1 7HA.

The formal Notice of AGM may be found on page 169 of the Annual Report and financial statements for the year ended 31 December 2022.

Outlook

The portfolio is well diversified by property, tenant and geography, and following the acquisitions completed in the year is 51% weighted towards urban logistics warehouses. 18 of the 27 assets have been constructed since 2018. Our tenant base is diversified across 51

tenants, consisting predominantly of third-party logistics providers, e-commerce related businesses and grocery-focused vendors. Our tenants' businesses are generally well positioned in areas which remain essential to the everyday operation of the modern economy.

Rising construction and financing costs and an uncertain economic landscape will likely exacerbate an already delayed construction pipeline as we expect construction activity to continue to weaken this year, with inflationary pressures being felt throughout the supply chain.

This lack of new development, which is typically more sustainable, energy-efficient buildings, and the delay in refurbishment projects transforming older stock will put further pressure on occupiers who are increasingly seeking best-in-class space, especially as corporate ESG strategies increasingly restrict the leasing of buildings that are not green certified.

A strong commitment to sustainability, demonstrated by the Company's improved GRESB score, together with the inflation linked nature of the portfolio's leases which are increasingly flowing through improving income, provides a strong counterbalance to the yield expansion being witnessed. The Board is mindful that continued yield expansion across the wider commercial real estate sector in general could see bank loan covenants become more of a focus, particularly if we see occupiers under increased pressure from the current economic uncertainties and cost inflation. The Investment Manager maintains a dialogue with banks and we retain assets that may be used for collateral in such instances.

However, if the indicators suggesting inflation is nearing its peak across the eurozone are borne out, there is likely to be a recovery in values in 2024, especially if interest rates follow consensus forecasts in heading back down towards 2%. Certainly there is evidence that investors are already looking at opportunities once again in the market, and this should offer more positive momentum later in the year.

Whilst we will continue to screen for new acquisitions, our core focus for the coming year will be on optimising the current portfolio in terms of both occupancy and earnings growth. We retain a strong conviction in our investment strategy and during this period of inflationary pressure, the Company's indexation characteristics should provide a level of inflation protection alongside our attractive dividend yield.

Tony Roper

Chairman
20 April 2023



Strategic Report

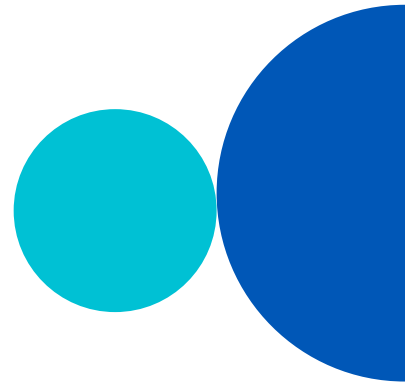
The Company is a UK investment trust with a premium listing on the Main Market of the London Stock Exchange. The Company invests in European logistics real estate to achieve its objective of providing its shareholders with a regular and attractive level of income return together with the potential for long-term income and capital growth. The Company invests in a portfolio of mid-box and urban logistics warehouses diversified by both geography and tenant throughout Europe, predominantly targeting well-located assets at established distribution hubs and within population centres.

The Company was launched on the London Stock Exchange in December 2017.



Strategic Report

Overview of Strategy



The Company

The Company is a UK investment trust with a premium listing on the Main Market of the London Stock Exchange. The Company invests in European logistics real estate to achieve its investment objective noted below.

The Company was incorporated in England and Wales on 25 October 2017 with registered number 11032222 and launched on 15 December 2017.

Change of Company name

In order to align the Company's name with the name of the Manager's business, which changed to abrdn plc in 2021, the Company's name was changed to abrdn European Logistics Income plc. This took effect from 1 January 2022. The Company's ticker, ASLI, remained unchanged.

Investment Objective

The Company aims to provide a regular and attractive level of income return together with the potential for long-term income and capital growth from investing in high quality European logistics real estate.

Investment Policy

The Company aims to deliver the investment objective through investment in, and active asset management of, a diversified portfolio of logistics real estate assets in Europe.

The Company will invest in a portfolio of single and multi-let assets diversified by both geography and tenant throughout Europe, predominantly targeting well-located assets at established distribution hubs and within population centres. In particular, the Investment Manager will seek to identify assets benefiting from long-term, index-linked, leases as well as those which may benefit from structural change, and will take into account several factors, including but not limited to:

- the property characteristics and whether they are appropriate for the location (such as technical quality, ESG credentials, scale, configuration, layout, transportation links, power supply, data connectivity, manoeuvrability, layout flexibility, and overall operational efficiencies);

- the location and its role within European logistics (city, regional, national or international distribution), key fundamentals supporting logistics activity within the micro location such as proximity to airport, port, transport nodes, multimodal transport infrastructure, established warehousing hubs, transport corridors, population centres, labour availability and market dynamics such as supply (of both land and existing stock), vacancy rate and planned infrastructure upgrades;
- the terms of the lease(s) focusing on duration, inflation-linked terms, ESG criteria, level of passing rent relative to market rent, the basis for rent reviews, and the potential for capturing growth in market rental income;
- the strength of the tenant's financial covenant;
- the business model of the tenant and their commitment to the asset both in terms of capital expenditure and the role it plays in their operations; and
- the potential to implement active asset management initiatives to add value over the holding period.

The Company will invest either directly or through holdings in special purpose vehicles, partnerships, or other structures. The Company may invest in forward commitments when the Investment Manager believes that to do so would enhance risk adjusted returns for Shareholders and/or secure an asset at an attractive yield.

The Company's active asset management activities are expected to focus on adding value through:

- negotiating or renegotiating leases to increase/secure rental income: managing vacancies;
- undertaking refurbishments to maintain liquidity;
- managing redevelopments as assets approach obsolescence;
- adding solar panels to reduce carbon emissions and generate additional income streams;
- where appropriate, extending existing on-site buildings or developing adjacent plots;
- refurbishment and redevelopment activity will, amongst other things, focus on: enhancing occupier wellbeing; operational efficiencies; energy efficiency;
- reducing carbon emissions; and elevating technological provision as well as increasing lettable area.

The Company's active management of debt will effectively manage costs and risk to enhance investment returns.

Diversification of Risk

The Company will at all times invest and manage its assets in a manner which is consistent with the spreading of investment risk. The following investment limits and restrictions will apply to the Company and its business which, where appropriate, will be measured at the time of investment:

- the Company will only invest in assets located in Europe;
- no more than 50 per cent. of Gross Assets will be concentrated in a single country;
- no single asset may represent more than 20 per cent. of Gross Assets;
- forward commitments will be wholly or predominantly pre-let and/or have the benefit of a rental guarantee and the Company's overall exposure to forward commitments and development activity will be limited to 20 per cent. of Gross Assets;
- the Company's maximum exposure to any single developer will be limited to 20 per cent. of Gross Assets;
- the Company will not invest in other closed-ended investment companies;
- the Company will predominantly invest in assets with tenants which have been classified by the Investment Manager's investment process, as having strong financial covenants. However, the Company may, on an exceptional basis, invest in an asset with a tenant with a lower financial covenant strength (and/or with a short lease term) where the Investment Manager believes that the asset can be leased on a longer term tenancy to a tenant with strong financial covenants within a reasonable time period; and
- no single tenant will represent more than 20 per cent. of the Company's annual gross income measured annually.

The Company will not be required to dispose of any asset or to rebalance the Portfolio as a result of a change in the respective valuations of its assets.

The Company intends to conduct its affairs so as to continue to qualify as an investment trust for the purposes of section 1158 and 1159 (and regulations made thereunder) of the Corporation Tax Act 2010.

Borrowing and Gearing

The Company uses gearing with the objective of improving shareholder returns. Debt is typically non-recourse and secured against individual assets or groups of assets with or without a charge over these assets, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles.

The aggregate borrowings are always subject to an absolute maximum, calculated at the time of drawdown for a property purchase, of 50 per cent. of Gross Assets. Where borrowings are secured against a group of assets, such group of assets will not exceed 25 per cent. of Gross Assets in order to ensure that investment risk remains suitably spread.

The Board has established gearing guidelines for the Alternative Investment Fund Manager ("AIFM") in order to maintain an appropriate level and structure of gearing within the parameters set out above. Under these guidelines, aggregate asset level gearing will sit, as determined by the Board, at or around 35 per cent of Gross Assets. This level may fluctuate as and when new assets are acquired until longer term funding has been established or whilst short-term asset management initiatives are being undertaken.

The Board will keep the level of borrowings under review. In the event of a breach of the investment guidelines and restrictions set out above, the AIFM will inform the Board upon becoming aware of the same, and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the AIFM will look to resolve the breach with the agreement of the Board. The Directors may require that the Company's assets are managed with the objective of bringing borrowings within the appropriate limit while taking due account of the interests of shareholders. Accordingly, corrective measures may not have to be taken immediately if this would be detrimental to shareholders' interests.

Any material change to the Company's investment policy set out above will require the approval of shareholders by way of an ordinary resolution at a general meeting and the approval of the Financial Conduct Authority. Non-material changes to the investment policy may be approved by the Board.

Comparative Index

The Company does not have a benchmark.

Duration

Although the Company does not have a fixed life, under the Company's articles of association the Directors are required to propose an ordinary resolution for the continuation of the Company at the Annual General Meeting to be held in 2024 and then every third year thereafter.

Key Performance Indicators (KPIs)

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and to determine the progress of the Company in pursuing its Investment Policy. The main KPIs identified by the Board in relation to the Company, which are considered at each Board meeting, are as follows:

KPI	Description
NAV Total Return¹	<p>The Board considers the NAV total return to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. Performance for the year and since inception is set out on page 21.</p> <p>The Company is targeting, for an investor in the Company at launch, a total NAV return of 7.5 per cent. per annum (in € terms).</p>
Share Price (on a total return basis)¹	<p>The Board also monitors the price at which the Company's shares trade on a total return basis over time. A graph showing the share price performance is shown on page 22.</p>
Premium/(Discount)¹	<p>The premium/(discount) relative to the NAV per share represented by the share price is monitored by the Board. A graph showing the share price (discount)/premium relative to the NAV is shown on page 22.</p>
Dividends per Share	<p>The Board's aim is to pay a regular quarterly dividend enabling shareholders to rely on a consistent stream of income. Dividends paid are set out on page 21. The Company is targeting, for an investor in the Company at launch, an annual dividend yield of 5.0 per cent. per Ordinary Share (in € terms).</p>
Ongoing Charges Ratio ("OCR")¹	<p>The OCR is the ratio of expenses as a percentage of average daily shareholders' funds calculated in accordance with the industry standard. The Board reviews the OCR regularly as part of its review of all expenses. The aim is to ensure that the Company remains competitive and is able to deliver on its yield target to Shareholders. The Company's OCR is disclosed on page 21.</p>

¹ Alternative Performance Measure – see glossary on pages 150 to 154.

Manager

Under the terms of the Management Agreement, the Company has appointed abrdn Fund Managers Limited as the Company's alternative investment fund manager ("AIFM") for the purposes of the AIFM Rules. The AIFM has delegated portfolio management to the Danish Branch of abrdn Investments Ireland Limited which acts as Investment Manager.

Pursuant to the terms of the Management Agreement, the AIFM is responsible for portfolio and risk management on behalf of the Company and will carry out the on-going oversight functions and supervision and ensure compliance with the applicable requirements of the AIFM Rules. The AIFM and the Investment Manager are both legally and operationally independent of the Company.

Dividend Policy

Subject to compliance with all legal requirements the Company pays interim dividends on a quarterly basis. The Company declares dividends in Euros, but shareholders will receive dividend payments in Sterling unless electing to receive payments in Euros through the Equiniti Shareview Portfolio website or via CRESTPay. If applicable, the date on which the Euro/ Sterling exchange rate is set will be announced at the time the dividend is declared. Distributions made by the Company may take the form of either dividend income or "qualifying interest income" which may be designated as interest distributions for UK tax purposes.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of the principal risks as set out below, ordered by category of risk, together with a description of the mitigating actions taken by the Board. The Board confirms that it has a process in place for regularly reviewing emerging risks that may affect the Company in the future. The Board collectively discusses with the Manager areas where there may be emerging risk themes and maintains a register of these. Such risks may include, but are not limited to, future pandemics, cybercrime, and longer term climate change. In the event that an emerging risk has gained significant weight or importance, that risk is categorised and added to the

Company's risk register and is monitored accordingly. The principal risks associated with an investment in the Company's shares can be found in the Company's latest Prospectus dated 8 September 2021, published on the Company's website.

The Board is very mindful of ongoing events involving Russia and Ukraine which have caused significant market volatility across Europe and the World. There has been no discernible impact to date on our tenants located in Poland and across the wider region. The indicators below show how the Board's views on the stated risks have evolved over the last year. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the current financial year.

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Strategic Risk: Strategic Objectives and Performance – The Company's strategic objectives and performance, both absolute and relative, become unattractive to investors leading to a widening of the discount, potential hostile shareholder actions and the Board fails to adapt the strategy and/or respond to investor demand.	<ul style="list-style-type: none"> The Company's strategy and objectives are regularly reviewed by the Board to ensure they remain appropriate and effective. The Board receives regular presentations on the economy and also the property market to identify structural shifts and threats so that the strategy can be adapted if necessary. There is regular contact with shareholders both through the Investment Manager and the broker with additional direct meetings undertaken by the Chairman and other Directors. Board reports are prepared by the Investment Manager detailing performance, NAV return and share price analysis versus peers. Cash flow projections are prepared by the Investment Manager and reviewed quarterly by the Board. Shareholder/market reaction to Company announcements is monitored. 	↗
Investment and Asset Management Risk: Investment Strategy – Poorly judged investment strategy, regional allocation, use of gearing, inability to deploy capital and the mis-timing of disposals and acquisitions, resulting in poor investment returns.	<ul style="list-style-type: none"> abrdn has real estate research and strategy teams which provide performance forecasts for different sectors and regions. There is a team of experienced portfolio managers who have detailed knowledge of the markets in which they operate. abrdn has a detailed investment process for both acquisitions and disposals that require to be signed off internally before the Board reviews any final decision. The Board is very experienced with Directors having a knowledge of property markets. 	↘

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Investment and Asset Management Risk: Developing and refurbishing property – Increased construction costs, construction defects, delays, contractor failure, lack of development permits, environmental and third party damage can all impact the resulting capital value and income from investments.	<ul style="list-style-type: none"> • abrdn has experienced investment managers with extensive development knowledge with in-depth research undertaken on each acquisition/development. • Development contracts are negotiated by experienced teams supported by approved lawyers. • Due diligence is undertaken on developers including credit checks and current pipelines. • Construction and risk insurance checked. • Post completion the developer is responsible for defects and monies are held in escrow for a period of time after handover. 	→
Investment and Asset Management Risk: Health and Safety – Failure to identify and mitigate major health & safety issues or to react effectively to an event leading to injury, loss of life, litigation and any ensuing financial and reputational impact.	<ul style="list-style-type: none"> • For new properties health and safety is included as a key part of due diligence. • Asset managers visit buildings on a regular basis. • Property managers are appointed by abrdn to monitor health & safety in each building and reports are made to the asset managers on a monthly basis. • Asset managers visit each building at least twice a year. • Tenants are responsible for day to day operations of the properties. 	→
Investment and Asset Management Risk: Environment – Properties could be negatively impacted by hazardous materials (for example asbestos or other ground contamination) or an extreme environmental event (e.g. flooding) or the tenants' own operating activities could create environmental damage. Failure to achieve environmental targets could adversely affect the Company's reputation and result in penalties and increased costs and reduced investor demand. Legislative changes relating to sustainability could affect the viability of asset management initiatives.	<ul style="list-style-type: none"> • The Investment Manager undertakes in depth research on each property acquisition with environmental surveys and considers its impact on the environment and local communities. • The Investment Manager has adopted a thorough environmental policy which is applied to all properties in the portfolio. • Experienced advisers on environmental, social and governance matters are consulted both internally (within the Investment Manager) and externally where required. • The Investment Manager in conjunction with specialist advisers continues to work on a net zero emissions roadmap for the Company 	→

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
<p>Financial Risks: Macroeconomic – Macroeconomic changes (e.g. levels of GDP, employment, inflation, interest rate and FX movements), political changes (e.g. new legislation) or structural changes (e.g. new technology or demographics) negatively impact commercial property values and the underlying businesses of tenants (market risk and credit risk). Falls in the value of investments could result in breaches of loan covenants and solvency issues. Interest rate increases from historical lows will impact strategy if unchanged when re-financings are required. Pressure on overall net revenue returns.</p>	<ul style="list-style-type: none"> • abrdn research teams take into account macroeconomic conditions when collating forecasts. This research is fed into Investment Manager decisions on purchases/sales and regional allocations. • The portfolio is EU based and diversified across a number of different countries and also has a diverse tenant base seeking to minimise risk concentration. • There is a wide range of lease expiry dates within the portfolio in order to minimise re-letting risk. • The Company has no exposure to speculative development and forward funding is only undertaken where the development is predominantly pre-let. • Rigorous portfolio reviews are undertaken by the Investment Manager and presented to the Board on a regular basis. • Annual asset management plans are developed for each property and individual investment decisions are subject to robust risk versus return evaluation and approval. • Most leases are indexed to provide increases in line with movements in inflation and leverage is fixed to reduce the impact of interest rate rises. 	↗
<p>Financial Risks: Gearing – Gearing risk – an inappropriate level of gearing, magnifying investment losses in a declining market, could result in breaches of loan covenants and threaten the Company's liquidity and solvency. An inability to secure adequate borrowing with appropriate tenor and competitive rates could also negatively impact the Company. Earliest Company re-financing required in 2025 but current conditions expected to impact banks' willingness to lend or seek tighter covenants.</p>	<ul style="list-style-type: none"> • Regular covenant reporting to banks is undertaken as required. • The gearing target is set at an indicative 35% asset level limit and an absolute Company limit of 50%. • The Company's diversified European logistics portfolio, underpinned by its tenant base, should provide sufficient value and income in a challenging market to meet the Company's future liabilities. • The portfolio attracted competitive terms and interest rates from lenders for the Company's fixed term loan facilities. • The Investment Manager has relationships with multiple funders and wide access to different sources of funding on both a fixed and variable basis. • Financial modelling is undertaken and stress tested annually as part of the Company's viability assessment and whenever new debt facilities are being considered. • Loan covenants are continually monitored and reported to the Board on a quarterly basis and would also be reviewed as part of the disposal process of any secured property. 	→
<p>Financial Risks: Liquidity Risk and FX Risk – The inability to dispose of property assets in order to meet financial commitments of the Company or obtain funds when required for asset acquisition or payment of expenses or dividends. Movements in foreign exchange and interest rates or other external events could affect the ability of the Company to pay its dividends. Yield expansion witnessed as valuations impacted by global economic concerns.</p>	<ul style="list-style-type: none"> • The diversified portfolio is geared towards an attractive sector. • A cash buffer is maintained and an overdraft facility is currently in place. • Investment is focused on mid-sized properties which is considered the more liquid part of the sector. • The assets of the Company are denominated in a non-sterling currency, predominantly the Euro. No currency hedging is planned for the capital, but the Board periodically reviews the hedging of dividend payments having regard to availability and cost. 	↗

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Financial Risks: Credit Risk – Credit Risk – the risk that the counterparty will be unable or unwilling to meet a commitment entered into by the Group: failure of a tenant to pay rent or failure of a deposit taker, future lender or a current exchange rate swap counterparty.	<ul style="list-style-type: none"> The property portfolio has a balanced mix of investment grade tenants and reflects diversity across business sectors. Rigorous due diligence is performed on all prospective tenants and their financial performance continues to be monitored during their lease. Rent collection from tenants is closely monitored so that early warning signs might be detected. Deposits are spread across various abrdn approved banks and AAA rated liquidity funds. 	→
Financial Risks: Insufficient Income Generation – Insufficient income generation due to macro-economic factors, and/or due to inadequate asset management resulting in long voids or rent arrears or insufficient return on cash; dividend cover falls to a level whereby the dividend needs to be cut and/or the Company becomes unattractive to investors. Level of ongoing charges becomes excessive.	<ul style="list-style-type: none"> The Investment Manager seeks a good mix of tenants in properties. A review of tenant risk and profile is undertaken using, for example, the Dun & Bradstreet Failure Scoring method and tenant covenants are thoroughly considered before a lease is granted. The abrdn team consists of asset managers on the ground who undertake asset management reviews and implementation and there is a detailed approval process within abrdn for lettings. At regular Board meetings forecast dividend cover is considered. There is regular contact with the broker and shareholders to ascertain, where possible, views on dividend cover. 	↗
Regulatory Risks: Compliance – The regulatory, legal and tax environment in which the Company's assets are located is subject to change and could lead to a sub-optimal corporate structure and result in increased tax charges or penalties. Failure to comply with existing or new regulation.	<ul style="list-style-type: none"> The Company has an experienced Company Secretary and engages lawyers who will advise on changes once any new proposals are published. There is regular contact with tax advisers in relation to tax computations and transfer pricing. Directors have access to updates on relevant regulatory changes through the Company's professional advisers. The highest corporate governance standards are required from all key service providers and their performance is reviewed annually by the Management Engagement Committee. 	→
Operational Risks: Service Providers – Poor performance/inadequate procedures at service providers leads to error, fraud, non-compliance with contractual agreements and/or with relevant legislation or the production of inaccurate or insufficient information for the Company (NAV, Board Reports, Regulatory Reporting) or loss of regulatory authorisation. Key service providers include the AIFM, Company Secretary, the Depositary, the Custodian, the managing agents, lending banks and the Company's Registrar.	<ul style="list-style-type: none"> abrdn has an experienced Investment Manager and Asset Management Team. The Company has engaged an experienced registrar: Equiniti is a reputable worldwide organisation. All service providers have a strong control culture that is regularly monitored. abrdn aims to meet all service providers once a year and the Management Engagement Committee reviews all major service providers annually. The Company has the ability to terminate contracts. 	→

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Operational Risks: Business continuity – Business continuity risk to any of the Company's service providers or properties, following a catastrophic event e.g. pandemic, terrorist attack, cyber attack, power disruptions or civil unrest, leading to disruption of service, loss of data etc.	<ul style="list-style-type: none"> • abrdn has a detailed business continuity plan in place with a separate alternative working office if required and the ability for the majority of its workforce to work from home. • abrdn has a dedicated Chief Information Security Officer who leads the Chief Information Security Office covering the following functions: Security Operations & Delivery, Security Strategy, Architecture & Engineering, Data Governance & Privacy, Business Resilience, Governance & Risk, Security & IT. • Properties within the portfolio are all insured. • The IT environment of service providers is reviewed as part of the initial appointment and on an ongoing basis. 	→

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to, and participation in, the promotional programme run by abrdn on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by abrdn. abrdn's marketing team reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports abrdn's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. The Board will continue to ensure that any future appointments are made on the basis of merit against the specification prepared for each appointment and, therefore,

the Company does not consider it appropriate to set diversity targets. At 31 December 2022, there were two male Directors and two female Directors on the Board.

Sustainable and Responsible Investment Policy and Approach

Further details on abrdn's Sustainable and Responsible Investment Policy and Approach for Direct Real Estate are available at abrdn.com.

Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated day to day management and administrative functions to abrdn Fund Managers Limited. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined in the Investment Manager's Review.

Due to the nature of the Company's business, being a Company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 ("MSA"). The Company is not required to make a slavery and human trafficking statement. The Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

A copy of the Manager's statement in compliance with the Modern Slavery Act is available for download at abrdn.com

The bulk of emissions relating to properties owned by the Company are the responsibility of the tenants and any emissions relating to the Company's registered office are the responsibility of abrdn plc. The Company has no direct greenhouse gas emissions to report from the operations of its business, although it is responsible for low emissions generated at certain properties within its portfolio reportable under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, see page 58.

Viability Statement

The Company does not have a formal fixed period strategic plan but the Board formally considers risks and strategy at least annually. The Board considers the Company, with no fixed life, to be a long-term investment vehicle, but for the purposes of this viability statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a long-term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have conducted a robust review of the principal risks focussing upon the following factors:

- The principal risks detailed in the Strategic Report;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's shares evidenced by the historical level of premium or discount;
- The level of income generated by the Company and the stability of tenants;
- The level of gearing including the requirement to meet lending covenants, negotiate new facilities and repay or refinance future facilities;
- The continuation vote required to be put to shareholders at the AGM to be held in 2024; and
- The flexibility of the Company's bank facilities and putting these facilities in place in time to meet commitments.

The Directors have reviewed summaries from the portfolio models prepared by the Investment Manager which have been stress tested to highlight the performance of the portfolio in a number of varying economic conditions coupled with potential opportunities for mitigation. The Directors have also stress tested the financial position of the Company with attention on upcoming funding for acquisitions, and particularly the loss of a tenant in a French asset.

The Company has prepared cash flow forecasts which reflect the potential impact of reductions in rental income including reasonably possible downside scenarios.

The impact of reductions in rental income could be mitigated through a reduction in dividends to shareholders if considered necessary by the Board.

The Company has modelled severe but plausible downside scenarios, taking into account specific tenant risks. These scenarios modelled reduced rental income through to 2025 and the worst case model equates to an overall 40% reduction of rental income per annum over that period.

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report subject to shareholders' approval of the continuation vote required under the articles to be put to the AGM to be held in 2024, noting that the Directors are unaware at this early stage of any shareholder intentions to vote against such a resolution. In making this assessment, the Board has considered that matters such as significant economic uncertainty, stock market volatility and changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

s172 Statement

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 (the "s172 Statement"). This s172 Statement requires the Directors to explain how they have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Investment Manager operates at its regular meetings and receives regular reporting and feedback from the other key service providers.

Investment trusts are long-term investment vehicles, with no employees. The Company's Board of Directors sets the investment mandate as published in the most recent prospectus, monitors the performance of all service providers and is responsible for reviewing strategy on a regular basis.

Key Stakeholders

The key stakeholder and service provider for the Company is the **Alternative Investment Fund Manager** (the "Manager") and this relationship is reviewed at each Board meeting and relationships with other service providers are reviewed at least annually.

Shareholders are seen as key stakeholders in the Company. The Board seeks to meet at least annually with shareholders at the Annual General Meeting. This is seen as a very useful opportunity to understand the needs and views of the shareholders. In between AGMs the Directors and Investment Manager also conduct programmes of investor meetings with larger institutional, private wealth and other shareholders to ensure that the Company is meeting their needs. Such regular meetings may take the form of joint presentations with the Investment Manager or meetings solely with a Director where any matters of concern may be raised directly.

Our **European partner lending banks** are also key stakeholders. We leverage off the Investment Manager's key relationships with a wide range of lending banks and the Investment Manager has regular contact with these banks updating on the portfolio and valuations and also on plans for new acquisitions or disposals.

The other key stakeholder group is that of the **underlying tenants** that occupy space in the properties that the Company owns. The Board aims to conduct a site visit at least annually with the aim of meeting tenants locally and discussing their businesses and needs and assessing where improvements may be made or expectations managed. The Investment Manager's asset managers are tasked with conducting meetings with building managers and tenant representatives in order to ensure the smooth running of the day to day management of the properties. The Board receives reports on the tenants' activities at its regular Board meetings.

The Board via the Management Engagement Committee also ensures that the views of its service providers are heard and at least annually reviews these relationships in detail. The aim is to ensure that contractual arrangements remain in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Manager, Investment Manager and other relevant stakeholders. Reviews will include those of the Company depositary, custodian, share registrar, broker, legal adviser, lenders and auditor.

The Investment Manager's Report on page 28 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to invest the Company's assets in accordance with the

mandate provided by shareholders at launch, under the oversight of the Board. In line with the increased equity base, further gearing was introduced into the portfolio with the aim of maintaining gearing at asset level at or around 35% over the longer term. abrdn's dedicated treasury team was successful in negotiating the debt facilities at competitive market rates, resulting in the Company's blended all-in interest rate across all its debt being 2.01% which is to the benefit of all shareholders. The Company has an uncommitted four year €70 million master facilities loan agreement with Investec Bank plc to provide additional flexibility. This facility increases the Company's ability to acquire new assets prior to any fresh equity raise and will reduce the impact of cash drag on investment returns.

Details of how the Board and Investment Manager have sought to address environmental, social and governance matters across the portfolio are disclosed from page 55 onwards.

The Company is just over five years old having been launched at the end of 2017. However, it is a long-term investor and the Board has established the necessary procedures and processes to promote the long-term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company grows, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

Future

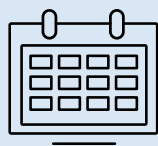
Many of the non-performance related matters likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles, geopolitical tensions and the impact of regulatory changes. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in my Chairman's Statement on page 8 whilst the Investment Manager's views on the outlook for the portfolio are included on page 36.

Tony Roper

Chairman

20 April 2023

The ways we engage with our shareholders include:



Annual General Meeting (AGM)

The AGM normally provides an opportunity for Directors to engage with shareholders, answer their questions and meet them informally. The 2023 AGM is scheduled to take place on 12 June 2023 in London. The Board is looking forward to meeting as many shareholders as possible at the AGM.



Annual Report

We publish a full annual report each year that contains a strategic report, governance section, financial statements and additional information. The report is available online and in paper format.



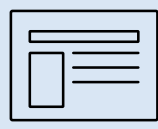
Company Announcements

We issue announcements for all substantive news relating to the Company, including the purchase and sale of properties. You can find these announcements on the website.



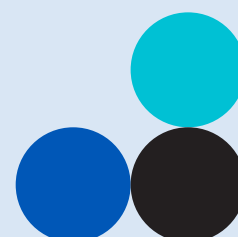
Results Announcements

We release a full set of financial and operational results at the interim and full year stage. Updated net asset value figures are announced on a quarterly basis in line with our valuation policy.



Website

Our website contains a range of information on the Company and includes details of our property investments. Details of financial results, the investment process and Manager and Investment Manager together with Company announcements and contact details can be found here: eurologisticsincome.co.uk.



Strategic Report

Results

Financial Highlights

	31 December 2022	31 December 2021
Total assets (€'000)	817,783	728,386
Total equity shareholders' funds (net assets) (€'000)	489,977	487,505
Net asset value per share (euros) ¹	1.19	1.29
Net asset value per share (pence) ¹	105.43	108.50
Share price (mid market) (pence)	68.50	117.00
Market capitalisation (£'000)	282,339	438,050
Share price (discount)/premium to sterling net asset value ¹	(35.0%)	7.8%
Dividends and earnings		
Net asset value total return (€) ¹	(3.8%)	12.4%
Dividends paid per share	5.64c (4.80p)	5.64c (4.84p)
Revenue reserves (€'000)	20,083	15,939
Total comprehensive return for year (€'000)	(18,442)	44,443
Operating costs		
Ongoing charges ratio (Group only expenses) ¹	1.3%	1.3%
Ongoing charges ratio (Group and property expenses) ¹	1.7%	1.8%

Performance (total return)

	Year ended 31 December 2022	Year ended 31 December 2021	Since Launch % return
Share price ¹	(38.3%)	12.4%	(15.1%)
Net Asset Value (EUR) ¹	(3.8%)	12.4%	29.2%

¹ Considered to be an Alternative Performance Measure (see Glossary on pages 150 to 154 for more information).

Dividends declared in respect of the Financial Year to 31 December 2022

	Dividend Distribution GBP pence	Dividend Distribution EURO cents Equivalent ²	Qualifying Interest GBP pence	Qualifying Interest EURO cents Equivalent ²	Ex-dividend Date	Record Date	Pay Date
First Interim	0.86	1.02	0.33	0.39	01/06/2022	06/06/2022	24/06/2022
Second Interim	0.95	1.11	0.25	0.30	01/09/2022	02/09/2022	23/09/2022
Third Interim	1.01	1.19	0.19	0.22	01/12/2022	02/12/2022	30/12/2022
Fourth Interim	1.00	1.18	0.20	0.23	02/03/2023	03/03/2023	24/03/2023
Total	3.82	4.50	0.97	1.14			

² The interim distributions are paid in GBP to shareholders on the register. However, shareholders are able to make an election to receive distributions in euros.

Strategic Report

Performance

Share Price Premium/(Discount) to Net Asset Value

Launch to 31 December 2022¹

Premium/(Discount)



Source: abrdn, Factset.

¹ Using the daily share prices together with the quarterly NAVs as announced by the Company at data points.

Share Price Total Return

Launch to 31 December 2022 (rebased to 100 at launch)



Source: abrdn, Factset.

Our Unique Selling Points

abrdn European Logistics Income plc was launched in December 2017 and has built a strategic position in the real estate market that the Board and Investment Manager believe will deliver the investment objective to shareholders over the longer term.

Our main USPs are listed below:

1

The Investment Manager has local teams on the ground that know the market

The property business is a local business. You have to speak the local language and have a network with brokers, developers, investors and owner-occupiers to not only find the best opportunities at the right price but also manage properties and keep in close contact with tenants. abrdn is one of the largest real estate investors in Europe with over £53 billion of real estate under management. abrdn has local boots on the ground with eight offices across Europe – London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen – with 290 real estate professionals with expertise in fund management, research, transactions, asset management, financing and other specialist property activities.

2

Investing in the most liquid mid-box and strong growth segment of urban logistics

Durability of income stream is key for an income driven strategy. The Investment Manager looks beyond the length of the initial lease contract to see if a warehouse has a second life after the lease matures. The mid-box section of the market, with building sizes reaching up to a maximum of 50,000 square metres, is where most of the leasing activity takes place providing us with options in the future. We believe we operate in a more liquid area of the sector than the ultra 'big-box' part of the market where leasing options may be more limited. Our portfolio is weighted towards urban logistics and this is where we have highest growth expectations. The urbanisation trend across Europe and the competition for shorter delivery times amongst parcel delivery specialists has created a higher demand for land in dense population areas resulting in higher land prices and stronger rental growth. The Manager has strong real estate research and strategy capabilities which help formulate an annual review of strategy for the Company.

3

A diversified, high quality portfolio with long indexed leases to tenants

Durability of income streams will be achieved by acquiring the right warehouses in the right locations. The Company now has 27 buildings in the portfolio, of which 18 were new builds when acquired, across five European countries with 51 tenants providing good risk diversification. All buildings in the portfolio are either located alongside main transport corridors or within a short distance to dense population urban locations. Our buildings have modern specifications in terms of free height, floor load capacity, number of loading doors and yard depth, all features that are particularly important for e-commerce focused logistics operators. Average lease length is 8.9 years (excluding breaks) and all leases are index-linked, the majority with indexation uncapped.

4

A clear focus on the European Continent

This is a European strategy with a very clear focus on the European Continent and not the UK. There are several reasons for this. Firstly, e-commerce penetration has been materially behind that seen in the UK with higher growth expected. Secondly, CPI-linked leases give a level of protection against inflation. Thirdly, the European market has seen lower long-term debt costs and finally, the region provides diversification options with 75% of the investable European market in continental Europe.

5

ESG is embedded in the investment philosophy resulting in an improving GRESB score

abrdn, as a global asset manager, has the ambition to become net zero by 2050. As an investment company, the Company has a clear focus on improving the green performance of its buildings with the asset and property managers working closely with our tenants. One of the key focuses is the implementation of solar panels on the roofs of our buildings which are now on nine of our warehouses. The Company, through abrdn, continues to develop the path to zero carbon emission.

6

Modest gearing with attractive all-in costs

The Company has a modest long-term target Loan-To-Value ratio (LTV) of c. 35%, with a current LTV of 34% (as at 31 December 2022). The maximum LTV is 50% at the time of drawdown but the level of LTV may fluctuate through the use of shorter term loan facilities and in advance of cash raises allowing the Company to commit to further opportunities as they arise. All-in costs of the current loan portfolio are 2.01%.

7

Low investment management fees

The investment management fee is set at a competitive rate of 75 basis points of NAV up to €1.25 billion which will drop to 60 basis points above this.

Strategic Report

2022 Accomplishments

2022 was another active year.

Despite the considerable volatility affecting global markets, the Company further diversified its asset base with selective acquisitions in Spain, France and the Netherlands, whilst continuing to grow the income profile through new lettings in Spain and Poland.

The acquisitions were funded by a capital raise in February which generated £38 million (€44.9 million) together with temporary use of the €70 million RCF. Simultaneously, the Company secured two debt facilities across the Spanish portfolio totalling €108.6 million.

Once again, the Company improved its GRESB rating year-on-year.

Our local teams on the ground are crucial in managing our diverse logistics portfolio and a key factor in abrdn's real estate offer. With highly experienced teams based around Europe, the Investment Manager is able to source excellent assets, work directly with tenants in implementing long-term value improvement strategies and maintain a future-fit portfolio.



FUNDING

February 2022: the Company issued 34,545,455 new Ordinary shares, raising gross proceeds of £38 million (€44.9 million) at the issue price of 110.0 pence per share.

July 2022: the Company drew €50 million from the available €70 million RCF to complete the various acquisitions.

July 2022: €44 million loan Facility 1 in Spain completed with ING.

September 2022: the Company completed Spain Facility 2 loan with ING for €64.6 million.

October 2022: €25 million RCF repaid.

December 2022: €25 million RCF repaid.

Modest long-term gearing at attractive all-in fixed cost

34%

Loan to Value

2.01%

Asset level cost of debt

3.5yrs

Average term to maturity

Dachser France, Bordeaux





ACQUISITIONS / CAPITAL PROJECTS

€130m invested into 6 assets across 3 core geographies.

Three cross-docked parcel hubs in Bordeaux, Niort & Dijon France all leased to Dachser, France. Good specification, well-located with very low site cover. Future expansion potential for tenant and/or second life. €32.5m investment.

State of the art Amazon hub in Gavilanes, Madrid acquired for €80.3m. 16,500 sq m last-mile parcel hub, 20,000 sq m EV van hub secured on a 25-year lease.

Established agri-warehouse facility in the Horst, the Netherlands acquired for €12.2m. Let to Limax Group for 10 years. Good specification, low site cover, exciting agri-location.

Stand-alone warehouse extension, Waddinxveen project completed for €4.5m. Highly sustainable asset management initiative added 2,500 sq m of distribution space and ancillary offices to Combilo's existing FMCG operation.



ESG

February 2022: the Investment Manager completed a tenant satisfaction survey undertaken by Keepfactor. The results of these surveys inform discussions with tenants and provides a better understanding of areas where improvements can be made.

March and May 2022: the Company conducted further reviews of the solar potential of the portfolio with external consultants. Ongoing discussions across the portfolio are exploring PV opportunities.

November 2022: the Company continued to improve its GRESB score year on year, scoring 86 points out of 100. The portfolio maintained its 4 out of 5 Stars to rank second in the peer group.

December 2022: second analysis of carbon impact is instructed with an ambition to set a Net Zero Carbon target.



Extension project, Waddinxveen, Netherlands



Krakow, Poland



Lodz, Poland

Gavilanes Amazon Hub, Phase IV - Madrid





ASSET MANAGEMENT

Four new lettings in Spain & Poland: our local asset management teams continue to add value across the portfolio.

March 2022: the Company secured a 4 year lease extension with DS Smith and a 3 year extension with BRB in Krakow.

June 2022: at Gavilanes, Madrid Phase II the company welcomed a new tenant, ADER, to the portfolio adding a further €469,000 per annum in income.

August 2022: the Company signed a new 8 year lease with Tabiplast in Lodz, Poland.

October 2022: in Krakow, the Company completed a new 3 year lease adding Gebrüder Weiss to the portfolio.

February 2023: new 9.5 year lease renewal to Dachser France, at Niort. ESG improvements with a new BMS (building management system) and external LED lighting. An excellent tenant, secured for longer, which boosts WAULT and improves capital value.



Meung sur Loire; Dachser France, Niort; Arrival, Gavilanes, Madrid



Investment Manager's Review

Having joined the investment management team responsible for managing the Company's portfolio in October 2022, it is my pleasure to present my first Manager's Review.

2022 Market Overview

The European logistics sector experienced another strong year in terms of occupier fundamentals and leasing activity, whilst on the capital markets side the picture was more mixed. Q4 2022 brought a steep investment slowdown due to the rapid adjustment to the macro financial climate with rising interest rates and bond yield expansion. The speed of the impact has been unprecedented but, with prime logistics values impacted the quickest and hardest, this has also led to investors returning to the market faster than in previous cycles as they see opportunities, albeit transactions are still relatively low in number.

Supply chains continue to move through a period of exceptional structural change, backed by three key demand drivers. First, the Covid pandemic accelerated many aspects of de-globalisation, stress-tested existing distribution networks, and increased the need for companies to diversify their supply chains. Second, we believe e-commerce remains an incremental demand driver for the long-term, despite a slowdown in the growth rate; some pull back in growth was naturally due after the e-commerce boom during the pandemic where online sales penetration rates were artificially boosted by lockdowns. Lastly, ESG and "net zero" considerations are beginning to play a clearer role in logistics performance where tighter regulations from the European Union's Energy Efficiency Directive combined with valuation guidance from the RICS, will push tenants and investors to

upgrade buildings to deliver more efficient performance. This will further widen the gap between future-fit assets and those facing obsolescence. When markets are undergoing a transformation, such as in logistics, the choice of asset quality in the right location and the future relevance of the building are increasingly critical factors.

Overall logistics leasing demand has been strong in recent years. Take up across the 13 largest logistics markets exceeded an estimated 37.5 million square metres in 2022, a 6% decrease on 2021 but 18% above the five-year average. Germany, Poland, Netherlands, the UK and France saw the lion's share of take up in 2022, accounting for around 78% of all leasing activity across the 13 countries covered by Savills. While the share broadly reflects the size of the economy, the rise of Poland and the relative importance of the Netherlands in terms of logistics demand, represents the strategic roles these markets play in the pan-European supply chain. In the context of continued strong demand, the logistics supply outlook remains constrained in 2023. The average European logistics vacancy rate fell by 50 basis points from 3.6% at the end of 2021 to just 3.1% at the end of 2022, the lowest level on record. In many markets the supply of high-quality space is negligible and most leasing activity is driven by pre-lets or through the development process. The undersupply of modern logistics space in good locations across the supply chain means that cashflows should be increasingly resilient and strong income growth should persist. For European logistics, the milder recession expectation is supportive given the link between economic growth and logistics activity.



Troels Andersen
Fund Manager

A large proportion of European stock is no longer appropriate for today's logistics requirements and requires modernisation, especially as regulatory deadlines around energy efficiency approach. Current total supply growth of c.8% for 2022 is expected to slow to c.7% p.a. in 2023 and likely level off towards 4% in the longer term, according to Green Street. Two of the key drivers of the expected limitations of new supply are increased financing and development costs. 2022 has seen development economics deteriorate, with estimated profit margins halving to c.15%, driven by higher construction input costs (up 25% in 2022). The ESG factor cannot be underestimated as a further constraining factor on future-fit logistics supply. In preparation for the net zero transition, the Research and Energy Committee of the European Parliament is finalising its position on the Energy Performance of Buildings Directive which seeks to make the EU building sector climate neutral by 2050. However, we are seeing more significant retrofitting and energy improvement costs factored into cash flows and this is being accounted for in purchase prices or valuations. Polarisation between prime and secondary assets will amplify as limited new supply in most sectors becomes evident, while secondary and tertiary properties begin to be penalised.

Industrial rents have experienced strong growth over the last two years, an aspect of Europe that has lagged the UK and US markets. While yields have come under pressure from higher debt costs, some of the yield impact is being offset by rental growth or rent indexation built into many European lease contracts. Open market prime logistics rents increased by an unweighted average of 10.1% over the 12 months to the fourth quarter of 2022. Rents have been rising consistently across geographies and we

expect growth to continue over the medium to long-term, as the vacancy rate is only around 3% in most countries. Cash flows should become more resilient given this under supply and the favorable growth drivers, with stronger growth potential in the more urban areas where pressures on supply are more acute.

Investment values have declined as interest rates increased by 350 basis points in the second half of 2022. Prime logistics yields had tightened to 3% or below in the most sought-after locations. This was no longer supportable as debt costs spiked and relative pricing against bonds weakened. However, given the fundamentals and strength of investor sentiment towards long-term structural demand drivers, when interest rates stabilise and commercial real estate begins to attract increased investment again, we believe that the logistics sector is well placed to recover lost performance over the short to medium term.

Capital flows into European logistics real estate have increased to now regularly reach 20% of total investment, up from 10% in 2013. The volume of transactions closed in 2022 was unsurprisingly down from the record set in 2021, yet still 24% up on the five year average, despite the sharp fall in investment in the latter stages of the year as buyer and seller pricing expectations widened. The largest markets continue to be Germany, France, The Netherlands and Spain.

Well diversified portfolio with strong urban profile well positioned for future rental growth

Informed by the Manager's research and strategy teams, the Company continues to pursue its high conviction strategy focusing on the most 'liquid' and in-demand part of the European logistics market where both capital and rental growth expectations are highest. Urban logistics and mid-sized ('mid-box') warehouses are the areas of the market where supply / demand dynamics are the strongest and the potential tenant base the largest. A typical mid-box warehouse sits between 20,000 – 50,000 square metres in size and for urban logistics, often called the 'final touch in the supply chain', building sizes are generally smaller and located in close proximity to dense population centres for speedier deliveries.

In July, the Company completed the well-flagged acquisition of Phase IV of the Gavilanes portfolio, which has been developed as an exclusive hub for Amazon with its own parking deck including supply for its electric vans and benefits from a 25 year lease.

In August, the Company announced the acquisition of two urban logistics properties, in Bordeaux and Niort, France for €23 million, reflecting a net initial yield of 4.0% and leased to Dachser France with annual indexation. Both offer medium term expansion opportunities. Built in 2005, the Bordeaux asset totals 6,504 sqm on a total plot size of c. 29,000 sqm (22% site cover) and is located only 8 km from the centre of Bordeaux, one of France's most populated cities with fast access to the area's major arterial routes. The Niort property, built in 2014, totals 3,939 sqm sitting on 44,000 sqm of land and benefits from its proximity to the A10 motorway connecting to Paris and Bordeaux.

In October, the Company announced the €9.3 million acquisition of an urban logistics warehouse in Dijon, France, also leased to Dachser and representing a 4.2% net initial yield. The 5,069 sqm Dijon property sits on a total plot size of c.27,000 sqm on the main logistics 'backbone' in the area with excellent arterial connectivity. Our Horst, Netherlands, property was also acquired in October for €12.2 million as part of a sale and leaseback deal with Limax, a producer, packager and distributor of soft fruits and mushrooms. The freehold property, which covers a total land plot of c.40,500 sqm, also provides ample scope for future extensions and benefited from a ten year lease term at purchase subject to annual CPI capped indexation, with the price reflecting a net initial yield of 3.8%. The property features rooftop solar panels which enhance the portfolio's sustainability credentials, in line with the Company's strategy.

With our focus on long-term, sustainable income, the future-proofing or 'second life' of our warehouses is an important consideration when acquiring any new assets. Building specifications we consider important, amongst others, are the eaves' height, floor-load capacity, number of loading doors, manoeuvrability around the building, power supply and increasingly important, a building's sustainability credentials.

Buildings positioned alongside main transport corridors, close to seaports, infrastructural nodes, or in the case of urban logistics, close to large population concentrations, are important criteria in analysing new acquisition opportunities.

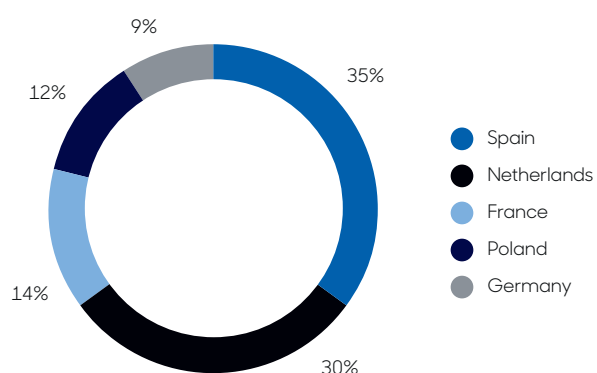
The Company's focus is solely on Continental Europe, where 75% of the investable European logistics market can be found, providing a deep pool of potential acquisition targets and strong diversification options, limiting single market risk. A standard lease agreement on the Continent often includes full annual CPI indexation of rents, thereby providing a strong hedge against inflation which has become particularly relevant in today's inflationary environment. Despite recent upward pressure, our investment strategy continues to benefit from lower financing costs fixed with European banks. Finally, e-commerce penetration is still at an early stage on the Continent with strong forecast growth, creating an attractive investment backdrop. Savills reported that Statista estimates an additional 13.2 million shoppers will adopt e-commerce in Germany, UK, France, Italy and Spain by 2025, having grown by 47 million since 2017. Statista also forecast strong growth in online sales in the food sector as more tech conscious generations become earners and consumers.

Growth is expected to be strongest in the urban logistics sub sector, especially assets in dominant cities that have warehousing supply constraints and demand from different land uses, resulting in higher land costs and ultimately underpinning higher rents. Parcel delivery specialists are continuing to improve their services by reducing delivery times and thereby transportation costs. Operating a logistics warehouse in close proximity to their ultimate customer base is the best way to reduce their cost base with rental and building costs materially less impactful than transportation costs.

Approximately 51% of the Company's portfolio by value comprises urban logistics warehouses in locations such as Madrid, Frankfurt, Warsaw, Barcelona and Den Hoorn located in the Netherlands between the cities of The Hague and Rotterdam.

As at the Company's year-end, 18 out of the 27 warehouses held in the portfolio were newly developed at the point of purchase and have been constructed since 2018. The portfolio specifications are therefore very modern and in line with tenant requirements. The portfolio is well diversified with 27 assets spread across five different countries. As at 31 December 2022, Spain represented the largest geographic exposure in the portfolio by value (35%), followed by the Netherlands (30%), France (14%), Poland (12%) and Germany (9%).

Country allocation 31 December 2022 (by % of portfolio value)



Property Portfolio as at 31 December 2022

Country	Location	Built	WAULT incl breaks (years)	WAULT excl breaks (years)	Q4 22 % of Portfolio
France	Avignon	2018	4.6	7.4	6.8
France	Meung sur Loire	2004	-	-	2.9
France	Bordeaux	2005	6.1	9.1	1.6
France	Dijon	2004	8.0	11.0	1.3
France	Niort	2014	0.7	0.7	1.5
Germany	Erlensee	2018	5.1	10.9	5.5
Germany	Florsheim	2015	5.3	5.7	3.5
Netherlands	Den Hoorn	2020	7.6	7.6	7.4
Netherlands	Ede	1999/ 2005	5.2	5.2	4.1
Netherlands	Horst	2005	9.7	9.7	1.4
Netherlands	Oss	2019	11.5	11.5	2.3
Netherlands	's Heerenberg	2009/ 2011	9.0	9.0	4.2
Netherlands	Waddinxveen	1983/ 1994/ 2002/ 2018	10.9	10.9	5.9
Netherlands	Zeewolde	2019	11.5	11.5	4.6
Poland	Krakow	2018	2.8	2.8	4.1
Poland	Lodz	2020	5.4	5.4	4.1
Poland	Warsaw	2019	4.9	4.9	4.1
Spain	Barcelona	2019	3.5	6.5	2.5
Spain	Leon	2019	6.2	6.2	2.4
Spain	Madrid - Coslada	1999	4.0	7.0	1.5
Spain	Madrid - Gavilanes 1.1	2019	7.1	7.1	4.7
Spain	Madrid - Gavilanes 1.2	2019	0.6	7.6	2.4
Spain	Madrid - Gavilanes 2.1	2020	3.6	13.6	2.0
Spain	Madrid - Gavilanes 2.2	2020	1.5	3.5	1.7
Spain	Madrid - Gavilanes 2.3	2020	2.5	4.5	1.6
Spain	Madrid - Gavilanes 3	2019	4.4	8.4	5.9
Spain	Madrid - Gavilanes 4	2022	14.3	24.3	10.0
TOTAL - Q4 22			6.7	8.9	100.0

A strong tenant base with inflation linked income

Our key objective is generating long-term sustainable income streams in order to pay an attractive quarterly dividend. 2022 saw the Company collect 100% of total expected rent. With more than 60 lease agreements, the portfolio has a diversified tenant base across different sectors. In addition to the regular interaction of our asset and property managers with our tenants, their covenant strength is monitored on a regular basis using a variety of data sources including Dun & Bradstreet.

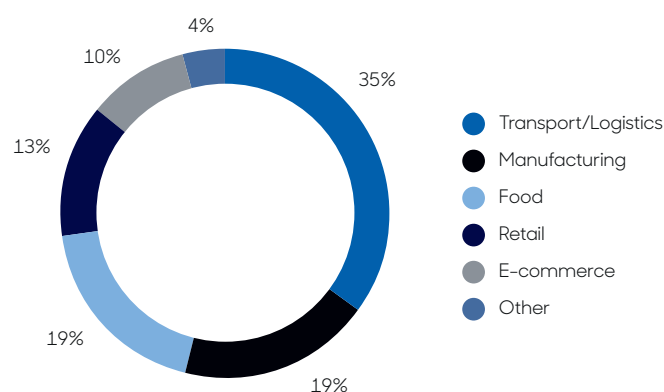
In terms of exposure by sector, third party logistics providers ("3PLs") represent the largest segment at 35% of total portfolio rent. The 3PL market continues to be buoyant, particularly those businesses specialising in parcel deliveries; our exposure comprises DHL, which occupies our assets in Madrid and Warsaw and Dachser occupying three assets in Niort, Dijon and Bordeaux, France.

Both DHL and Dachser France each account for 4.2% of rental income in aggregate. Manufacturers (19%) and companies related to the food industry (19%) complete the top three. Food related companies often have a long history and are of a scale that makes them stable income producers with supermarkets like Biocoop or Carrefour and traders in food such as Combilo all performing well during the pandemic. The retail exposure (13% of total rent), is largely related to Netherlands based drugstore Kruidvat (part of the A.S Watson group) operating its e-commerce platform and Decathlon, the global discount sports retailer, whose products have been in high demand since the pandemic. The direct exposure to e-commerce (10% of total rent) has increased from 3% last year due to the addition of the state-of-the-art, last mile Amazon facility at Gavilanes, Madrid. This is the largest asset in the portfolio by value.

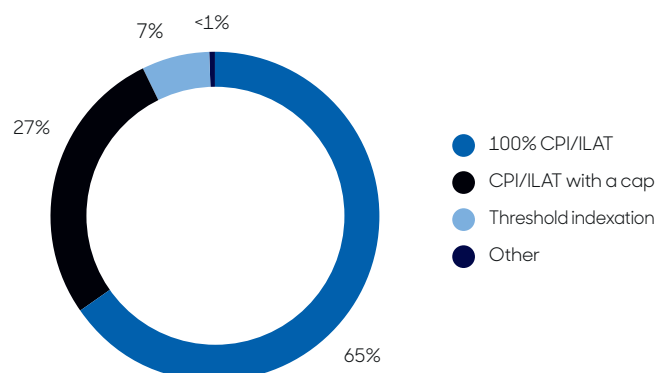
A standard lease agreement on the Continent typically has annual CPI indexation of rent which is not the standard in the UK. Having this annual inflation protection has proved beneficial with rising energy prices and supply chain issues driving inflation towards double digits in the Eurozone towards the end of the year. 65% of the portfolio's current income has full CPI or ILAT¹ indexation, 27% has a cap at a level between 2-3%, 7% is German threshold indexation and 1% other. 2022 inflation figures will flow through and help to grow our 2023 income on existing leases which have an average length of 6.7 years including break options and 8.9 years excluding breaks.

Strong rent collection and a low cost loan portfolio underpins the Company's stated distribution policy. The loan portfolio is still young with asset level loan facilities effected immediately after full deployment of capital. Stress testing on the existing financial covenants such as Interest Cover Ratios and Loan-To-Value (LTV) is conducted on a regular basis. In order to diversify risk, the loan facilities have also been cross-collateralised with groups of single-tenanted buildings or have diversified risk thanks to multi-tenanted leasing structures.

Exposure by sector (% of total rent) as at 31 December 2022

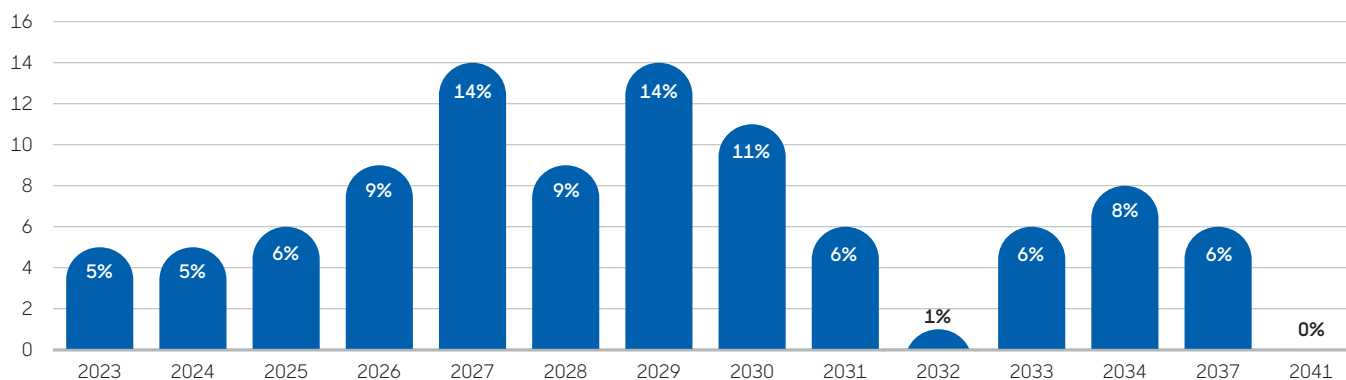


Indexation of rental income (% of total rent) as at 31 December 2022



¹ French indexation which is a blend between CPI, GDP and construction cost index.

Lease expiry profile (% of total rent)



Top 10 tenants based on current rents

	Tenant	Property	Contracted rent (€000 p.a.)	Contracted rent (%)	WAULT incl. breaks (years)	WAULT excl. breaks (years)
1	Amazon	Madrid - Gavilanes x 2	3,299	10%	11.3	19.1
2	A.G. van der Helm	Den Hoorn	3,005	8%	7.4	7.4
3	Biocoop	Avignon	2,450	7%	4.6	7.4
4	Combilo International B.V.	Waddinxveen	2,173	6%	10.9	10.9
5	A.S. Watson B.V.	Ede	1,663	5%	4.9	4.9
7	VSH Fittings B.V.	Zeewolde	1,644	5%	11.5	11.5
6	Arrival	Madrid - Gavilanes	1,614	5%	4.4	8.4
8	JCL Logistics	's Heerenberg	1,524	5%	9.0	9.0
9	DHL	Madrid - Coslada; Warsaw	1,467	4%	4.7	5.4
10	DACHSER France	Bordeaux; Niort; Dijon	1,455	4%	4.6	6.4
	Subtotal		20,294	59%	7.9	8.4
	Other tenants		14,388	41%	6.0	7.4
	Portfolio as at 31 December 2022		34,682	100%	6.7	8.9



Loan portfolio 31 December 2022

Country	Property	Bank	Existing loan (€million)	End date Loan	Duration in Years	Interest (incl margin)
Germany	Erlensee	DZ HYP	17.8	January 2029	10	1.62%
Germany	Flörsheim	DZ HYP	12.4	January 2026	7	1.54%
France	Avignon + Meung Sur Loire	BAYERN LB	33.0	February 2026	7	1.57%
Netherlands	Ede/Waddinxveen + Oss	BERLIN HYP	44.2	June 2025	6	1.37%
Netherlands	's Heerenberg	BERLIN HYP	11.0	June 2025	6	1.13%
Netherlands	Zeewolde + Den Hoorn	BERLIN HYP	43.2	January 2028	8	1.40%
Spain	Coslada + Leon + Girona	ING Bank	25.4	September 2025	3	3.01%
Spain	Gavilanes Phase I + II + III	ING Bank	44.0	July 2025	3	2.61%
Spain	Gavilanes Phase IV	ING Bank	39.3	September 2025	3	3.01%
Total			270.3		6	2.01%

Lease re-gears and additions

During the year there were a number of asset management initiatives delivered on.

In August the Company agreed a new 5 year lease with ADER at the previously vacant Unit 3, within Phase II at its Gavilanes site, Madrid. ADER provides distribution services to companies in the freight and logistics sector and is consolidating its operations in the Gavilanes area with the leasing of this second, 7,375 sqm building. The letting is fully CPI indexed and accretive to performance having completed well in advance of the guarantee timing assumptions and at a rental level ahead of underwriting.

In Lodz, Poland, Tabiplast signed an 8-year lease over 1,600 sqm of space ahead of expectations and the previous tenant's 3 year option.

In Krakow, a vacated unit was let on a new 3-year term to Gebrüder Weiss ahead of previous rent and ERV. Also at the same asset, packaging company DS Smith extended its lease by a further four years.

After staged incentives, these leases generate c. €778,000 of additional annual income in aggregate.

Meanwhile, we are in the final stages of agreeing new arrangements at Ede and Avignon which will be reported when signed.

2022 – Robust financial and operational performance impacted by increasing market volatility

The NAV total return for 2022 was –3.8% (in euro terms) with the Company delivering a solid 29.2% since launch. Despite Q4's portfolio valuation decline of 6%, the end of year portfolio valuation stood at €759 million. This is an increase from the 2021 year end portfolio valuation of €666 million following our additional purchases through the year and we have seen total contracted rent grow to €34.7 million per annum from €29.4 million at the end of 2021. With inflation remaining elevated across Europe, our indexed linked leases will further grow our rental income and partly mitigate any further outward yield movements. Despite continued macroeconomic uncertainty, we are forecasting a stronger market later in the year and into 2024.

In terms of future growth, the portfolio continues to be positioned with a focus on mid-boxes and urban logistics, the segment of the market which the Investment Manager believes has continued potential, especially with respect to rental growth. There are several options within the portfolio where value may be added and where tenants may require additional space. One such example from 2022 is the 2,500 sqm extension project completed in Waddinxveen in the Netherlands on an adjacent piece of land owned by the tenant and all three of the recent purchases in France have low site coverage and offer good expansion potential.

Well diversified debt portfolio

At the end of 2022, the Company's fixed debt facilities totaled €270.3 million at an average all-in rate of 2.01% and with a loan to value of 34%, below the long-term target of 35%. The Company's secured fixed rate debt supports its investment objective with the earliest re-financing of debt required in mid-2025.

The Company arranged asset level fixed rate bank debt financings in those local markets where all-in loan costs were the lowest, such as Germany, the Netherlands, France and Spain with dedicated real estate banks that are active in this lending space.

The Company also benefits from its revolving credit facility agreement with Investec Bank in the amount of €70 million which provides further flexibility for the acquisition of new properties and / or for the implementation of asset management initiatives. At the end of 2022 the revolving credit facility agreement with Investec Bank was undrawn.

Outlook

We believe Continental European logistics real estate is well placed to navigate the current high inflationary environment due to its CPI indexation characteristics and robust market fundamentals. Backed by the tailwinds of record-low vacancies and structural demand drivers, rental growth is expected to retain momentum in most European logistics hotspots. While lingering economic, political, and financial markets uncertainties may disrupt investment trends in the short-term, the favourable underlying trends including ongoing e-commerce penetration, onshoring and supply chain reconfiguration/modernisation should remain important drivers for the sector.

We continue to prefer fringe city locations where land supply is more constrained, and where tenant and investor demand is active. Good quality assets in these locations are hard to source for tenants due to low levels of new completions over the last ten years. The development pipeline is also constrained by rapidly rising debt finance costs, together with high construction and labour costs, planning difficulties and more stringent controls over sustainability and efficiency ratings of new schemes.

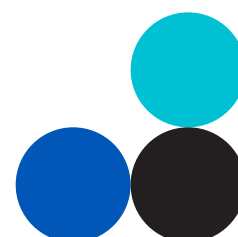
abrdn's large and established local network and reputation provides a competitive advantage when sourcing deals. abrdn is one of Europe's largest real estate investors, managing approximately €53 billion of real estate, with €21 billion of logistics assets across 12 countries. Its eight offices across Europe – London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen – employ a total of 290 abrdn real estate colleagues including portfolio managers, local transaction and asset managers and researchers.

Indeed, we are already seeing signs of interest returning to the sector with increased investment activity in those markets that have already seen strong pricing correction, such as in the Netherlands. Various successful capital raises targeting the sector exclusively, or as part of multi-sector strategies, have recently been announced providing ongoing evidence in the longer-term conviction for the sector.

Troels Andersen

Fund Manager, abrdn

20 April 2023



Strategic Report

Property Portfolio



Property Portfolio as at 31 December 2022

	Property	Tenure	Principal Tenant	2022 valuation (€m)
1	France, Avignon (Noves)	Freehold	Biocoop	51.5
2	France, Meung sur Loire	Freehold	Vacant	22.1
3	France, Gevrey, Dijon	Freehold	Dachser	9.8
4	France, La Creche, Niort	Freehold	Dachser	11.5
5	France, Bruges, Bordeaux	Freehold	Dachser	12.5
6	Germany, Erlensee	Freehold	Bergler	41.7
7	Germany, Flörsheim	Freehold	Ernst Schmitz	26.5
8	Poland, Krakow	Freehold	Lynka	31.0
9	Poland, Lodz	Freehold	Compal	31.3
10	Poland, Warsaw	Freehold	DHL	31.3
11	Spain, Barcelona	Freehold	Mediapost	19.0
12	Spain, Madrid (Coslada)	Freehold	DHL	11.4
13	Spain, Leon	Freehold	Decathlon	18.0
14	Spain, Madrid 1.1	Freehold	Talentum	35.6
15	Spain, Madrid 1.2	Freehold	Amazon	18.0
16	Spain, Madrid 2.1	Freehold	Carrefour	15.2
17	Spain, Madrid 2.2	Freehold	MCR	12.6
18	Spain, Madrid 2.3	Freehold	Servicios Empresariales Ader	12.1
19	Spain, Madrid 3 (2 buildings)	Freehold	Arrival	44.5
20	Spain, Madrid 4 (2 buildings)	Freehold	Amazon	75.3
21	the Netherlands, Den Hoorn	Leasehold	Van der Helm	56.3
22	the Netherlands, Ede	Freehold	AS Watson (Kruidvat)	31.4
23	the Netherlands, Horst	Freehold	Limax	11.0
24	the Netherlands, Oss	Freehold	Orangeworks	17.7
25	the Netherlands, 's Heerenberg	Freehold	JCL Logistics	31.6
26	the Netherlands, Waddinxveen	Freehold	Combilo International	44.8
27	the Netherlands, Zeewolde	Freehold	VSH Fittings	35.0
Market Value as at 31 December 2022				758.7
Less Lease Incentives				(4.7)
Total Market Value Less Lease Incentive Debtor				754.0
Add IFRS 16 Leasehold Asset¹				22.6
Total per Balance Sheet				776.6

¹ Ground lease on warehouse in Den Horn detailed in Note 12.

FRANCE

AVIGNON



- Avignon (92,000 inhabitants) is located in the heart of the Provence close to larger cities Montpellier (280,000) and Marseille (978,000). The Provence is the #1 region for the production of fruit and vegetables in France explaining why tenant Biocoop (organic food retailer) and other supermarkets (Carrefour, Aldi, Systeme U) and food specialists have located distribution centres here
- Sustainable warehouse with modern specifications and solar panels
- Property consists of 4 cells, 2 of which are treated as cold storage (1/3 of floor space)

SPA signed/ closing	Jul 18 / Oct 18
On-/ off-market	Off-market
Year of construction	2018
Net leasable area	28,469 sqm
Main tenants	Biocoop
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	4.6 / 7.4 years
Property specifications	Free height of 10.5m, floor load capacity of 5 t/sqm, 24 loading doors, sprinklers, HQE Excellent certificate, 11% office space, LED, solar panels

MEUNG SUR LOIRE



- The property is located in the centre of France 27km southwest of Orleans (115,000 inhabitants). The unit serves Paris, Central and the South of France for both national and international distribution
- Established and growing logistics location, for DHL, ID Logistics, XPO and Rexel. Former tenant Office Depot went into liquidation, paying rent until Summer 2022. Former tenant installations have been removed, with new LED lighting installed
- Good specification and low site cover of 29% allowing expansion

SPA signed/ closing	Nov 18 / Feb 19
On-/ off-market	On-market
Year of construction	2004
Net leasable area	30,180 sqm
Main tenants	Vacant - actively marketed with an agreed campaign with local asset managers supported by BNP and CBRE in France
Indexation	n/a
WAULT (incl/ excl breaks)	n/a
Property specifications	Free height of 12-17m, 28 loading doors, floor load capacity of 5-7 t/sqm, sprinklers, site cover of 29%, 6% office space, LED (partial)

BORDEAUX



- Bordeaux (260,000 inhabitants) is located in the Gironde department at the heart of the Nouvelle-Aquitaine region of south-west France. The A10 motorway connects Bordeaux to Paris, Orleans and Niort to the north. The A62 and A63 motorways to the south connect Toulouse and Spain respectively
- Cross-docked parcel hub facility built in 2005
- Low site density of c22%
- Acquired as part of portfolio of three assets let to Dachser France

SPA signed/ closing	Dec 21 / Jul 22
On-/ off-market	Off-market
Year of construction	2005
Net leasable area	6,504 sqm
Main tenants	Dachser France
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	6.1 / 9.1 years
Property specifications	Purpose built, lower-eaves, cross-docked facility. 89 loading bays, low site cover. Full circulation

DIJON



- Dijon (160,000 inhabitants) is located in the Cote d'Or department of the Bourgogne – Franche-Comte region of France. Well located to connect the east of France and its trade routes with Switzerland, Germany and Luxemburg and central France using the A31, A38, A39 and E17 routes
- Cross-docked parcel hub facility built in 2004
- Low site density of c17%
- Acquired as part of portfolio of three assets let to Dachser France

SPA signed/ closing	Dec 21 / Sep 22
On-/ off-market	Off-market
Year of construction	2004
Net leasable area	5,069 sqm
Main tenants	Dachser France
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	7.0 / 10.0 years
Property specifications	Purpose built, lower-eaves, cross-docked facility. 80 loading bays, low site cover. Full circulation

NIORT



- Niort (177,000 inhabitants) is located in the Deux-Sevres department of the Nouvelle Aquitaine region of France. The A10, A83 routes link Niort to Paris, Bordeaux, Orleans and Nantes
- Cross-docked parcel hub facility built in 2014
- Very low site density of c9%
- Acquired as part of portfolio of three assets let to Dachser France

SPA signed/ closing	Dec 21 / Jul 22
On-/ off-market	Off-market
Year of construction	2014
Net leasable area	3,939 sqm
Main tenants	Dachser France
Indexation	100% ILAT (annual)
WAULT ¹ (incl/ excl breaks)	0.7 / 0.7 years
Property specifications	Purpose built, lower-eaves, cross-docked facility. 34 loading bays, low site cover. Full circulation

¹ New 9.5 year lease with effect from 1 January 2023 signed in Q1 2023.

GERMANY

ERLENSEE



- Two logistics buildings on a new logistics hub to the West of the Frankfurt Rhine-Main region (6m inhabitants) with other companies like Dachser and Wilhelm Brandenburg Group located close by. Acquired off-market via forward funding
- The project comprises two modern multi-let logistics buildings
- Limited logistics supply in Rhine-Main region offers platform for strong rental growth prospects

SPA signed/ closing	Jun 18 / Feb 19
On-/ off-market	Off-market
Year of construction	2018
Net leasable area	26,700 sqm
Main tenants	Bergler, DS Smith
Indexation	Threshold indexations with combination of 5%/80% and 10%/80%
WAULT (incl/ excl breaks)	5.1 / 10.9 years
Property specifications	Free height of 10.5m, 50 loading doors, sprinklers, floor load capacity of 5 t/sqm, 10% office space, LED

FLÖRSHEIM



- Prime multi-let logistics park built in 2015 and located to the East of the Frankfurt Rhine–Main region (6m inhabitants), just 15 kilometres from Frankfurt airport. Acquired via forward funding
- Project comprises two modern multi-let logistics buildings of 10,762 and 7,047 sqm
- Limited logistics supply in Rhine–Main region creating space for future growth

SPA signed/ closing	Dec 17 / Feb 18
On-/ off-market	On-market
Year of construction	2015
Net leasable area	17,809 sqm
Main tenants	Ernst Schmitz, Maintrans
Indexation	100% CPI (annual) and 1 lease with threshold indexation (5%/80%)
WAULT (incl/ excl breaks)	5.3 / 5.7 years
Property specifications	Free height of 10m, 22 loading doors, floor load capacity of 5 t/sqm, sprinklers, 11% office space, LED (partial)

THE NETHERLANDS

EDE



- Ede (112,000 inhabitants) very centrally located in the Netherlands and well positioned for national distribution
- One part of the building (30% of total) was fully renewed in 2018 with a new floor and installations
- Kruidvat is part of the AS Watson Group with this location supporting their growing e-commerce business

SPA signed/ closing	Aug 18 / Aug 18
On-/ off-market	On-market
Year of construction	1999 / 2005
Net leasable area	39,840 sqm
Main tenants	Kruidvat
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	5.2 / 5.2 years
Property specifications	Free height of 12.2m, 23 loading doors, floor load capacity of 2.5–10.0 t/sqm, sprinklers, 8% office space, LED

DEN HOORN



- Den Hoorn is located in the most densely populated area in the Netherlands in the Rotterdam/ the Hague metropolitan area (2.7 million inhabitants) and easily accessible by motorway
- Modern, flexible warehouse with excellent specifications and full solar PV coverage

SPA signed/ closing	Dec 19 / Jan 20
On-/ off-market	On-market
Year of construction	2020
Net leasable area	42,577 sqm
Main tenants	Van der Helm
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	7.6 / 7.6 years
Property specifications	Free height of 12.2 meters, 36 loading doors, floor load capacity of 5t/ sqm, 11% office space, LED, sprinklers, solar panels

OSS



- Oss (86,000 inhabitants) is strategically located between port of Rotterdam and Ruhr area and ranked as number 7 logistics hotspot in the Netherlands
- Established logistics location with large companies such as Montea Logistics, Vos Logistics, Heineken, Vetipak, Movianto and Mediq
- Forward funded project

SPA signed/ closing	Oct 18 / Jul 19
On-/ off-market	Off-market
Year of construction	2019
Net leasable area	12,433 sqm
Main tenants	Orangeworks
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	11.5 / 11.5 years
Property specifications	Free height of 10m, 5 loading doors with option to create 10 more, floor load capacity of 5 t/sqm, sprinklers, 14% office space, LED

'S HEERENBERG



- Located in an exciting logistics hub close to A12 highway and Emmerich barge terminal in Germany. 3PL providers keen to locate close to NL-GER border with advantages in customs and employment flexibility
- Grade A warehouse and cross-dock with offices. Total site is 45,000 sq metres

SPA signed/ closing	Jun 19 / Jul 19
On-/ off-market	Off-market
Year of construction	2009/ 2011
Net leasable area	23,031 sqm
Main tenants	JCL Logistics
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	9.0 / 9.0 years
Property specifications	Warehouse free height 12m, cross-dock 5.5m. 40 loading doors, floor-load capacity 3.0-4.0 t/sqm, LED (partial), sprinklers

WADDINXVEEN



- Waddinxveen is centrally located in the Randstad conurbation (8 million consumers within 1 hour's driving distance) and ranked as number 5 logistics hotspot in the Netherlands
- Established, strategic location due to large concentration of greenhouses. Combilo is a specialist in the import and export and packaging of fruit/vegetables for supermarkets/wholesale
- Cross-dock warehouse of with ample loading doors on both sides
- New freestanding warehouse c2,500 sqm added to holding on same lease terms. Completed Sept 2022

SPA signed/ closing	Nov 18 / Nov 18
On-/ off-market	Off-market
Year of construction	1983/ 1994/ 2002/ 2018 / 2022
Net leasable area	31,631 sqm
Main tenants	Combilo International
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	10.9 / 10.9 years
Property specifications	Cross-dock with 51 loading doors, free height 7-11m, sprinklers, floor load capacity 1.0 - 3.5 t/sqm, 6% office space, LED (partial), solar panels (partial)

ZEEWOLDE



- Zeewolde is a town with 23,000 inhabitants located in the heart of the Netherlands in the province of Flevoland and close to Almere, the fastest growing municipality in the Netherlands (197,000 inhabitants, forecast: 350,000) and Lelystad (96,000 inhabitants)
- Region is ranked as number 6 logistics hotspot in the Netherlands and benefits from the expansion of Lelystad airport and further critical mass in the logistics supply

SPA signed/ closing	Nov 18 / Jun 19
On-/ off-market	Off-market
Year of construction	2019
Net leasable area	35,898 sqm
Main tenants	VSH Fittings
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	11.5 / 11.5 years
Property specifications	Free height of 12.2m, 37 loading doors, floor load capacity of 5 t/sqm, BREAAAM Very Good, sprinklers, 4% office space, LED

HORST



- Horst is a town and municipality with 43,000 inhabitants located in the south of the Netherlands in the province of Limburg. The property is well located between Venlo 8km south and Venray 7km north on the A73
- The area is famed for its support of the agrifood and agriculture economies
- Well-specified unit with 12 loading docks and ancillary offices. Low site cover on a 40,593 sqm plot

SPA signed/ closing	Sep 22 / Sep 22
On-/ off-market	On-market
Year of construction	2005
Net leasable area	6,904 sqm
Main tenants	Limax
Indexation	100% CPI (annual, cap 100% to 2%, and 50% at 2-3%)
WAULT (incl/ excl breaks)	9.7 / 9.7 years
Property specifications	Free height of 9m, 12 loading doors, floor load capacity of 30 kN/sqm

POLAND

KRAKOW



- Krakow is the 2nd largest city in Poland with 760,000 inhabitants and characterised by a relatively affluent population, the dominance of added value industries, a strong education infrastructure and business friendly policy
- The Polish logistics market is strong benefiting from being the largest economy within the Central and Eastern European block with a lower cost labour force
- Modern, multi-tenant building with excellent specifications

SPA signed/ closing	Feb 19 / Feb 19
On-/ off-market	On-market
Year of construction	2018
Net leasable area	34,934 sqm
Main tenants	Lynka, Max Fliz, DS Smith, Gebruder Weiss
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	2.8 / 2.8 years
Property specifications	Free height of 12m, 70 loading doors, floor load capacity of 5 t/sqm, sprinklers, 11% office space, LED

WARSAW



- Warsaw is the wealthiest and largest, most urbanised area in Poland with a population size of 1.8 million making it attractive for parcel delivery specialists such as DHL
- The Polish logistics market is strong benefiting from being the largest economy within the Central and Eastern European block with a lower cost labour force
- Modern, logistics scheme consisting of two Grade A logistics buildings. One building is a cross-docking warehouse for the e-commerce activities of DHL (over 50% of total rent), the other is a traditional warehouse sub-divided to form 3 units

SPA signed/ closing	Oct 19
On-/ off-market	Off-market
Year of construction	2019
Net leasable area	24,690 sqm
Main tenants	DHL, ICS, DBK, Spedimex
Indexation	100% Euro CPI (annual)
WAULT (incl/ excl breaks)	4.9 / 4.9 years
Property specifications	Free height of 10m in warehouse and 7.5m in cross-dock, 60 loading doors, floor load capacity of 5 t/sqm, LED, 9% office space, solar panels (partial)

LODZ



- Lodz is the 3rd largest logistics city in Poland (with 750,000 inhabitants) and centrally located alongside main motorways and Europe's key railway link to China
- Multi-tenanted building with several occupiers having a direct link with the Bosch/ Siemens Campus and Dell factory creating a stable tenant base
- Lodz is one of the core markets in Poland with a low vacancy rate

SPA signed/ closing	April 2021
On-/ off-market	On-market
Year of construction	2021
Net leasable area	31,500
Main tenants	Bilplast, Compal, EGT, Kan, Mecalit, Tabiplast, Alfa Laval
Indexation	100% EU CPI (annual)
WAULT (incl/ excl breaks)	5.6 / 5.6 years
Property specifications	10.0m clear height, 5t/sqm floor load, LEDs, sprinklers, 56 loading doors, yard depth of 35m, 6% office space, solar panels

SPAIN

BARCELONA



- Barcelona is the 2nd most populous city in Spain with the fastest growing seaport in Europe
- Asset located 20 minutes from the city centre
- Undersupplied market practically zero vacancy in the 1st ring. Physical supply constraints with sea/ mountains surrounding
- Asset is highly reversionary

SPA signed/ closing	July 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	13,907 sqm
Main tenants	Mediapost
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	3.5 / 6.5 years
Property specifications	11.0m clear height, 5t/sqm floor load, LEDs, sprinklers, 10 loading doors, yard depth of 35m, 6% office space, solar panels

LEON



- Leon (126,000 inhabitants) is a strategic logistics location for distribution in the North West of Spain (supermarket chain Mercadona and Inditex have warehouses here). Decathlon has closed its business in Pamplona and moved here to supply 40 shops in this part of Spain
- Modern logistics warehouse developed to Grade A logistics standards in April 2019. Asset consists of 3 different modules totalling 32,645 sqm allowing for flexibility to accommodate multiple tenants in future.
- Decathlon has a 5-year option to expand the building by 10,000 sqm if required

SPA signed/ closing	Jul 18 / Apr 19
On-/ off-market	On-market
Year of construction	2019
Net leasable area	32,645 sqm
Main tenants	Decathlon
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	6.2 / 6.2 years
Property specifications	Free height of 10.7m, 29 loading doors, floor load capacity of 5 t/sqm, sprinklers, 2% office space, LED, solar panels (partial)

MADRID - COSLADA



- Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Coslada is perfectly located for last-mile logistics with its location between the city centre and adjacent to the airport
- Cross-dock warehouse with loading doors at both sides
- Leased out to DHL who have occupied this building since it was constructed

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	1999
Net leasable area	6,805 sqm
Main tenants	DHL
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	4.0 / 7.0 years
Property specifications	Free height of 10.5m, cross-dock with 12 loading bays at the front and 25 doors at the back, floor load capacity of 5 t/sqm, 20% office space

MADRID – GAVILANES 1.1



- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	21,713 sqm
Main tenants	Talentum
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	7.1 / 7.1 years
Property specifications	11.2m clear height, LEDs, sprinklers, 5t/sqm floor load, yard depth >33m and 9% office space, LEED Silver rating

MADRID – GAVILANES 1.2



- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	11,264 sqm
Main tenants	Amazon
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	0.6 / 7.6 years
Property specifications	11.2m clear height, LEDs, sprinklers, 5t/sqm floor load, yard depth >33m and 8% office space, LEED Silver rating

MADRID – GAVILANES 2.1



- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	9,512 sqm
Main tenants	Carrefour
Indexation	100% CPI (annual, capped at 2%)
WAULT (incl/ excl breaks)	3.6 / 13.6 years
Property specifications	11.2m clear height, 5t/sqm floor load, LEDs, sprinklers, yard depth of 55m and 13.6% office space, LEED silver rating

MADRID – GAVILANES 2.2



- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	7,718 sqm
Main tenants	MCR
Indexation	100% CPI (annual, capped at 2%)
WAULT (incl/ excl breaks)	1.5 / 3.5 years
Property specifications	11.2m clear height, 5t/sqm floor load, LEDs, sprinklers, yard depth of 55m and 13.6% office space, LEED silver rated

MADRID – GAVILANES 2.3



- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	7,375 sqm
Main tenants	ADER
Indexation	100% CPI (annual, uncapped)
WAULT (incl/ excl breaks)	N/A
Property specifications	11.2m clear height, 5t/sqm floor load, LEDS, sprinklers, yard depth of 55m and 13.6% office space, LEED silver rated

MADRID – GAVILANES 3.1



- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)
- Property comprises two adjacent warehouse buildings of 16,500 sqm and 10,665 sqm

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	27,165 sqm
Main tenants	Arrival
Indexation	100% CPI (annual, uncapped)
WAULT (incl/ excl breaks)	4.4/ 8.4 years
Property specifications	11.2m clear height, 5t/sqm floor load, LEDs, sprinklers, yard depth of 31 – 45m and 11% office space, LEED gold rated

MADRID – GAVILANES 4

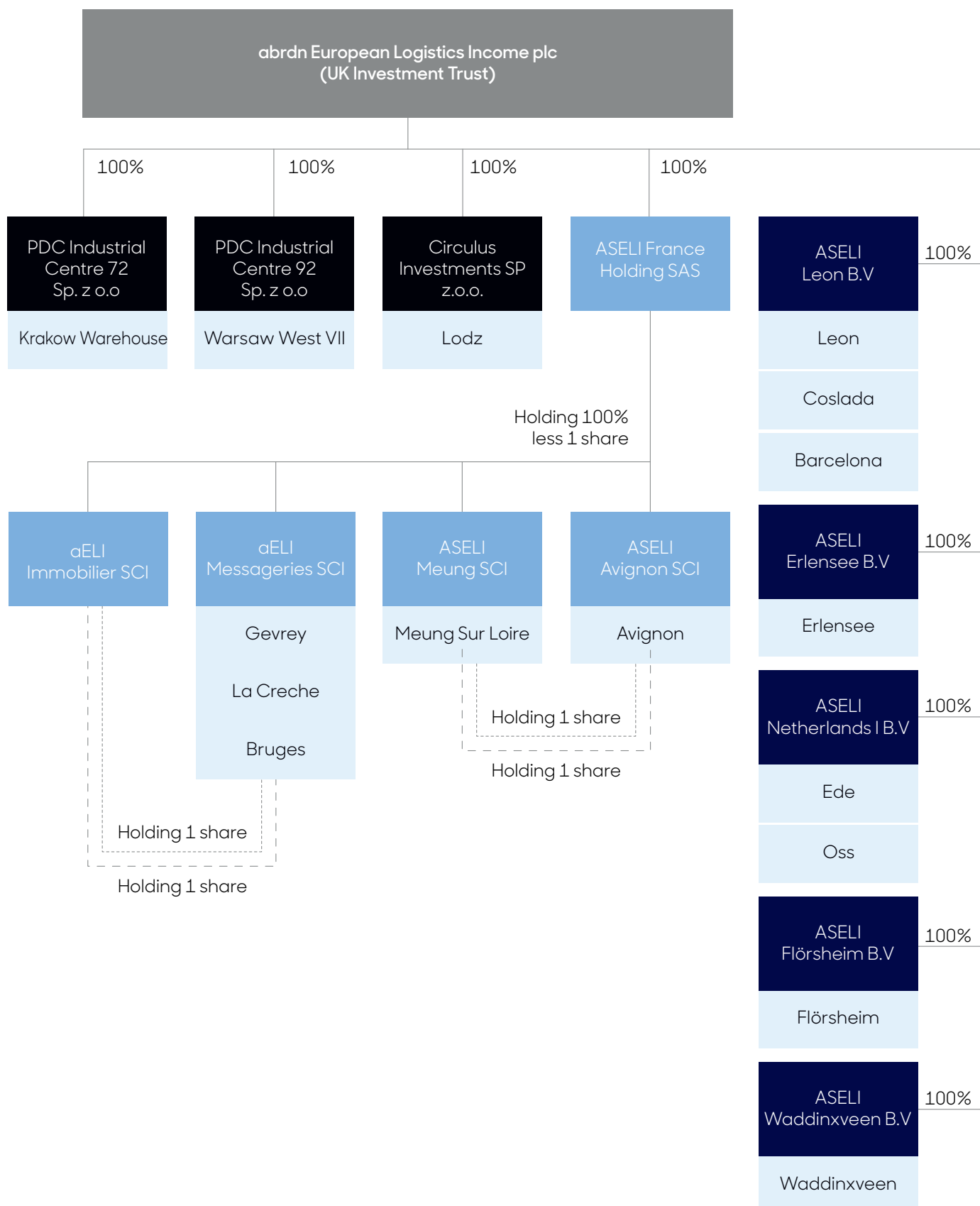


- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)
- Amazon parcel delivery hub, optimised for last mile deliveries, including multi-level van parking deck fully prepared for electric charging capability and canopy with numerous van loading areas

SPA signed/ closing	Dec 2021
On-/ off-market	On-market
Year of construction	Delivery Q2 2022
Net leasable area	16,467 sqm + 20,748 sqm parking deck
Main tenants	Amazon
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	14.3 / 24.3 years
Property specifications	11.0m clear height, 7.5t/sqm floor load, LEDs, sprinklers, yard depth of 41m and 19% office space, BREEAM Very Good rating

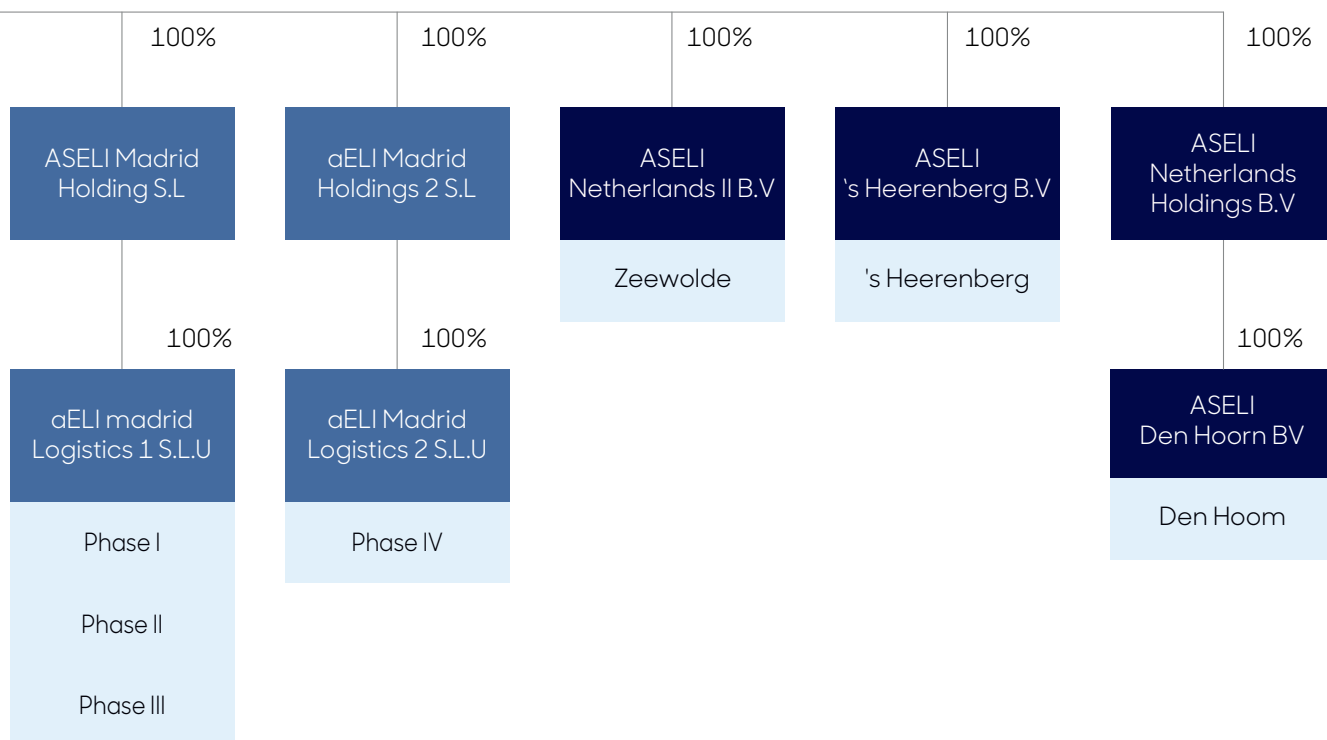
Strategic Report

Group Structure



Entity country of domiciliation

● Poland ● France ● The Netherlands ● England & Wales ● Spain



Environment, Social and Governance (ESG)

The management of Environmental, Social and Governance issues is a fundamental part of our business.



Sustainability, Impact and Futureproofing – company approach

The Company believes that comprehensive assessment of ESG factors leads to better outcomes for shareholders and adopts the Investment Manager's policy and approach to integrating ESG which has been used as the basis for establishing the Company's ESG objectives. The Investment Manager views ESG as a fundamental part of its business. Whilst real estate investment provides valuable economic benefits and returns for investors it has – by its nature – the potential to affect environmental and social outcomes, both positively and negatively.

The Investment Manager's approach is underpinned by the following three over-arching principles:

- **Transparency, Integrity and Reporting:** being transparent in the ways in which it communicates and discusses its strategy, approach and performance with investors and stakeholders.
- **Capability and Collaboration:** drawing together and harnessing the capabilities and insights of the Investment Manager's platforms, with those of its investment, supply chain and industry partners.
- **Investment Process and Asset Management:** integrating ESG into decision making, governance, underwriting decisions and asset management approach. This includes the identification and management of material ESG risks and opportunities across the portfolio.

The Investment Manager's ESG approach groups material sustainability indicators into four main categories: (i) Environment & Climate; (ii) Demographics; (iii) Governance & Engagement; and (iv) Technology & Infrastructure. The Investment Manager has identified 21 different ESG 'indicators' that sit beneath these four main categories. These 21 ESG indicators are considered by the Investment Manager with a focus on those most material to the Company. The risk and opportunities of those most material indicators are assessed as part of the Company's investment decisions. This approach allows the identification and promotion (where relevant) of material ESG risks and opportunities relevant to a fund's investment strategy, sector and geography. These guide the Company's prioritisation and integration of ESG factors at the asset level, whilst providing a structure for engagement with, and reporting to, stakeholders.

The Investment Manager makes use of the expertise within its ESG Real Estate team and is actively engaged with the European Union, national governments and industry working groups, including GRESB, the UK Better Building Partnership and the UN Principles for Responsible Investment (UN PRI). This ensures that it can help to formulate government policies and that its management teams are well informed of future government intent and market direction.

Planet Environment & Climate Change	People Demographics	Process Governance and Engagement	Progress Technology and Infrastructure
Biodiversity	Vulnerability and Inclusion	Diversity and Labour Rights	Digital Connectivity
Land and Water Contamination	Affordability	Occupier Engagement	Physical Connectivity
Outdoor Air Quality	Accessibility and Experience	Occupier Quality	Smart Connectivity
Noise Pollution	Employment, Skills and Enterprise	Partnerships	
Public Realm and Cultural Value	Occupier		
Water Efficiency			
Waste and Circularity			
Climate Resilience			
Carbon and Energy			

Of particular focus to the Company is climate change, which represents one of the most material ESG issues, both in terms of physical climate risk, and reducing the emissions from the Company's activities (i.e. addressing transition risks).

In 2021, COP26 served to reinforce the need for the rapid decarbonisation of the global economy. Conversely, the outcomes of COP27 in November 2022 centred more around the important issues of climate justice and climate adaptation, rather than carbon reduction. As a result, the world remains on trajectory towards 2.3 degrees¹ of warming.

The Investment Manager has an active approach to reducing emissions across the portfolio through assessment of energy performance prior to acquisition and working with occupiers on solar PV projects, as well as undertaking energy efficient refurbishments. In 2021 work was undertaken to establish the operational carbon footprint baseline of the portfolio and begin to model a pathway to net zero. This involved benchmarking the performance of each asset, modelling the future footprint, including embodied and operational carbon, and identifying the types of measures necessary and costs to fully decarbonise the portfolio over time.

Operational Performance Summary

The Investment Manager has processes in place to ensure operational sustainability performance is monitored and actions are implemented to drive continual improvement.

Due to the nature of the portfolio, comprised largely of single-let assets, occupiers have direct control over day-to-day operations. As a landlord, the Company can influence ESG performance as assets are developed and refurbished and when the Investment Manager engages with occupiers on fit-outs, leases and during the course of their occupation. However, the Company does not have direct operational control day-to-day. Therefore the approach is to engage with occupiers and encourage data sharing as well as further collaboration projects such as smart metering upgrades, satisfaction surveys and sustainability audits on assets.

A large solar panel project in the Netherlands was completed in 2022. Further PV projects in Spain, France and Germany are under review.

Good progress has also been made with the collection of the Company's volumetric data on energy and water consumption. In the future, we will look to automate this process through the roll-out of smart meters and inclusion of green lease clauses in agreements with portfolio tenants, making it easier to analyse on a daily basis.

Such leases provide for the accurate reporting and collation of usage data, enabling analysis to be undertaken to help tenants to understand their outputs and to work with the Company in seeking to reduce costs and impact.

The annual independently produced tenant satisfaction survey helps inform the Investment Manager and its local teams and ensures close contact with tenants. Other initiatives include the re-tendering of energy contracts in Poland and Germany resulting in the Company signing renewable energy contracts. Three assets in the Netherlands obtained BREEAM-In-Use certificates. The results of these assessments will help guide potential to improve building efficiency and ultimately reduce environmental impact through energy savings, biodiversity and community engagement.

ESG Disclosure

EPRA Sustainability Best Practice Recommendations

The Company has adopted the 2017 EPRA Sustainability Best Practice Recommendations Guidelines (sBPR) to inform the scope of indicators reported against.

The Company has reported against all EPRA sBPR indicators that are material to it. The Company also reports additional data not required by the EPRA sBPR where it believes this to be relevant (e.g. like-for-like greenhouse gas emissions).

A full outline of the scope of reporting and materiality review in relation to EPRA sBPR indicators is included below.

The portfolio comprises predominantly tenant-controlled assets, where the vast majority is outwith the Company's direct control. Where we do have control, we have full coverage of data, which is disclosed in the EPRA tables below.

The ESG dataset (including energy, GHG and water data) disclosed in this report has been subject to limited assurance by an external third-party in accordance with the International Standard on Assurance Engagements (UK) 3000.

Sustainable Finance Disclosure Regulation (SFDR)

The Company falls in-scope of the EU's Sustainable Finance Disclosure Regulation, and is classed as an Article 8 Fund which does not have a sustainable investment objective, but promotes environmental and social characteristics as part of its investment process.

¹ 2.3 degrees of warming is based on a probability weighted mean climate scenario. Read more on our Investment Manager's website at: www.abrdn.com/en-gb/institutional/sustainable-investing/climate-change/climate-scenario-analysis

The Company's periodic disclosure documentation required as part of its SFDR obligations is shown within the Corporate Information section of this document.

2022 GRESB Assessment

The GRESB Assessment is the leading global sustainability benchmark for real estate vehicles. The Company was reviewed by GRESB in 2022 and achieved a score of 86 out of 100 points and placed 2nd out of 6 within its peer group (achieving a 4-star rating). The Company is in a strong position to further build on this performance in 2023.

Our Approach to Climate Change

Transition Risks: Pathway to Net Zero

Transition risks are those that relate to an asset, portfolio or company's ability to decarbonise. An entity can be exposed to risks as a result of carbon pricing, regulation, technological change and shifts in demand related to the transition.

The Company's net zero principles

Although a pathway may seem clear, definitions and standards on net zero and the policy mix to support it remain immature. In this context, several key principles need to be established that underpin the strategy to ensure it has integrity, robustness and delivers value:

- **Practical:**
 - **Asset-level action:** focusing on energy efficiency and renewables is a priority to ensure compliance with energy performance regulations. This improves the quality of assets for occupiers and reduces exposure to regulatory and market risk.
 - **Timing:** the Company aims to align improvements and planned refurbishment activities wherever possible. This ensures that functional equipment is not replaced well ahead of end-of-life unless necessary, which reduces cost and embodied carbon.

- **Realistic:**
 - **Targets:** long-term targets must be stretching but deliverable and complemented by near-term targets and actions.
 - **Policy support:** it is important to recognise that to fully decarbonise the real estate sector requires a supportive policy mix to incentivise action and level the playing field.
- **Collaborative:**
 - **Occupiers:** net zero cannot be achieved in isolation. The Company will work closely with tenants, many of whom have their own decarbonisation strategies covering their leased space. Many of the portfolio tenants have their own decarbonisation commitments and the Company's interests are aligned on this issue.
 - **Suppliers:** the Company will work with suppliers, including property managers and consultants, in order that all stakeholders are clear on their role in the pathway to net zero.
- **Measurable:**
 - Clear key performance indicators at the asset and portfolio level.

Company baseline

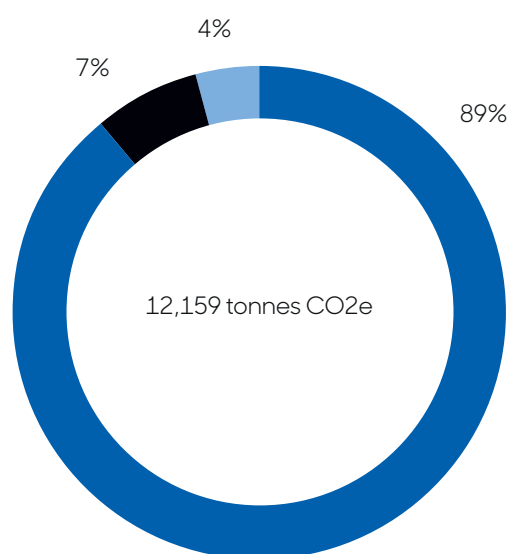
The Company's operational carbon footprint for 2020 is shown opposite and is used as the Company's baseline. This represents a total operational footprint of 12,159 tonnes of carbon dioxide equivalent (CO₂e).

Of this, 7% is associated with Scope 2¹ emissions that are in the direct control of the Company which it seeks to minimise and 93% are Scope 3 emissions from tenant-procured energy and purchased goods and services. Note that the approach to apportionment of Scope 1, 2 and 3 emissions for the purposes of net zero analysis differ somewhat to the approach taken for the disclosure of the EPRA sBPR indicators.

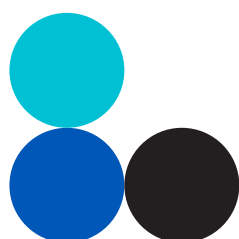
For 2020, actual energy consumption data for 72% of the portfolio by floor area was available with representative industry standard benchmarks used to estimate the balance.

The Company is in the process of completing an annual update towards a net zero pathway, using Scope 1, 2 and 3 data obtained for the calendar year 2021. However, the time-lag associated with collection of Scope 3 data (from our tenants) and completion of the subsequent net zero analysis means that this analysis is not yet complete. The Company expects to complete this analysis in the first half of 2023, the outputs of which will enable us to measure progress against the 2020 baseline and identify key next steps to maximise the Company's net zero performance, and to facilitate clear net zero target setting. Note that the Company has also commenced the data collection process for the calendar year of 2022; the Scope 1 and 2 elements of which are disclosed in full in the EPRA sBPR indicators sections below. The collection of Scope 3 (tenant) data for the calendar year is also in progress and this data will be used in future net zero analysis of the portfolio. This analysis will enable us to measure progress against our 2020 baseline and identify key next steps to maximise the Company's net zero performance, and to facilitate clear net zero target setting.

- ¹ a. Scope 1 and 2 – These are emissions that directly result from the landlord's activities where there is operational control, either through the purchase and consumption of energy or refrigerant losses.
b. Scope 3 – These are emissions that occur in supply chains and downstream leased assets (i.e. tenant spaces) over which the Company has a degree of influence but limited control.



- Tenant Energy Consumption (Scope 3)
- Landlord Electricity (Scope 2)
- Purchased Goods and Services (Scope 3)



Our delivery strategy

	Near-term	Long-term
Targets	Improve emissions intensity across all scopes by 50% in the near-term from a 2020 baseline.	Net zero across all emissions scopes over the long-term.
Context	<p>Setting an intermediate target is a sensible stepping-stone towards long-term decarbonisation. In the near-term activities are focused on occupier engagement and compliance with energy performance regulations which will mean investment in energy efficiency, heat decarbonisation and renewable energy when undertaking refurbishment works.</p> <p>The Company recognises that it cannot deliver in isolation and this requires both co-operation from property occupiers and a supportive policy mix to drive decarbonisation in the real estate sector.</p>	<p>To meet the European Commission's net zero commitments the buildings sector will have to substantially decarbonise by 2050 through energy efficiency and the decarbonisation of heat and electricity. The Company will aim to reach a long-term target through these measures with as little use of offsets as possible.</p> <p>When set, the long-term target will be kept under review in the context of the policy-mix and market dynamics affecting the decarbonisation of real estate.</p>
Near-term delivery actions	<p>Standing portfolio:</p> <ul style="list-style-type: none"> • Improve ability to obtain tenant energy data through improved engagement, lease agreements and smart meters. • Build improved understanding of tenant decarbonisation strategies and extent of tenant renewable energy procurement. • Implement low-carbon refurbishments to ensure regulatory compliance focusing on energy efficiency and heat decarbonisation and start to quantify and reduce embodied carbon. • Continue to implement solar PV projects and establish power purchase agreements with tenants. <p>Acquisitions and developments:</p> <ul style="list-style-type: none"> • In line with the Investment Manager's policies: <ul style="list-style-type: none"> • benchmark assets pre-acquisition, understand costs and build decarbonisation into the asset management plan from the start of ownership. • direct development to be designed to whole life net zero principles. 	
Measurement indicators	<p>Standing portfolio:</p> <ul style="list-style-type: none"> • %age of tenants data coverage. • Absolute portfolio emissions (tCO₂e). • Energy and emissions intensity (kwh/m²,year; kg CO₂e/m²/year). • Installed solar capacity (MWp). • Embodied carbon of development projects. 	

Physical Climate Risk

Company Approach to Physical Climate Risks

Physical risks are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs or supply chain disruption. The costs of adaptation (i.e. the infrastructure required to protect from physical damage) should also be considered. To date, the Company has engaged in 3 rounds of analysis to evaluate the acute and chronic physical risks associated with the buildings owned by the Company. The results of this assessment include (but are not limited to) an overview of how asset value at risk may change over time, as a result of chronic and acute physical risks.

Results of Analysis

In the first two rounds of analysis (concluded in 2021 and 2022 respectively), the Company's assets were modelled under a "worst-case" climate change scenario (an increase of around 4 degrees Celsius, above pre-industrial levels) to identify any relevant physical risks. This round of analysis completed in 2022 showed a marginal increase in operational costs until 2050, driven by the increase in cooling costs, due to the climate change related increase in average temperatures. Decreasing heating costs offset most of the cost increase due to cooling costs and water stress so, until 2050, cost changes are not significant. From 2050 to 2080, operational costs increase further, as the cooling, water stress and wildfire costs intensify across some assets, exceeding the savings from the reduced need to heat the assets.

It should be noted that data quality and methodologies in the physical climate risk space are continually evolving, and the Company continues to work with an external third-party data provider to analyse such risks, and their materiality. It should also be noted that no significant risks to the Company's assets have been identified at this stage. In the event significant risks are identified by any subsequent physical climate risk analysis, the Company will take appropriate action to limit its exposure to such risks.

Next Steps

Physical climate risk assessment remains a fundamental part of the Investment Manager's investment process, and are considered in detail during acquisition, asset-management and development/refurbishment.

The next phase of physical climate risk assessment against an increased number of scenarios is currently being finalised; and the results of such analysis will be used to inform any subsequent required measures to limit our exposure to such risks. The intention of the third round of physical climate risk analysis is to obtain a more holistic view of the physical risks associated with the Company's assets, under a broader range of climate scenarios.

Taskforce for Climate-Related Financial Disclosures (TCFD)

TCFD was established to provide a standardised way to disclose and assess climate-related risks and opportunities. Recommendations are structured around four key topics: Governance, Strategy, Risk Management and Metrics & Targets. Whilst the Company as a closed ended investment company is exempt from providing a TCFD statement under LR9.8.6(8), it is committed to implementing the recommendations of the TCFD to provide investors with information on climate risks and opportunities that are relevant to the business. This is the second year that the Company is voluntarily reporting certain disclosures in reference to TCFD recommendations and it expects such disclosures to evolve over time as methodologies improve and work develops further.

TCFD covers risks and opportunities associated with the two overarching categories of climate risk, transition and physical as described above.

The table below provides a brief overview of the Company's approach to 10 of the 11 TCFD recommendations. Investors should note that this disclosure against the TCFD recommendations is entirely voluntary and the Company will work towards a more comprehensive TCFD disclosure in the coming years and towards being consistent against all 11 TCFD recommendations. It is expected that this reporting against TCFD recommendations will continue to evolve over time as industry methodologies improve and the Investment Manager's work develops further.

TCFD Recommendation	Company Approach
Governance	
Board oversight of climate-related risks and opportunities	<p>The Board will consider climate-related risks and opportunities alongside all other Company risks which fall under its remit. In addition, the Board, alongside the Investment Manager, will consider climate-related issues as part of the investment process, such as for investment decisions involving acquisitions, disposals and strategic planning.</p>
Investment Manager's role in assessing and managing climate-related risks and opportunities	<p>At an operational level, the Investment Manager is responsible for integrating consideration of climate risks and opportunities into the investment and asset management process. In the first instance this is undertaken by adopting abrdn real estate's internal processes and policies, and reporting to the Board.</p> <p>The Company adopts the Investment Manager's approach to integrating ESG in the investment process, and climate related risks and opportunities are considered the most material ESG topic relating to the Company. As such, climate risk and opportunities are considered throughout the investment process, including for acquisitions, asset/property management, refurbishment, development and strategic planning.</p>
Strategy	
Climate-related risks and opportunities the Company has identified over the short, medium, and long-term	<p>As part of the investment and asset management process climate-related risks and opportunities will be considered over a range of timescales. A summary of an initial assessment over the short, medium and long-term is as follows.</p> <p>In the short term (0–5 years) it is anticipated that regulations affecting the energy performance and emissions of buildings will tighten to align more closely with Government targets for economy-wide decarbonisation. Whilst this will provide clarity of direction, it is likely to increase development and refurbishment costs and will start to affect valuations. These trends, however, should also create opportunities to benefit from expected occupier and investor demand for low-carbon, future-fit assets.</p> <p>Over the medium term (5–15 years) these trends should continue and it is expected that regulations and market sentiment will further drive energy efficiency and decarbonisation. Significant technological change is expected, particularly in relation to heat pump solutions which should improve the technical and financial feasibility of decarbonising heat in buildings.</p> <p>Over the long-term (15+ years) climate-related extreme weather events are likely to increase in frequency and severity which may impact built environment assets depending on their location and characteristics. The Investment Manager has started assessing physical climate risks and opportunities based on the geographical location of assets.</p>
The impact of climate-related risks and opportunities on the businesses, strategy, and financial planning, where material	<p>The Board recognises that climate change will affect the built environment, both through decarbonisation and increased physical risks. The trends summarised above are therefore expected to affect the Company's strategy and operations in the coming years. In recognition of the importance of decarbonisation, together with the Investment Manager, the Company has set a carbon baseline for 2020 and is currently completing a net zero pathway analysis using data collected for the 2021 calendar year. This will enable the Company to review progress against its baseline.</p> <p>In 2022, appointed advisers completed an assessment of 'value at risk' as a result of physical climate risks under the RCP8.5 climate scenario which implies a 4.3° C temperature rise by 2100 (described above in Physical Climate Risk). The next phase of the climate scenario analysis is being finalised, which includes the assessment of climate risks under a broader range of climate scenarios.</p> <p>Meaningful analysis will allow the Investment Manager to estimate the costs associated with transition or physical climate risks and account for these within its investment return calculations.</p>

TCFD Recommendation	Company Approach
<p>The resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>Progress against long-term aims will be tracked against a net zero carbon baseline using interim energy and emissions intensity targets at the portfolio and asset levels.</p> <p>The work is informed by industry benchmarks including the Carbon Risk Real Estate Monitor (CRREM) 1.5°C Paris-aligned emissions trajectories. As part of this work high-level cost estimates for transitioning assets to net zero may be calculated.</p> <p>The Investment Manager will continue to engage with industry bodies, such as the Better Building Partnership, to standardise net zero definitions across the industry. It is recognised that achieving this level of decarbonisation will require supportive climate policy and the cooperation of tenants and suppliers.</p> <p>Recent work on understanding 'value at risk' as a result of physical climate risk has highlighted the importance of considering changes in wind speeds and flood risk over time together with the implications of rising temperatures on the demand for cooling within buildings. An initial assessment of these results is that, in general under the RCP8.5 high emissions scenario, physical climate risks generally result in a valuation impact to assets of below 1% by 2080 and there are no meaningful effects until after 2040. Most of the impact is associated with additional cooling demand due to rising temperatures. The existing portfolio and Company strategy is expected to be resilient to physical climate risks in the short to medium term. Regular review will be required as methodologies for physical risk assessment improve.</p>
Risk Management	
<p>The processes for identifying and assessing climate-related risks</p>	<p>Climate-related risks and opportunities are considered and assessed by the Board as a whole as advised by the Investment Manager and appointed consultants.</p> <p>The Company employs the Investment Manager's approach to addressing climate risks and opportunities as part of the investment process. This includes assessment of transition and physical climate risks during acquisition due diligence, asset management, refurbishment, development and portfolio-level strategic planning.</p> <p>Transition climate risks will be considered through net zero carbon analysis, to determine the extent to which the portfolio aligns with defined net zero targets, and to define indicative high-level capital expenditure figures for any decarbonisation of the portfolio in line with a net zero pathway. A third-party data provider is used to assess 'value at risk' (amongst other indicators) associated with several climate hazards, over multiple time horizons and climate scenarios.</p>

TCFD Recommendation	Company Approach
The processes for managing climate-related risks	<p>A high-level overview of the Investment Manager's processes for assessing and managing climate risks for 'acquisitions' and 'standing investments' is included below:</p> <p>On acquisition:</p> <p>Transition Risks: the current ESG due diligence process involves the assessment of transition risks at both the pre-bid and post-bid stage, with the aim of reducing exposure to transitional climate risks going forward. At the pre-bid stage, all available information about the asset is used, including its context and regulatory backdrop (including the use of EPC ratings and comparing against current and emerging legislation), alongside the Investment Manager's in-house decarbonisation guidance and ESG priorities, to form a view of anticipated decarbonisation costs over the next 10-year period. Where appropriate, such decarbonisation capital expenditure is captured as part of the pre-bid screen and meeting; which subsequently feeds into review papers. When detailed due diligence is completed, the assumptions around decarbonisation for compliance and net zero alignment (using a 1.5C CRREM pathway) are refined by an external consultant. This allows for a better understanding of the potential costs that could be incurred in the future for decarbonisation. Such findings are included in a pre-signing checklist prior to deal completion.</p> <p>Physical Risks: As part of any pre-bid ESG screen/meeting, a mapping tool is used to screen assets (based on their geographical location) against up to 8 different physical climate risks across different time horizons (current, 2030, 2050, 2100) under different climate scenarios including Low (RCP2.6), Intermediate (RCP4.5) and High (RCP8.5) scenarios. This tool can be used alongside available online mapping provided by environmental regulators/authorities in the given country (where and if available). Such risks are considered at pre-bid stage in a "go/no-go" context. Flood risk will be assessed in further detail by an external third-party, alongside any other physical climate risks identified during the pre-bid screen.</p> <p>Standing Investments:</p> <p>Transition Risks: The Company has completed initial net zero analysis with the support of a third-party consultant, to establish a carbon baseline for 2020 and to complete a net zero pathway update using data collected during the 2021 calendar year. Such analysis will allow the Company to review progress against any net zero targets it sets and flag any high risk assets.</p> <p>Physical Risks: An exercise has been undertaken with an external consultant to assess the assets within the portfolio against 7 hazards which are expected to impact real estate due to climate change out to 2080. These have been modelled in a worst-case scenario (RCP8.5). Results of further analysis under a greater number of scenarios will be finalised in due course.</p>
Metrics and Targets	
The metrics used to assess climate related risks and opportunities in line with strategy and risk management process	The Company discloses below greenhouse gas emissions (alongside other related ESG performance metrics on energy and water consumption, waste generation and disposal routes) in line with EPRA Sustainability Best Practices Recommendations. As part of a decarbonisation strategy progress will be tracked against the long-term aim using interim energy and emissions intensity targets at the portfolio and asset levels.
Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	The Company discloses below its emissions in line with EPRA Sustainability Best Practices Recommendations. This covers Scope 1 and 2 emissions associated with landlord-procured energy as well as Scope 3 emissions from energy procured by occupiers. 2020 data is used as a baseline for measurements as this is prior to any disruption to measurement caused by the COVID-19 pandemic.
The targets used to manage climate related risks and opportunities and performance against targets	The Company will in due course set long-term and short-term decarbonisation targets and define a practical strategy with KPIs. The Company also looks to improve its GRESB score year-on-year.

ESG Performance Data (EPRA)

Sustainability Performance

This section details the Company's sustainability performance using the EPRA Sustainability Best Practice Recommendations Guidelines (sBPR). It also meets the requirements for Streamlined Energy and Carbon Reporting (SECR) under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Explanatory notes on methodology

Reporting period

This is a relatively new investment vehicle created to specifically invest in logistics assets and as a result, the Company is in a position where it can only report on some of the indicators as determined in the materiality assessment. The Company was launched in December 2017 with the first asset acquired in February 2018. Sustainability data in this report covers the calendar years of 2021 and 2022.

Changes to disclosure methodology vs last year

In previous Company annual reports, EPRA ESG disclosures have included both landlord ESG data (e.g. Scope 1 and 2 GHG emissions) and tenant ESG data (e.g. Scope 3 GHG emissions) for the reporting year. However, collecting a complete, accurate and meaningful ESG dataset from tenants which is directly comparable/consistent with the previous year, within the annual reporting timescales, is challenging. This results in the collection of incomplete data, which is not possible to disclose in a meaningful way, especially in terms of year-on-year comparisons. This also results in a need for additional tenant ESG data collection following annual report publishing, which results in subsequent inconsistent ESG data disclosures throughout the year (e.g. when GRESB data is compared with annual reporting data).

As a result, for the EPRA disclosures in this year's annual report, the focus has been on collecting and reporting landlord ESG data only, given that this data is within the Company's direct control, and therefore fully complete; resulting in more meaningful disclosures and year-on-year comparisons. It should be noted that landlord ESG data for the portfolio is relatively limited, given the tenant-controlled nature of the assets.

Note that regardless of the above, the Company will continue to focus on collecting tenant ESG data (e.g. Scope 3 emissions) for the purposes of its GRESB submission (to be finalised in June 2023) and for its own net zero modeling; which in turn will be disclosed as part of future Company annual reports.

Organisational boundary and data coverage

The Company defines its organisational boundary as where it has direct operational control of activities. The Company's disclosures in this report are therefore confined to where it has direct control over a given ESG indicator; for example where the Company procures its own utilities for its assets under management. Given the nature of the Company's assets (predominantly single-let, occupier-controlled assets with occupier-managed utility supplies), there is naturally a relatively limited selection of ESG indicators to report which are directly under Company's control. However, where such ESG indicators do fall within the Company's organisational boundary, these have been disclosed in full in this report. Note that the Investment Manager undertakes extensive work throughout the first half of each year to collect ESG data points beyond its direct control/organisational boundary (e.g. occupier procured utility data), which are disclosed as part of the Company's GRESB submission, the reporting for which is issued later in the year.

The data reported below differs from the baseline carbon footprint reported. This is because:

- The baseline carbon footprint relates to the reporting year of 2020 (whereas the data disclosed in this section relates to 2021 and 2022); and,
- The baseline carbon footprint includes estimates in to fill gaps in occupier data, to allow us to obtain a fuller understanding of the Company carbon footprint across all emissions scopes.

The like-for-like portfolio is determined on the basis of assets that were held for two full reporting years and were not subject to major refurbishment or development during that time.

The Company does not manage any of the waste generated from any of its assets; rather the occupiers manage this directly (and therefore such waste performance data falls beyond the Company's organisational boundary, and is therefore not disclosed in this report). The Company does not employ any staff and does not have its own premises; these corporate aspects fall within the scope of the Investment Manager.

Normalisation

The floor areas used for normalisation are those used for independent valuation purposes. Measurement practices deviate marginally from jurisdiction to jurisdiction but cover the internal lettable area. This is the most appropriate choice for the Company's portfolio as it is the most widely available metric. It enables year-on-year comparisons within the portfolio to be made.

Auditing and assurance

An increasing proportion of landlord utility data contracts are owned by the Company's Utilities Bureau/data consultant, who also validate this data (which feeds into the Company's sustainability reporting). The ESG dataset (including energy, GHG and water data) disclosed in this report has been subject to limited assurance by an external third-party in accordance with the International Standard on Assurance Engagements (UK) 3000.

Materiality

The Company has undertaken a review of materiality against each of the EPRA sBPR indicators. The table below indicates the outcome of the review.

Code	Performance measure	Review outcome
Environmental		
Elec-Abs	Total electricity consumption	Material (for the electricity procured for the assets by the landlord only)
Elec-LfL	Like-for-like total electricity consumption	Material (for the electricity procured for the assets by the landlord only)
DH&C-Abs	Total district heating & cooling consumption	Not material – none of the Company's assets are connected to district energy supplies
DH&C-LfL	Like-for-like total district heating & cooling consumption	
Fuels-Abs	Total fuel consumption	Material (for the fuel (e.g. gas) procured for the assets by the landlord only)
Fuels-LfL	Like-for-like total fuel consumption	Material (for the fuel (e.g. gas) procured for the assets by the landlord only)
Energy-Int	Building energy intensity	Material (for the energy procured for the assets by the landlord only)
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Material (for Scope 1 and 2 GHGs only, associated with utility consumption under landlord control/procurement)
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Material (for Scope 1 and 2 GHGs only, associated with utility consumption under landlord control/procurement)
Water-Abs	Total water consumption	Material (for the water procured for the assets by the landlord only)
Water-LfL	Like-for-like total water consumption	Material (for the water procured for the assets by the landlord only)
Water-Int	Building water intensity	Material (for the water procured for the assets by the landlord only)
Waste-Abs	Total weight of waste by disposal route	Not material – all waste management is under the direct control of the building occupiers, and there are no landlord-managed waste contracts.
Waste-LfL	Like-for-like total weight of waste by disposal route	
Cert-Tot	Type and number of sustainably certified assets	Material

Code	Performance measure	Review outcome
Social		
Diversity-Emp	Employee gender diversity	Not material – the Company has no employees. There are 2 male and 2 female directors on the board
Diversity-Pay	Gender pay ratio	Material – the gender pay ratio is 53/47 male to female. Of the two male and two female board members, one male is the company Chair with greater responsibilities and consequently higher remuneration.
Emp-Training	Employee training and development	Not material (there are no company employees)
Emp-Dev	Employee performance appraisals	Not material (there are no company employees)
Emp-Turnover	New hires and turnover	Not material (there are no company employees)
H&S-Emp	Employee health and safety	Not material (there are no company employees)
H&S-Asset	Asset health and safety assessments	Material
H&S-Comp	Asset health and safety compliance	Material
Comty-Eng	Community engagement, impact assessments and development programs	Not Material
Governance		
Gov-Board	Composition of the highest governance body	Material – see main body of report (page 71 onwards for content related to Governance)
Gov-Selec	Process for nominating and selecting the highest governance body	
Gov-Col	Process for managing conflicts of interest	

Environmental Indicators

Absolute Energy Consumption

Due to the nature of the portfolio, the landlord energy data disclosed in this table is typically associated with common parts at multi-let assets (except for Poland where the landlord procures energy for the whole asset). The energy consumption tables do not include any tenant procured energy, due to the challenges outlined in section "**Changes to disclosure methodology vs last year**" above. Absolute landlord electricity consumption increased by 23% year-on-year, primarily driven by significant increases at Getafe, Madrid Phase 2 (due to a ramp up of operations in 2022), alongside modest increases at Lodz ul. Jędrzejowska, and Panattoni Park West VII Warsaw. These increases were offset by reductions in electricity consumption at Florsheim, Erlensee, Panattoni Park IV Krakow and Gavilanes, Madrid Phase 1. Landlord gas consumption decreased by 12% due to decreases in consumption at all assets except Lodz ul. Jędrzejowska. Absolute energy intensity increased by 6% year-on-year. There is no landlord energy procurement across any of the 5 assets acquired in 2022, hence why data coverage is confined to 10 assets in both 2021 and 2022.

			Landlord Electricity (kWh)			Landlord-obtained Gas (kWh)			Total Energy (kWh)			Energy Intensity (kWh/ sqm)		
Indicator references			Elec-Abs			Fuels-Abs			Fuels-Abs			Energy-Int		
Sector	Coverage 2021 (assets)	Coverage 2022 (assets)	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
Industrial, Distribution warehouse	10 of 23	10 of 28	8,180,375	10,094,774	23%	7,911,280	6,928,164	-12%	16,091,655	17,022,938	6%	83	88	6%

Absolute Greenhouse Gas Emissions

Scope 1 emissions reduced by 13% year-on-year, driven by the reductions in gas consumption outlined above. Scope 2 emissions increased by 8% year-on-year, as a result of increased electricity consumption at Gavilanes, Madrid Phase 2, Lodz ul. Jędrzejowska and Panattoni Park West VII Warsaw. Absolute emissions intensity increased by 6% between 2021 and 2022.

			Scope 1 Emissions (tCO ₂)			Scope 2 Emissions (tCO ₂)			Total Emissions (tCO ₂)			Emissions Intensity - Scopes 1 & 2 (kgCO ₂ /m ²)		
Indicator references			GHG-Dir-Abs			GHG-Indir-Abs			GHG-Abs			GHG-Int		
Sector	Coverage 2021 (assets)	Coverage 2022 (assets)	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
Industrial, Business Parks	10 of 23	10 of 28	1449	1265	-13%	5361	5808	8%	6810	7073	4%	35	37	6%

For the purposes of Streamlined Energy and Carbon Reporting (SECR) Scope 1 and 2 emissions are reported separately below along with an intensity metric and total landlord energy consumption. Energy consumption used to calculate these emissions is include in the Absolute Energy Consumption table above.

SECR table - GHGs

Data Type	2021	2022	% Change 2022 vs 2021
Total Scope 1/2 GHG Emissions (tCO ₂ e)	6810	7073	4%
Emissions Intensity (kgCO ₂ e/m ² NLA)	35.2	36.6	4%
Total Landlord Energy Consumption (kWh)	16,091,655	17,022,938	6%

Like-for-like Energy Consumption

On a like-for-like basis, landlord electricity and gas consumption decreased by 1% and 16% respectively, with an overall like-for-like energy intensity decrease of 10%. These reductions were driven by reduced consumption across all like-for-like assets across all utility types, except for a slight increase in electricity consumption at Panattoni Park West VII Warsaw.

		Landlord Electricity (kWh)			Landlord-obtained Gas (kWh)			Total Energy (kWh)			Energy Intensity (kWh/ sqm)		
Indicator references		Elec-Like for Like			Fuels-Like for Like			Fuels-Like for Like			Energy-Int Like for Like		
Sector	Coverage (assets)	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
Industrial, Distribution warehouse	4 of 14	4,216,761	4,193,690	-1%	6,875,029	5,809,195	-16%	11,091,790	10,002,885	-10%	107	96	-10%

Like-for-like GHG Emissions

Scope 1 GHG emissions decreased by 16% as a result of decreased gas consumption at like-for-like assets.

Scope 2 emissions increased by 1%.

		Scope 1 Emissions (tCO ₂)			Scope 2 Emissions (tCO ₂)			Total Emissions (tCO ₂)			Emissions Intensity - Scopes 1 & 2 (kgCO ₂ /m ²)		
Indicator references		GHG-Dir-Like for Like			GHG-Indir-Like for Like			GHG-Like for Like			GHG-Int-Like for Like		
Sector	Coverage (assets)	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change
Industrial, Business Parks	4 of 14	1259	1060	-16%	2777	2794	1%	4036	3854	-5%	39	37	-5%

Absolute Water Consumption

As with other ESG data-points disclosed above, the nature of the portfolio is such that the landlord water data disclosed in this table is typically just that associated with common parts at multi-let assets. The water consumption tables do not include any tenant procured water, due to the challenges outlined in section "Changes to disclosure methodology vs last year" above. Absolute water consumption intensity (litres/m²) increased by 39% year-on-year, primarily driven by a significant increase in water consumption at Erlensee, Panattoni Park West VII Warsaw, Lodz ul. Jędrzejowska and Gavilanes, Madrid Phase 2 (due to a ramp up of operations in 2022). Water consumption also increased as a result of a greater number of assets with landlord water consumption in 2022 (11 assets), compared with 2021 (10 assets).

Absolute Water Consumption (m ³)							
Indicator reference							
Water-Abs; Water-Int							
Sector	Coverage 2021 (assets)	Coverage 2022 (assets)	2021 (m ³)	2021 intensity (litres/m ²)	2022 (m ³)	2022 intensity (litres/m ²)	% Change
Industrial, Distribution warehouse	10 of 23	11 of 28	19,642	102	29,802	142	39%

Like-for-like Water Consumption

Like-for-like water consumption intensity increased by 54% year-on-year, as a result of increases in water consumption at Erlensee and Panattoni Park West VII Warsaw.

Like-for-like Water Consumption (m ³)						
Indicator reference						
Water-Lfl; Water-Int						
Sector	Coverage (assets)	2021 (m ³)	2021 intensity (litres/m ²)	2022 (m ³)	2022 intensity (litres/m ²)	% Change (Intensity)
Industrial, Distribution warehouse	4 of 14	13,106	126	20,175	194	54%

Absolute and Like-for-Like Waste Generation

There are no landlord managed waste contracts in the portfolio. All waste is managed directly by occupiers, and therefore is not considered within the Company's organisational boundary. As a result, waste metrics have not been reported on.

Renewable energy

Solar PV is installed at nine properties within the portfolio, please see below:

Property	Country	Comment
Avignon	France	Fully optimised
Barcelona	Spain	Minimal coverage but scope to optimise
Den Hoorn	Netherlands	Fully optimised
Ede	Netherlands	Fully optimised
Leon	Spain	Minimal coverage
Oss	Netherlands	Minimal coverage but scope to optimise
Waddinxveen	Netherlands	Fully optimised
Warsaw	Poland	Minimal coverage but scope to optimise
Zeewolde	Netherlands	Minimal coverage but scope to optimise

Sustainability Certifications

The below metric measures the percentage Gross Asset Value (GAV) of all properties held that have achieved a Green Building rating/certificate on completion compared to the percentage GAV for the whole portfolio during the reporting year. This includes stock recently acquired, held for the long-term and those refurbished, developed or forward funded.

	2018	2019	2020	2021	2022
% assets under management	17	39	40	55	69

Certified properties

Property	Unit	Certificate type	Rating
Flörsheim	Whole	DGNB	Gold
León	Whole	BREEAM	Good
Avignon	Whole	HQE	Excellent
Oss	Whole	BREEAM	Very Good
Ede	Whole	BREEAM	Good
Zeewolde	Whole	BREEAM	Very Good
Waddinxveen	Whole	BREEAM	Pass
Den Hoorn	Whole	BREEAM	Good
Lodz	Whole	BREEAM	Good
Madrid 3 S.L Gavilanes A	Whole	LEED	Silver
Madrid 3 S.L Gavilanes B	Whole	LEED	Silver
Madrid 4 S.L Gavilanes 1	Whole	LEED	Silver

Property	Unit	Certificate type	Rating
Madrid 4 S.L Gavilanes 2	Whole	LEED	Silver
Madrid 4 S.L Gavilanes 3	Whole	LEED	Silver
Madrid 1 S.L Gavilanes 1	Whole	LEED	Gold
Madrid 1 S.L Gavilanes 2	Whole	LEED	Gold
Madrid 1 S.L Gavilanes IV	Whole	BREEAM	Very Good

Energy Performance Certificate (EPC) ratings for assets owned by the Company are shown below:

Energy Performance Certificate (EPC) rating	% Net Lettable Area (NLA)
A+++++	9%
A	49%
B	30%
C	1%
D	0%
E	0%
F	2%
G	1%
German Rating	8%

Social Indicators

Diversity

The Board is diverse on a gender basis, comprising two males and two females. The gender pay ratio is 53/47 male to female. Of the two male and two female board members, one male is the Company Chair with greater responsibilities and consequently higher remuneration which skews the remuneration figures.

Health & Safety

All tenants occupying assets in the portfolio (i.e. 100% coverage) are contractually required, through lease agreements, to comply with all relevant local and national legislation relating to Health & Safety. This includes Health and Safety assessments relating to the asset itself and the health and safety of the tenants' employees together with visiting customers/clients/third parties.

Governance

The Directors, all of whom are non-executive and independent of the AIFM and Investment Manager, oversee the management of the Company and represent the interests of shareholders.

The Company is registered as a public limited company in England and Wales and is an investment company as defined by Section 833 of the Companies Act 2006. The Company is also a member of the Association of Investment Companies.



Governance

Your Board of Directors

Details of the current Directors, all of whom are non-executive and independent of the AIFM and Investment Manager, are set out below. The Directors oversee the management of the Company and represent the interests of shareholders.



Anthony Roper

Status: Independent Non-Executive Chairman.

Length of service: Five years, appointed a Director on 8 November 2017 and Chairman on 11 June 2019.

Experience: Tony started his career as a structural engineer with Ove Arup and Partners in 1983. In 1994 he joined John Laing plc to review and make equity investments in infrastructure projects both in the UK and abroad and then in 2006 he joined HSBC Specialist Investments ('HSIL') to be the fund manager for HICL Infrastructure Company Limited. In 2011, Tony was part of the senior management team that bought HSIL from HSBC, renaming it InfraRed Capital Partners.

Tony was a Managing Partner and a senior member of the infrastructure management team at InfraRed Capital Partners until June 2018. He holds a MA in Engineering from Cambridge University and is an ACMA.

Last re-elected to the Board: 6 June 2022.

Contribution: The Nomination Committee has reviewed the contribution of Mr Roper in light of his forthcoming re-election at the AGM to be held in June 2023 and concluded that Mr Roper has continued to skilfully chair the Company through a turbulent yet successful year for the Company. Mr Roper's real estate and investment trust experience is deeply valued by his fellow Directors.

Committee membership: Management Engagement Committee and Nomination Committee.

Remuneration: £54,000 per annum from 1 January 2023 (2022: £50,000).

All other public company directorships: SDCL Energy Efficiency Income Trust plc.

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 102,812 Ordinary shares.



Caroline Gulliver

Status: Senior Independent Non-Executive Director.

Length of service: Five years, appointed a Director on 8 November 2017.

Experience: Caroline is a chartered accountant with over 25 years' experience at Ernst & Young LLP, latterly as an executive director before leaving in 2012. During that time, she specialised in the asset management sector and developed an extensive experience of investment trusts. She is a director of a number of other investment companies.

Last re-elected to the Board: 6 June 2022.

Contribution: The Nomination Committee has reviewed the contribution of Ms Gulliver in light of her forthcoming re-election at the AGM to be held in June 2023 and concluded that Ms Gulliver has continued to expertly chair the Audit Committee through the year drawing on her significant wealth of financial and accounting experience.

Committee membership: Audit Committee (Chairman), Nomination Committee and Management Engagement Committee.

Remuneration: £42,000 per annum from 1 January 2023 (2022: £40,000).

All other public company directorships: JP Morgan Global Emerging Markets Income Trust plc, International Biotechnology Trust plc and Civitas Social Housing PLC.

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 72,500 Ordinary shares.



John Heawood

Status: Independent Non-Executive Director.

Length of service: Five years, appointed a Director on 8 November 2017.

Experience: John has 40 years' experience as a Chartered Surveyor advising a broad range of investors, developers and occupiers. He was a partner, and subsequently a director, of DTZ responsible for the London-based team dealing with industrial, logistics and business park projects across the UK. In 1996 he was appointed to the board of SEGRO plc and was responsible for its UK business for the next 12 years. From 2009–2013 he was managing director of the Ashtenne Industrial Fund, a £500 million multi-let industrial and logistics portfolio managed by Aviva on behalf of 13 institutional investors. John is currently a member of Council and member of the finance and general purposes committee of the Royal Veterinary College and a trustee of Marshalls Charity.

Last re-elected to the Board: 6 June 2022.

Contribution: The Nomination Committee has reviewed the contribution of Mr Heawood in light of his forthcoming re-election at the AGM to be held in June 2023 and concluded that Mr Heawood has continued to provide significant real estate experience and insight to the Board as well as expertly chairing the Management Engagement Committee.

Committee membership: Management Engagement Committee (Chairman), Audit Committee and Nomination Committee.

Remuneration: £36,000 per annum from 1 January 2023 (2022: £35,000).

All other public company directorships: None

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 60,000 Ordinary shares.



Diane Wilde

Status: Independent Non-Executive Director.

Length of service: Five years, appointed a Director on 8 November 2017.

Experience: Diane was managing director at Gartmore Scotland Ltd, managing investment trust assets from 1993 – 2000. Following a period of managing similar assets at Aberdeen Asset Managers between 2000 and 2003, she joined Barclays Wealth as Head of Endowment Funds in Scotland, managing clients in the multi asset space until 2014. She was an adviser at Allenbridge, an investment consulting firm until May 2018. She is also a board member of the Social Growth Fund, managed by Social Investment Scotland (SIS), a leading social enterprise and impact investor in Scotland and the United Kingdom.

Last re-elected to the Board: 6 June 2022.

Contribution: The Nomination Committee has reviewed the contribution of Ms Wilde in light of her forthcoming re-election at the AGM to be held in June 2023 and concluded that Ms Wilde has provided useful insight and experience to the Board's deliberations.

Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee.

Remuneration: £36,000 per annum from 1 January 2023 (2022: £35,000).

All other public company directorships: None.

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 74,375 Ordinary shares.

Governance

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 December 2022.

Results and Dividends

Details of the Company's results and dividends are shown on page 21 of this Annual Report. The dividend policy is disclosed in the Strategic Report on page 12.

Investment Trust Status

The Company was incorporated on 25 October 2017 (registered in England & Wales No. 11032222) and has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial periods commencing on or after 15 December 2017. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2022 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Share Capital

The Company's capital structure is summarised in note 16 to the financial statements. At 31 December 2022, there were 412,174,356 fully paid Ordinary shares of 1p each in issue. During the year no Ordinary shares were purchased in the market for treasury or cancellation. On 4 February 2022, 34,545,455 new Ordinary shares were issued at 110.0p per share at a premium to the prevailing unaudited NAV.

Voting Rights, Share Restrictions and Amendments to Articles of Association

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a takeover bid.

In accordance with the Companies Act, amendments to the Company's Articles of Association may only be made by shareholders passing a special resolution in general meeting.

Borrowings

A full breakdown of the Company's loan facilities is provided in note 14 to the financial statements.

Management Agreement

Under the terms of a Management Agreement dated 17 November 2017 between the Company and the AIFM, abrdn Fund Managers Limited (and amended by way of side letters dated 25 May 2018, 22 February 2019 and 24 January 2023), the AIFM was appointed to act as alternative investment fund manager of the Company with responsibility for portfolio management and risk management of the Company's investments. Under the terms of the Management Agreement, the AIFM may delegate portfolio management functions to the Investment Manager and is entitled to an annual management fee together with reimbursement of all reasonable costs and expenses incurred by it and the Investment Manager in the performance of its duties.

Pursuant to the terms of the Management Agreement, the AIFM is entitled to receive a tiered annual management fee (the "Annual Management Fee") calculated by reference to the Net Asset Value (as calculated under IFRS) on the following basis:

- On such part of the Net Asset Value that is less than or equal to €1.25 billion, 0.75 per cent. per annum.
- On such part of the Net Asset Value that is more than €1.25 billion, 0.60 per cent. per annum.

The Annual Management Fee is payable in Euros quarterly in arrears, save for any period which is less than a full calendar quarter.

The Company or the AIFM may terminate the Management Agreement by giving not less than 12 months' prior written notice.

The AIFM has also been appointed by the Company under the terms of the Management Agreement to provide day-to-day administration services to the Company and provide the general company secretarial functions required by the Companies Act. In this role, the AIFM will provide certain administrative services to the Company which includes reporting the Net Asset Value, bookkeeping and accounts preparation. Effective from March 2020 accounting and administration services undertaken on behalf of the Company have been delegated to Brown Brothers Harriman.

The AIFM has also delegated the provision of the general company secretarial services to abrdn Holdings Limited.

Risk Management

Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 22 to the financial statements.

The Board

The current Directors, Ms Gulliver, Mr Heawood, Mr Roper and Ms Wilde were the only Directors who served during the year. In accordance with the Articles of Association, each Director will retire from the Board at the Annual General Meeting convened for 12 June 2023 and, being eligible, will offer himself or herself for re-election to the Board. In accordance with Principle 23 of the AIC's 2019 Code of Corporate Governance, each Director will retire annually and submit themselves for re-election at the AGM.

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively.

In common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

The Role of the Chairman and Senior Independent Director

The Chairman is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chairman facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman leads the evaluation of the Board and individual Directors, and acts upon the results of the evaluation process by recognising strengths and addressing any weaknesses. The Chairman also engages with major shareholders offering annual review meetings and ensures that all Directors understand shareholder views.

The Senior Independent Director acts as a sounding board for the Chairman and as an intermediary for other directors, when necessary. The Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance and is also available to shareholders to discuss any concerns they may have.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: frc.org.uk.

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: theaic.co.uk.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders. The full text of the Company's Corporate Governance Statement can be found on the Company's website: eurologisticsincome.co.uk.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the need for an internal audit function (provision 26);
- the role and responsibility of the chief executive (provisions 9 and 14);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

During the year ended 31 December 2022, the Board had four scheduled meetings and a further 16 ad hoc Board meetings as well as numerous update calls. In addition, the Audit Committee met three times and there was one meeting of the Management Engagement Committee and one meeting of the Nomination Committee. Between

meetings the Board maintains regular contact with the Investment Manager. The Directors have attended the following scheduled Board meetings and Committee meetings during the year ended 31 December 2022 (with their eligibility to attend the relevant meeting in brackets):

Director	Board	Audit			Nomination
		Committee	MEC		
T Roper ¹	4 (4)	N/A	1 (1)		1 (1)
C Gulliver	4 (4)	3 (3)	1 (1)		1 (1)
D Wilde	4 (4)	3 (3)	1 (1)		1 (1)
J Heawood	4 (4)	3 (3)	1 (1)		1 (1)

¹ Mr Roper is not a member of the Audit Committee but attended all meetings by invitation.

Policy on Tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis. However, in accordance with corporate governance best practice and the future need to refresh the Board over time, it is currently expected that Directors will not typically serve on the Board beyond the Annual General Meeting following the ninth anniversary of their appointment.

Board Committees

Audit Committee

The Audit Committee Report is on pages 86 to 87 of this Annual Report.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which, due to the relatively small size of the Board, comprises all of the Directors and is chaired by the Chairman of the Company. The Nomination Committee advises the Board on succession planning, bearing in mind the balance of skills, knowledge and experience existing on the Board, and will make recommendations to the Board in this regard. The Nomination Committee also advises the Board on its balance of relevant skills, experience and length of service of the Directors serving on the Board. The Board's overriding priority when appointing new Directors in the future will be to identify the candidate with the best range of skills and experience to complement existing Directors. The Board recognises the benefits of diversity and its policy on diversity is disclosed in the Strategic Report on page 17.

The Committee has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self evaluation and a performance evaluation of the Board as a whole and its Committees. In 2021 a thorough external evaluation was conducted by Lintstock Limited, an independent third party evaluation service provider. In 2022 the Board conducted an evaluation based upon completed questionnaires covering the Board, individual Directors, the Chairman and the Audit Committee Chairman. The Chairman then met each Director individually to review their responses whilst the Senior Independent Director met with the Chairman to review his performance.

In accordance with Principle 23 of the AIC's Code of Corporate Governance which recommends that all directors of investment companies should be subject to annual re-election by shareholders, all the members of the Board will retire at the forthcoming Annual General Meeting and will offer themselves for re-election. In conjunction with the evaluation feedback, the Committee has reviewed each of the proposed reappointments and concluded that each of the Directors has the requisite high level and range of business and financial experience and recommends their re-election at the forthcoming AGM. Details of the contributions provided by each Director during the year are disclosed on pages 72 and 73.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Mr Heawood. The Committee reviews the performance of the Manager and Investment Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions of the Manager's appointment, including an evaluation of fees, are reviewed by the Committee on an annual basis. Based upon the competitive management fee and expertise of the Manager, the Committee believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Committee also at least annually reviews the Company's relationships with its other service providers. These reviews aim to ensure that services being offered meet the requirements and needs of the Company, provide value for money and performance is in line with the expectations of stakeholders.

Remuneration Committee

Under the FCA Listing Rules, where an investment trust has only non-executive directors, the Code principles relating to directors' remuneration do not apply. Accordingly, matters relating to remuneration are dealt with by the full Board, which acts as the Remuneration Committee.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on pages 82 to 84.

Terms of Reference

The terms of reference of all the Board Committees may be found on the Company's website eurologisticsincome.co.uk and copies are available from the Company Secretary upon request. The terms of reference are reviewed and re-assessed by the relevant Board Committee for their adequacy on an annual basis.

Going Concern

In accordance with the Financial Reporting Council's guidance the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking covenants.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 13 to 17 and the Viability Statement on page 18 and have reviewed forecasts detailing revenue and liabilities and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. While the Company is obliged under its articles to hold a continuation vote at the 2024 AGM, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is usually more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In coming to this conclusion, the Board has also considered the impact, where feasible, of the COVID-19 pandemic and other geopolitical economic turbulence. The Investment Manager is in contact with tenants and third party suppliers and continues to have a constructive dialogue with all parties. A range of scenarios have been modelled looking at possible impact to cash flows in the short to medium term and this is kept under regular review. Additional details about going concern are disclosed in Note 28.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides on any course of action required to be taken if there is a conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. No Director had any interest in contracts with the Company during the year or subsequently.

The Board has adopted appropriate procedures designed to prevent bribery. The Company receives periodic reports from its service providers on the anti-bribery policies of these third parties. It also receives regular compliance reports from the Manager.

The Criminal Finances Act 2017 introduced the corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero-tolerance approach to the facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements are set out on pages 85 and 94 respectively.

Each Director confirms that:

- so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; 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.

Additionally there have been no important events since the year end that impact this Annual Report.

The Directors have reviewed the level of non-audit services provided by the independent auditor during the year amounting to £20,000 in respect of the production of a Supplementary Prospectus (2021: £45,000 in connection with the issue of a Prospectus in September 2021) and remain satisfied that the auditor's objectivity and independence is being safeguarded.

Independent Auditor

The auditor, KPMG LLP, has indicated its willingness to remain in office. The Directors will place a resolution before the Annual General Meeting to re-appoint KPMG LLP as auditor for the ensuing year, and to authorise the Directors to determine its remuneration.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness and confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and financial statements. It is regularly reviewed by the Board and accords with the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to members of the abrdn Group within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the abrdn Group's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the abrdn Group's activities. Risk includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are

agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The significant risks faced by the Company have been identified as being strategic; investment and asset management; financial; regulatory; and operational.

The key components of the process designed by the Directors to provide effective internal control are outlined below:

- the AIFM prepares forecasts and management accounts which allows the Board to assess the Company's activities and review its performance;
- the Board and AIFM have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the AIFM and Investment Manager as appropriate;
- as a matter of course the AIFM's compliance department continually reviews abrdn's operations and reports to the Board on a six monthly basis;
- written agreements are in place which specifically define the roles and responsibilities of the AIFM and other third party service providers and, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations, or their equivalents are reviewed;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within abrdn, has decided to place reliance on the Manager's systems and internal audit procedures. At its March 2023 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2022 by considering documentation from the AIFM and the Depositary, including the internal audit and compliance functions and taking account of events since 31 December 2022. The results of the assessment, that internal controls are satisfactory, were then reported to the Board at the subsequent Board meeting.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 December 2022 (based upon 412,174,356 shares in issue):

Shareholder	No. of Ordinary shares held	% held
East Riding of Yorkshire	33,000,000	8.0
Brewin Dolphin Ireland	25,134,996	6.1
Quilter Cheviot Investment Management	23,062,880	5.6
BlackRock	20,587,907	5.0
Investec Wealth & Investment	17,880,116	4.3
Brewin Dolphin, stockbrokers	16,713,524	4.1
Hargreaves Lansdown (EO)	16,516,569	4.0
Canaccord Genuity Wealth Management	16,502,020	4.0
CCLA Investment Management	16,197,976	3.9
Nottinghamshire County Council	12,324,013	3.0

Save as disclosed, there have been no significant changes notified in respect of the above holdings between 31 December 2022 and 20 April 2023.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report will be widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the freephone information service shown under Investor Information and on the Company's website eurologisticsincome.co.uk.

abrdn Holdings Limited (aHL) has been appointed Company Secretary to the Company. Whilst aHL is a wholly owned subsidiary of the abrdn Group, there is a clear separation of roles between the Manager and Company Secretary with different board compositions and different reporting lines in place. The Board notes that, in accordance with Market Abuse Regulations, procedures are in place to control the dissemination of information within the abrdn plc group of companies when necessary. Where correspondence addressed to the Board is received there is full disclosure to the Board. This is kept confidential if the subject matter of the correspondence requires confidentiality.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of representatives of the Manager (including the Company Secretary and Investment Manager) in situations where direct communication is

required and usually a representative from the Board is available to meet with major shareholders on an annual basis in order to gauge their views.

The Notice of the Annual General Meeting, included within the Annual Report and financial statements, is sent out at least 20 working days in advance of the meeting. In normal circumstances, all Shareholders have the opportunity to put questions to the Board or the Investment Manager, either formally at the Company's Annual General Meeting or at the subsequent buffet luncheon for Shareholders. Shareholders are, however, invited to send any questions for the Board and/or the Investment Manager on the Annual Report by email to European.Logistics@abrdn.com. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

Annual General Meeting

The Annual General Meeting will be held on 12 June 2023 at 11:30 a.m. at Wallacespace, 15 Artillery Lane, London, E1 7HA. In addition to the usual resolutions the following matters will be proposed at the AGM:

Special Business Directors' Authority to Allot Relevant Securities

Approval is sought in Resolution 10, an ordinary resolution, to renew the Directors' existing general power to allot shares but will also provide a further authority (subject to certain limits) to grant rights to subscribe for or to convert any security into shares under a fully pre-emptive rights issue. The effect of Resolution 10 is to authorise the Directors to allot up to a maximum of 272,035,075 shares in total (representing approximately 66% (as at the latest practicable date before publication of this Annual Report) of the existing issued share capital of the Company), of which a maximum of 136,017,537 shares (approximately 33% (as at the latest practicable date before publication of this Annual Report) of the existing issued share capital of the Company) may only be applied other than to fully pre-emptive rights issues. This authority is renewable annually and will expire at the conclusion of the next Annual General Meeting in 2024, or 30 June 2024, whichever is earlier. The Directors do not have any immediate intention to utilise this authority.

Special Business Disapplication of Pre-emption Rights

Resolution 11 is a special resolution that seeks to renew the Directors' existing authority until the conclusion of the next Annual General Meeting to make limited allotments of shares for cash of up to a maximum of 41,217,435 shares representing 10% of the issued share capital (as at the latest practicable date before publication of this Annual Report) other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders.

This authority includes the ability to sell shares that have been held in treasury (if any), having previously been bought back by the Company. The Board has established guidelines for treasury shares and will only consider buying in shares for treasury at a discount to their prevailing NAV and selling them from treasury at or above the then prevailing NAV.

New shares issued in accordance with the authority sought in Resolution 11 will always be issued at a premium to the NAV per Ordinary share at the time of issue. The Board will issue new Ordinary shares or sell Ordinary shares from treasury for cash when it is appropriate to do so, in accordance with its current policy. It is therefore possible that the issued share capital of the Company may change between the date of this document and the Annual General Meeting and therefore the authority sought will be in respect of 10% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document. This authority is renewable annually and will expire at the conclusion of the Annual General Meeting in 2024 or 30 June 2024, whichever is earlier.

Special Business Purchase of the Company's Shares

Resolution 12 is a special resolution proposing to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions contained in the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority. The minimum price to be paid per Ordinary share by the Company will not be less than £0.01 per share (being the nominal value) and the maximum price should not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out.

The Directors do not intend to use this authority to purchase the Company's Ordinary shares unless to do so would result in an increase in NAV per share and would be in the interests of Shareholders generally. The authority sought will be in respect of 14.99% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

The Company's shares have traded at a premium to NAV per share for the majority of the life of the Company since its launch, and therefore the Company has not bought back any shares for treasury or cancellation. However, the Board is very aware of the current wide share price discount to NAV and regularly monitors this. The Directors view buybacks as a very useful tool for seeking to assist in the management of the liquidity of the Company shares

which could be used in the future as one of a number of methods to address imbalances of supply and demand which, arithmetically, can cause discounts to NAV per share. Shares bought back would be purchased at a discount to the prevailing NAV per share and the result would be accretive to the NAV for all on-going shareholders.

The authority being sought will expire at the conclusion of the Annual General Meeting in 2024 or 30 June 2024, whichever is earlier unless it is renewed before that date. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly or under the authority granted in Resolution 11 above, may be held in treasury.

If Resolutions 10 to 12 are passed then an announcement will be made on the date of the Annual General Meeting which will detail the exact number of Ordinary shares to which each of these authorities relates.

These powers will give the Directors additional flexibility going forward and the Board considers that it will be in the interests of the Company that such powers be available. Such powers will only be implemented when, in the view of the Directors, to do so will be to the benefit of Shareholders as a whole.

Special Business Notice of Meetings

Resolution 13 is a special resolution seeking to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on 14 days' clear notice. This approval will be effective until the Company's Annual General Meeting in 2024 or 30 June 2024 whichever is earlier. In order to utilise this shorter notice period, the Company is required to ensure that Shareholders are able to vote electronically at the general meeting called on such short notice. The Directors confirm that, in the event that a general meeting is called, they will give as much notice as practicable and will only utilise the authority granted by Resolution 13 in limited and time sensitive circumstances.

Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends, the Company's Shareholders are unable to approve a final dividend each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to Shareholders for approval at the Annual General Meeting and on an annual basis.

Resolution 3 is an ordinary resolution to approve the Company's dividend policy. The Company's dividend policy shall be that dividends on the Ordinary shares are payable quarterly in relation to periods ending March, June, September and December and the last dividend referable to a financial year end will not be categorised as

a final dividend that is subject to Shareholder approval. It is intended that the Company will pay quarterly dividends consistent with the expected annual underlying portfolio yield. The Company has the flexibility in accordance with its Articles to make distributions from capital.

Shareholders should note that references to “dividends” are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

Recommendation

Your Board considers Resolutions 10 to 13 to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that Shareholders should vote in favour of all Resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 309,687 Ordinary shares.

By order of the Board

abrdn Holdings Limited – Company Secretary

280 Bishopsgate
London EC2M 4AG

20 April 2023

Directors' Remuneration Report

The Board has prepared this report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Directors' Remuneration Report comprises three parts:

1. Remuneration Policy

Which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – approved by Shareholders at the AGM held on 6 June 2022;

2. Implementation Report

Which provides information on how the Remuneration Policy has been applied during the year and which is subject to an advisory vote on the level of remuneration paid during the year; and

3. Annual Statement

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 93.

Remuneration Policy

The Directors' remuneration policy takes into consideration the principles of UK Corporate Governance and there have been no changes to the policy during the year nor are there any changes proposed for the foreseeable future. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders are considered by the Board.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and, given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

The Directors are non-executive and the Company's Articles of Association limit the annual aggregate fees payable to the Board of Directors to £300,000 per annum. This cap may be increased by shareholder resolution from time to time.

Fees payable to Directors in respect of the year ended 31 December 2022 were:

	£
Chairman	50,000
Chairman of Audit Committee	40,000
Director	35,000

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the

nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Appointment

- The Company only appoints non-executive Directors.
- Directors must retire and be subject to election at the first AGM after their appointment, and voluntarily submit themselves for annual election.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director has an interest in any contracts with the Company during the year or subsequently.
- The terms of appointment provide that a Director may be removed upon three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. Under the Articles, the Company indemnifies each of the Directors out of the assets of the Company against any liability incurred by them as a Director in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

The Remuneration Policy was approved at the AGM held on 6 June 2022 and became effective for the three year period commencing from the conclusion of that AGM.

Implementation Report

Directors' Fees

The Board has carried out an annual review of the level of fees payable to Directors using the services of Fletcher Jones, an independent consultant. The review comprised a detailed analysis of fees paid by comparable investment companies. The Board concluded that, with effect from 1 January 2023 the annual fees payable to Directors should be increased to: Chairman £54,000, Audit Committee Chairman £42,000, Directors £36,000. This increase ensures that fees remain competitive enough to attract the required calibre of experienced non executive Director when required. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Company Performance

The following chart illustrates the total shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the FTSE All Share Index for the period from launch to 31 December 2022 (rebased to 100 at launch). Given the absence of any meaningful index with which to compare performance, the FTSE All Share index is deemed to be the most appropriate one against which to measure the Company's performance.

Inception to 31 December 2022



Source: abrdn, Factset.

Statement of Voting at Annual General Meeting

At the Company's AGM held on 6 June 2022, Shareholders approved the Directors' Remuneration Report in respect of the year ended 31 December 2021 and the Directors' Remuneration Policy for the three years ending 31 December 2024 and the following proxy votes were received on the resolutions:

Resolution	For*	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	195.9m (99.9%)	0.2m (0.1%)	0.05m
(3) Approve Directors' Remuneration Policy	195.9m (99.9%)	0.3m (0.1%)	0.05m

* Including discretionary votes.

Spend on Pay (Audited)

Fees Payable

The Directors received the following fees which exclude employers' NI and any VAT payable for the year ended 31 December 2022 and the year ended 31 December 2021.

Fees are pro-rated where a change takes place during a financial year.

Director	2022 £	2021 £
T Roper	50,000	49,000
C Gulliver	40,000	39,000
J Heawood	35,000	34,000
D Wilde	35,000	34,000
Total	160,000	156,000

In euro terms the Directors were paid €186,000 (2021: €182,000).

The table below shows the actual expenditure in the year in relation to Directors' remuneration and shareholder dividends.

	2022 €	2021 €
Directors' Fees paid	186,000	182,000
Dividends paid	23,248,000	16,188,000

Sums Paid to Third Parties

None of the fees disclosed above were payable to third parties in respect of making available the services of the Directors.

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees for the past three years. The 2020 increases reflected the lower level of fees paid from the initial public offering and were the first increases implemented.

	Year ended 31 Dec 2022 %	Year ended 31 Dec 2021 %	Year ended 31 Dec 2020 %
T Roper ¹	2.0	4.3	32.2
C Gulliver	2.6	2.6	8.6
J Heawood	2.9	3.0	10.0
D Wilde	2.9	3.0	10.0

¹ Tony Roper was appointed Chairman on 11 June 2019.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 23 to the financial statements. The Directors (including connected persons) at 31 December 2022 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 Dec 2022 Ordinary shares	31 Dec 2021 Ordinary shares
T Roper	102,812	92,812
C Gulliver	72,500	62,500
J Heawood	60,000	50,000
D Wilde	74,375	64,375

These interests were unchanged at 20 April 2023, being the nearest practicable date prior to the signing of this Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 December 2022:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

Tony Roper

Chairman

20 April 2023

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from

material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board
Tony Roper

20 April 2023

Report of the Audit Committee

I am pleased to present the report of the Audit Committee (the 'Committee') for the year ended 31 December 2022 which has been prepared in compliance with applicable legislation.

Committee Composition

The Audit Committee comprises three independent Directors: Mr Heawood, Ms Wilde and myself (Ms Gulliver) as Chairman. The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience. I am a member of the Institute of Chartered Accountants of Scotland (ICAS) and I confirm that the Audit Committee as a whole has competence relevant to the investment trust sector and that at least one member has competence in accounting.

Functions of the Committee

The principal function of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website.

The Committee's main audit review functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non-financial and emerging risks) on which the Company is reliant;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. Non-audit fees of £20,000 were paid in 2022 in respect of the production of a Supplementary Prospectus (2021: £45,000 for reporting accountant services in connection with the issue of a Prospectus). The Audit Committee reviews and approves the provision of all non-audit services in the light of the potential for such services to impair the Auditor's independence;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to review and challenge the investment valuation process employed by the Investment Manager;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Half Yearly Report and Annual Report and Financial Statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information

necessary for Shareholders to assess the Company's performance, business model and strategy;

- to meet with the auditor to review their proposed audit programme of work and the findings of the Auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to review a statement from the Manager detailing the arrangements in place within the AIFM whereby the AIFM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the Auditor;
- to review the Company's audit arrangements and consider the requirement for an audit tender in line with best practice;
- to monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

Performance Evaluation of the Committee

In 2022 an evaluation of the Audit Committee was conducted by the Board. The evaluation, which concluded that the Committee operated effectively, was based upon questionnaires and the results allowed the Committee members to agree priorities for future consideration.

Activities During the Year

The Audit Committee met four times during the year when it considered the Half Yearly Report in detail, reviewed the Auditor's audit planning report and reviewed the Annual Report and financial statements. The reviews of the Half Yearly Report and Annual Report included detailed work in relation to the Going Concern status and viability of the Company together with significant oversight of the preparation of the financial statements. Representatives of the AIFM's internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment. The Audit Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day to day operations to third parties from whom it receives internal controls reports.

Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more detail on the process of these reviews in the Directors' Report. In addition, details of the principal risks faced by the Company can be found within the Strategic Report on pages 13 to 17.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2022, the Audit Committee considered the following significant issues, including, in particular, those communicated by the Auditor as key areas of audit emphasis during their planning and reporting of the year end audit.

Valuation of Investment Property – The valuation of the Group's investment properties is performed by an independent external valuer in accordance with the RICS Red Book. The valuation of investment property requires significant judgement and estimates by the independent valuer. The Committee is responsible for reviewing and challenging the investment valuation process employed. The independent valuer is appointed by the Manager and its direct property pricing committee is responsible for ensuring that the valuation is independent, fair and compliant with the abrdn valuation policies. Portfolio managers are responsible for correcting any matters of factual inaccuracy during the valuation process but are not permitted to express any opinion in relation to the valuation itself.

Fair Value of Group Loans Receivable – The carrying amount of the group loan balance represents 59% of the parent Company's total assets. Their measurement is not at a high risk of significant misstatement or subject to significant judgement. In structuring the group loan arrangements the Manager has received specialist advice and is therefore confident of the recoverability of these loans.

Review of Financial Statements

The Committee is responsible for the preparation of the Company's Annual Report. The process is extensive, requiring input from a number of different third party service providers. The Committee reports to the Board on whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable. In so doing, the Committee has considered the following matters:

- the existence of a comprehensive control framework surrounding the production of the Annual Report and Financial Statements which includes a number of different checking processes;
- the existence of extensive levels of reviews as part of the production process involving the depositary, the AIFM, the Company Secretary and the Auditor as well as the Committee's own expertise;
- the controls in place within the various third party service providers to ensure the completeness and accuracy of the financial records and the security of the Company's assets;
- the externally audited internal control reports of abrdn plc, and related service providers.

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and Financial Statements is fair, balanced and understandable. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 85.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the Auditor including:

- **Independence:** the Auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- **Quality of audit work:** (i) the ability to resolve issues in a timely manner – the Audit Committee is confident that identified issues are satisfactorily and promptly resolved; (ii) its communications/presentation of outputs – the Audit Committee is satisfied that the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensible; and (iii) working relationship with management – the Audit Committee is satisfied that the Auditor has a constructive working relationship with the Manager; and,
- **Quality of people and service including continuity and succession plans:** the Audit Committee is satisfied that the audit team is made up of sufficient, suitably experienced staff.

The Audit Committee therefore supports the recommendation to the Board that the reappointment of the Auditor be put to Shareholders for approval at the AGM.

Tenure of the Auditor

KPMG has held office as Auditor since the incorporation of the Company in 2017. In accordance with present professional guidelines the audit director will be rotated after no more than five years and the year ended 31 December 2022 is the third year for which the present director has served. The Committee considers KPMG, the Company's auditor, to be independent of the Company. Companies Act legislation requires listed companies to tender the audit every 10 years and rotate after a maximum of 20 years. The Committee therefore expects to conduct a tender for audit services by 2027 at the latest.

Caroline Gulliver

Audit Committee Chairman

20 April 2023

Financial Statements

The audited Net Asset Value ("NAV") per Share as at 31 December 2022 was €1.19 (GBp 105.43p), compared with the NAV per Share of €1.29 (GBp 108.5p) at the end of 2021, reflecting, with the interim dividends paid, a NAV total return of (3.8%) for the year in euro terms.



Independent Auditor's Report to the Members of abrdn European Logistics Income plc



Independent auditor's report

to the members of abrdn European Logistics Income plc

1. Our opinion is unmodified

We have audited the financial statements of abrdn European Logistics Income plc ("the Company" or "the Parent Company") and its subsidiaries (together "the Group") for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Balance Sheet, Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

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 December 2022 and of the Group's net return for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 14 November 2017. The period of total uninterrupted engagement is for the five financial years ended 31 December 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: €7.6m (2021:€7.2m)
group financial statements as a whole 0.94% (2021: 1.00%) of Total Assets

Coverage 100% (2021:100%) of group total assets

Key audit matters vs 2021

Recurring risks	Valuation of investment properties	▲
	Measurement of Parent Company's loans due from Group entities.	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2021), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of investment properties (€776.6 million; 2021: €683.9m) <i>Refer to page 86 (Report of the Audit Committee), page 101 (accounting policy) and page 108 (financial disclosures).</i>	Subjective valuation The carrying amount of the Group's property portfolio makes up 95% (2021: 94%) of the Group's total assets by value. Valuation of the Group's investment properties are performed by external valuation advisors. The valuation of investment property requires significant judgement and estimates by management and the external valuation advisors. As a result there is an inherent risk that the subjective assumptions used in the calculations of fair value are inappropriate. In certain periods, such as the period around 31 December 2022, real estate transactions are subdued and the judgement of the valuation advisors is magnified in that context. The effect of these matters is that, as part of our risk assessment, we have determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements a whole, and possibly many times that amount. The financial statements disclose the sensitivity of the estimate to changes in the capitalisation/discount rate/equivalent yield and Estimated Rental Value (ERV).	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: <ol style="list-style-type: none"> Assessing valuation advisors' credentials: Critically assessing the independence, professional qualifications, competence and experience of the external valuation advisors used by the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. Methodology choice: Critically assessing the methodology used by the external valuation advisors by considering whether their valuations were prepared in accordance with market practice for the estimation of fair value and relevant accounting standards. Benchmarking assumptions: For a sample of properties, selected using a risk based approach, challenging the key assumptions upon which the valuations were based, including those relating to Estimated Rental Value ('ERV') and discount rates by making a comparison to our own assumptions independently derived from market data. Input assessment: Agreeing observable inputs used in the valuations, such as rental income, lease incentives, break clauses and lease lengths back to lease agreements for a sample of leases. Disclosure assessment: Critically assessing the adequacy of the Group's disclosures in relation to the accounting estimate. We recognised the significance of providing appropriate sensitivity analysis disclosure to reflect the limited transactional evidence that underpins key assumptions and that the directors have increased the range this year accordingly. <p>Our results</p> <p>We found the Group's valuation of investment properties to be acceptable (2021: acceptable).</p>

	The risk	Our response
<p>Measurement of the Parent Company's loans due from Group entities (Parent Company Key Audit Matter) (€254.3m; 2021: €322.5m)</p> <p><i>Refer to page 86 (Report of the Audit Committee), page 130 (accounting policy) and page 133 (financial disclosures).</i></p>	<p>Low risk, high value</p> <p>The carrying amount of the parent loan balance represents 58.6% (2021: 75.6%) of the Parent Company's total assets. The parent loans are measured at fair value, which is subject to management Judgement. The loans are repayable on demand and have no access to upside value from the borrowers, the key risk to measurement is if the borrower could not repay them.</p> <p>Due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that requires the greatest effort in the Parent Company audit and is hence a Key Audit Matter.</p>	<p>We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described:</p> <p>Test of details:</p> <ul style="list-style-type: none"> Comparing the carrying amount of the parent loan balances with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries are profit-making. Inspecting the documentation of the loans to confirm they are repayable on demand. <p>Our results</p> <p>We found the measurement of the Parent Company loans to be acceptable (2021: acceptable).</p>

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at €7.6m (2021: €7.2m), determined with reference to a benchmark of total assets, of which it represents 0.94% (2021: 1.00%).

Materiality for the Parent Company financial statements as a whole was set at €4.2m (2021: €4.2m), determined with reference to a benchmark of total assets, of which it represents 0.98% (2021: 1.00%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

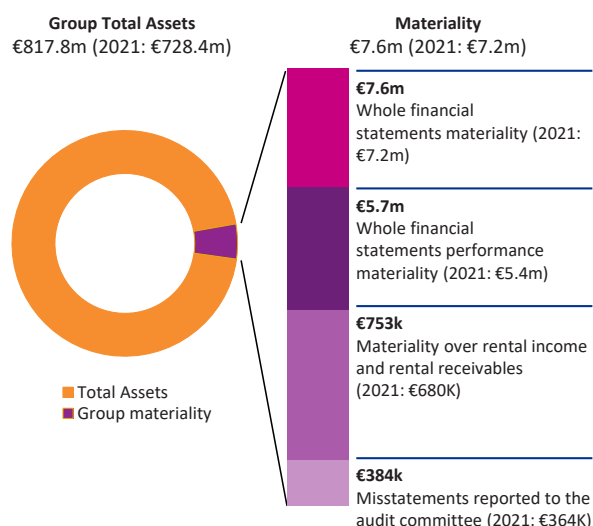
Group and Parent Company performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to €5.7m (2021: €5.4m), (Parent Company €3.1m (2021: €3.1m)). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

In addition, we applied a materiality of €753k (2021: €680k) to the rental income and rental receivables for which we believe misstatements of a lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the members' assessment of the financial performance of the Group. Performance materiality over rental income and rental receivables was set at 65% (2021: 75%) of rental income materiality, which equates to €489k (2021: €510k). We applied this percentage in our determination of performance materiality for these balances based on the level of identified misstatements during the prior period in relation to these balances.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding €384k (2021: €364k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above and was performed by our team based in the United Kingdom.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal controls over financial reporting.



4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group and Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group or the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and its ability to operate over this period were:

- The impact of a significant reduction in the valuation of investment property and the implications for the Group's loan covenants; and
- The risk of future non-payment of rent by tenants thereby impacting the liquidity position of the Group and Company, as well as the resulting effect of non compliance with interest cover covenants.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash position and loan covenant headroom.

Our procedures also included:

We considered whether the going concern disclosure in note 28 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 28 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 28 to be acceptable; and
- the related statement under the Listing Rules set out on page 77 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors of whether they are aware of fraud and of the Group's high-level policies and procedures to prevent and detect fraud;
- Reading Board and Audit Committee minutes; and
- Assessing the segregation of duties in place between the directors, the administrators and the Group's and Parent Company's Investment Manager.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries.

On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's income primarily arises from operating lease contracts with fixed, or highly predictable, periodic payments.

We did not identify any significant unusual transactions or additional fraud risks.

We performed procedures including:

- evaluating the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrators about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and
- identifying and selecting certain journal entries made at the end of the reporting period and post-closing entries for testing and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Investment Manager and the Administrators (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, overseas taxation legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We assessed the legality of the distributions made by the Group in the period based on comparing the dividends paid with the distributable reserves prior to each distribution, including consideration of interim accounts filed during the year.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: GDPR compliance, health and safety legislation, money laundering, bribery and corruption legislation, environmental protection legislation, landlord and tenant legislation, building regulations, and certain aspects of company legislation recognising the financial and regulated nature of the Group's and Company's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 18 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement, set out on page 18 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 and the part of the Directors' Remuneration Report to be audited 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 these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 85, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

9. The purpose of our audit work and to whom we owe our responsibilities

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.

**Matthew Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
20 April 2023



Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022			Year ended 31 December 2021		
		Revenue	Capital	Total	Revenue	Capital	Total
		€'000	€'000	€'000	€'000	€'000	€'000
REVENUE							
Rental income	2	29,686	-	29,686	23,283	-	23,283
Property service charge income		6,237	-	6,237	3,435	-	3,435
Other operating income		676	-	676	219	-	219
Total Revenue		36,599	-	36,599	26,937	-	26,937
GAINS ON INVESTMENTS							
(Losses)/Gains on revaluation of investment properties	9	-	(40,432)	(40,432)	-	41,031	41,031
Total Income and (losses)/gains on investments		36,599	(40,432)	(3,833)	26,937	41,031	67,968
EXPENDITURE							
Investment management fee		(3,953)	-	(3,953)	(2,756)	-	(2,756)
Direct property expenses		(2,501)	-	(2,501)	(1,851)	-	(1,851)
Property service charge expenditure		(6,237)	-	(6,237)	(3,435)	-	(3,435)
SPV property management fees		(255)	-	(255)	(371)	-	(371)
Other expenses	3	(2,797)	-	(2,797)	(1,735)	-	(1,735)
Total expenditure		(15,743)	-	(15,743)	(10,148)	-	(10,148)
Net operating return before finance costs		20,856	(40,432)	(19,576)	16,789	41,031	57,820
FINANCE COSTS							
Finance costs	4	(5,676)	-	(5,676)	(3,449)	-	(3,449)
Effect of fair value adjustments on derivative financial instruments		-	3,600	3,600	-	-	-
Effect of foreign exchange differences		(115)	461	346	264	753	1,017
Net return before taxation		15,065	(36,371)	(21,306)	13,604	41,784	55,388
Taxation	5	(1,029)	3,893	2,864	(651)	(10,294)	(10,945)
Net return for the year		14,036	(32,478)	(18,442)	12,953	31,490	44,443
Total comprehensive return for the year		14,036	(32,478)	(18,442)	12,953	31,490	44,443
Basic and diluted earnings per share	7	3.43¢	(7.94¢)	(4.51¢)	4.50¢	10.93¢	15.43¢

The accompanying notes are an integral part of the financial statements.

The total column of the Consolidated Statement of Comprehensive Income is the profit and loss account of the Group.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

Financial Statements

Consolidated Balance Sheet

For the year ended 31 December 2022

		As at 31 December 2022	As at 31 December 2021
	Notes	Total €'000	Total €'000
NON-CURRENT ASSETS			
Investment properties	9	776,616	683,878
Deferred tax asset	5	3,754	2,978
Total non-current assets		780,370	686,856
CURRENT ASSETS			
Trade and other receivables	10	12,570	11,175
Cash and cash equivalents	11	20,262	23,280
Other assets		687	6,966
Derivative financial instruments	15	3,894	109
Total current assets		37,413	41,530
Total assets		817,783	728,386
CURRENT LIABILITIES			
Bank loans	14	-	15,500
Lease liability	12	550	550
Trade and other payables	13	15,006	14,466
Derivative financial instruments	15	185	-
Total current liabilities		15,741	30,516
NON-CURRENT LIABILITIES			
Bank loans	14	265,532	160,447
Lease liability	12	22,087	22,355
Deferred tax liability	5	24,446	27,563
Total non-current liabilities		312,065	210,365
Total liabilities		327,806	240,881
Net assets		489,977	487,505
SHARE CAPITAL AND RESERVES			
Share capital	16	4,717	4,309
Share premium	17	269,546	225,792
Special distributable reserve	18	164,851	178,207
Capital reserve	19	30,780	63,258
Revenue reserve		20,083	15,939
Equity shareholders' funds		489,977	487,505
Net asset value per share	8	€ 1.19	€ 1.29

The Financial Statements on pages 95 to 137 were approved and authorised for issue by the Board of Directors on 20 April 2023 and signed on its behalf by:

Caroline Gulliver

Independent Non-Executive Director

Company number: 11032222.

The accompanying notes are an integral part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Share capital €'000	Share premium €'000	Special distributable reserve €'000	Capital reserve €'000	Revenue reserve €'000	Total €'000
Balance at 31 December 2021		4,309	225,792	178,207	63,258	15,939	487,505
Share Issue	16/17	408	44,513	-	-	-	44,921
Share Issue costs	17	-	(759)	-	-	-	(759)
Total Comprehensive return for the year		-	-	-	(32,478)	14,036	(18,442)
Dividends paid	6	-	-	(13,356)	-	(9,892)	(23,248)
Balance at 31 December 2022		4,717	269,546	164,851	30,780	20,083	489,977

For the year ended 31 December 2021

	Notes	Share capital €'000	Share premium €'000	Special distributable reserve €'000	Capital reserve €'000	Revenue reserve €'000	Total €'000
Balance at 31 December 2020		2,756	61,691	185,661	31,768	11,720	293,596
Share Issue	16/17	1,553	166,924	-	-	-	168,477
Share Issue costs	17	-	(2,823)	-	-	-	(2,823)
Total Comprehensive return for the year		-	-	-	31,490	12,953	44,443
Dividends paid	6	-	-	(7,454)	-	(8,734)	(16,188)
Balance at 31 December 2021		4,309	225,792	178,207	63,258	15,939	487,505

The accompanying notes are an integral part of the financial statements.

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net return for the year before taxation		(21,306)	55,388
Adjustments for:			
(Losses)/Gains on investment properties		40,432	(41,031)
Land Leasehold Liability decreases		267	265
Decrease/(Increase) in operating trade and other receivables		4,964	(9,089)
(Decrease)/Increase in operating trade and other payables		(1,554)	2,939
Change in fair value of derivative financial instruments		(3,600)	-
Finance costs	4	5,676	3,449
Tax paid		(1,070)	(472)
Cash generated by operations		23,809	11,449
Net cash inflow from operating activities		23,809	11,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment properties		(133,523)	(193,475)
Derivative financial instruments		-	(83)
Net cash outflow from investing activities		(133,523)	(193,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	6	(23,248)	(16,188)
Bank loans interest paid		(3,050)	(1,311)
Bank loans drawn		154,547	68,860
Bank loans repaid		(65,692)	(36,500)
Proceeds from share issue	16/17	44,898	168,477
Issue costs relating to share issue	17	(759)	(2,823)
Net cash inflow from financing activities		106,696	180,515
Net decrease in cash and cash equivalents		(3,018)	(1,594)
Opening balance		23,280	24,874
Closing cash and cash equivalents		20,262	23,280
REPRESENTED BY			
Cash at bank	11	20,262	23,280

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting Policies

The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the results of abrdn European Logistics Income plc and its subsidiaries. The principal accounting policies adopted by the Group are set out below, all of which have been applied consistently throughout the year.

(a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the United Kingdom, and the Listing Rules of the UK Listing Authority.

The Consolidated Financial Statements of the Group have been prepared under the historical cost convention as modified by the measurement of investment property and derivative financial instruments at fair value. The consolidated financial statements are presented in Euro.

In compliance with the AIC's Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (Issued November 2014 and updated in October 2019 with consequential amendments), the consolidated statement of comprehensive income is separated between capital and revenue profits and losses.

New and revised standards and interpretations issued in the current year

The accounting policies adopted have been consistently applied throughout the year presented, unless otherwise stated. This includes the below noted Standards, Interpretations and annual improvements to IFRS that became effective during the year, which the group has incorporated in the preparation of the financial statements:

- Amendments to IAS 37 relating to Onerous Contracts effective 1 January 2022.
- Amendments to References to the Conceptual Framework in IFRS 3 (effective 1 January 2022).
The amendment refers to the Conceptual Framework issued in 2018 under which the definition of liabilities is broader than that in the previous versions.
- Amendments to IAS 16: Property, Plant and Equipment ('PPE')—Proceeds before Intended Use (effective date 1 January 2022). The amendments prohibit a Company from deducting from the cost of an item of PPE any proceeds from selling items produced while making that item of PPE available for its intended use.

Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022):

IFRS 1 – Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 – Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 – Leases – Lease incentives. The amendment to the Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Group has made no adjustments to its financial statements following the above listed amendments and hence these are not discussed further.

Standard and Interpretations issued by IASB but not adopted by the United Kingdom and not yet effective:

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023).

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023).

Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

IFRS 17 Insurance Contracts – Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts (effective date 1 January 2023).

The Group has not adopted any of these early and none are expected to have a material impact on the financial statements of the group.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements and contingent liabilities. However, uncertainty about these judgements, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Key estimation uncertainties

Fair value of investment properties: Investment property is stated at fair value as at the balance sheet date as set out in note 9 to these financial statements.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets, estimated inflation, market rents, discount, capitalisation rates, estimated rental value and net initial and net equivalent property yields. The estimate of future cash flows includes consideration of the repair and condition of the property, lease terms, future lease events, as well as other relevant factors for the particular asset.

These estimates are based on local market conditions existing at the balance sheet date.

(c) Basis of Consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 31 December 2022, and are prepared on a going concern basis. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g. maintenance, cleaning, security, bookkeeping, hotel services, and the like).

The significance of any process is judged with reference to the guidance in IAS 40 on ancillary services. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

See note 28 for further details on going concern.

(d) Functional and Presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which in the judgement of the Directors is Euro. The financial statements are also presented in Euro. All figures in the consolidated financial statements are rounded to the nearest thousand unless otherwise stated.

(e) Foreign Currency

Transactions denominated in foreign currencies are converted at the exchange rate ruling at the date of the transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies held at the financial year end are translated using the foreign exchange rate ruling at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Consolidated Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Consolidated Statement of Comprehensive Income within gains on investments.

(f) Revenue Recognition

Rental income, including the effect of lease incentives, arising from operating leases (including those containing fixed rent increases) is recognised on a straight line basis over the lease term.

Service charge income represents the charge to tenants for services the Group is obliged to provide under lease agreements. This income is recorded gross within Income on the basis the Group is acting as principal, with any corresponding cost shown within expenses.

Interest income is accounted for on an effective interest rate basis.

(g) Expenses

All expenses, including the management fee, are accounted for on an accruals basis and are recorded through the revenue column of the Consolidated Statement of Comprehensive Income. Gains or losses on investment properties are recorded in the capital column.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is defined as the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Where corporation tax arises in subsidiaries, these amounts are charged to the Consolidated Statement of Comprehensive Income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the balance sheet in the countries where the Group operates.

The Manager periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying values of the Group's investment properties are assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the Consolidated Balance Sheet regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale, and accounted for through the capital reserve.

(i) Investment Properties

Investment properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the investment property. Any subsequent capital expenditure incurred in improving investment properties is capitalised in the year during which the expenditure is incurred.

After initial recognition, investment properties are measured at fair value, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income and transferred to the Capital Reserve. Fair value is based on the external valuation provided by Savills (2021: Savills and CBRE), chartered surveyors, at the balance sheet date undertaken in accordance with the RICS Valuation – Global Standards 2022, (Red Book), published by the Royal Institution of Chartered Surveyors. The assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and/or minimum lease payments.

On derecognition, gains and losses on disposals of investment properties are recognised in the Consolidated Statement of Comprehensive Income.

(j) Distributions

Interim distributions payable to the holders of equity shares are recognised in the Statement of Changes in Equity in the year in which they are paid. An annual shareholder resolution is voted upon to approve the Group's distribution policy.

(k) Lease Contracts

Operating Lease Contracts – the Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Operating and Finance Lease Contracts – the Group as intermediate lessor

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. The Group assesses all leases where it acts as an intermediate lessor, based on an evaluation of the terms and conditions of the arrangements.

Any head leases identified as finance leases are capitalised at the lease commencement present value of the minimum lease payments discounted at an applicable discount rate as a right-of-use asset and leasehold liability.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Statement of Comprehensive Income over the lease period.

(l) Share Issue Expenses

Incremental external costs directly attributable to the issue of shares that would otherwise have been avoided are written off to share premium.

(m) Segmental Reporting

The Group is engaged in property investment in Europe. Operating results are analysed on a geographic basis by country. In accordance with IFRS 8 'Operating Segments', financial information on business segments is presented in note 20 of the Consolidated financial statements.

(n) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

(o) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Comprehensive Income.

Financial assets

Financial assets are measured at amortised cost, financial assets 'at fair value through profit or loss' (FVTPL), or financial assets 'at fair value through other comprehensive income' (FVOCI). The classification is based on the business model in which the financial asset is managed and its contractual cash flow characteristics. All purchases and sales of financial assets are recognised on the trade date basis.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables (including trade and other receivables, and others) are subsequently measured at amortised cost using the effective interest method, less any impairment. The Group holds the trade receivables with the objective to collect the contractual cash flows.

Impairment of financial assets

The Group's financial assets are subject to the expected credit loss model. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of tenants over a period of twelve months before the measurement date, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable.

Such forward-looking information would include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties. The Group's financial assets are subject to the expected credit loss model. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of tenants over a period of twelve months before the measurement date, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable.

Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics);
- external market indicators; and
- tenant base.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(p) Derivative financial instruments

The Company used forward foreign exchange contracts to mitigate potential volatility of income returns and to provide greater certainty as to the level of Sterling distributions expected to be paid in respect of the year covered by the relevant currency hedging instrument. It does not seek to provide a long-term hedge for the Company's income returns, which will continue to be affected by movements in the Euro/Sterling exchange rate over the longer term.

The Company used interest rate SWAPs and interest rate caps to mitigate potential volatility in interest rates and income returns. Derivatives are measured at fair value calculated by reference to forward exchange rates for contracts with similar maturity profiles. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income.

(q) Reserves

Share Capital

This represents the proceeds from issuing Ordinary shares and is non-distributable.

Share Premium

Share premium represents the excess consideration received over the par value of Ordinary shares issued and is classified as equity and is non-distributable. Incremental costs directly attributable to the issue of Ordinary shares are recognised as a deduction from share premium.

Special Distributable Reserve

The special reserve is a distributable reserve to be used for all purposes permitted by applicable legislation and practice, including the buyback of shares and the payment of dividends.

Capital Reserve

The capital reserve is a distributable reserve subject to applicable legislation and practice, and the following are accounted for in this reserve:

- gains and losses on the disposal of investment properties;
- increases and decreases in the fair value of investment properties held at the year end, which are not distributable.

Revenue Reserve

The revenue reserve is a distributable reserve and reflects any surplus arising from the net return on ordinary activities after taxation.

2. Rental Income

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Rental income	29,686	23,283
Total rental income	29,686	23,283

Included within rental income is amortisation of rent free periods granted.

3. Expenditure

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Professional fees	1,880	656
Directors' fees	186	182
Audit fee for statutory services ¹	317	275
Other expenses	219	382
Broker fees	54	69
Depositary fees	44	44
Stock exchange fees	20	66
Directors liability insurance expense	10	3
Registrar fees	52	43
Employer's NI	15	15
Total expenses	2,797	1,735

¹ The Audit fee above reflects 2022 audit fee of €252,000 (2021: €218,400) and Subsidiary audit fees of €12,000 (2021: €12,790). The non-audit services fees incurred in 2022 were £20,000 (2021: £45,000) and are included in the share issue costs in note 17.

4. Finance Costs

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Interest on bank loans	4,262	2,587
Bank interest	684	606
Amortisation of loan costs	730	256
Total finance costs	5,676	3,449

5. Taxation

The Company is resident in the United Kingdom for tax purposes. The Company is approved by HMRC as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010. In respect of each accounting year for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains. The Company is, however, liable to UK Corporation tax on its income. The Company is able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting year referred to as the "streaming" regime. Under regulations made pursuant to the Finance Act 2009, the Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting year. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting year. The Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the "exempt classes" in Part 9A of the CTA 2010. In March 2021 the UK Government confirmed an increase in the Corporation Tax Rate from 19% to 25% from 1 April 2023. This will not affect the Company's ability to take advantage of the streaming regime as it currently does.

(a) Tax charge in the Group Statement of Comprehensive Income

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Current taxation:						
Overseas taxation	1,029	-	1,029	651	-	651
Deferred taxation:						
Overseas taxation	-	(3,893)	(3,893)	-	10,294	10,294
Total taxation	1,029	(3,893)	(2,864)	651	10,294	10,945

Reconciliation between the tax charge and the product of accounting profit/(loss) multiplied by the applicable tax rate for the year ended 31 December 2022.

	Year ended 31 December 2022			Year ended 31 December 2021		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Net result before taxation	15,065	(36,371)	(21,306)	13,604	41,784	55,388
Theoretical tax at UK corporation tax rate of 19% (2021: 20%)	2,862	(6,910)	(4,048)	2,585	7,939	10,524
Effect of:						
Losses where no deferred taxes have been recognised	-	3,171	3,171	229	-	229
Impact of different tax rates on foreign jurisdictions	(1,090)	-	(1,090)	1,262	2,355	3,617
Other	151	(154)	(3)	(2,602)	-	(2,602)
Impact of UK interest distributions from the Investment Trust	(894)	-	(894)	(823)	-	(823)
Total taxation on return	1,029	(3,893)	(2,864)	651	10,294	10,945

(b) Tax in the Group Balance Sheet

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Deferred tax assets:		
On tax losses	3,384	2,828
On other temporary differences	370	150
Total taxation	3,754	2,978
	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Deferred tax liabilities:		
Differences between tax base and derivative valuation	973	-
Differences between tax base and property valuation	23,473	27,563
Total taxation	24,446	27,563

Tax losses for which deferred tax asset was recognised expire as follows:

	2022			2021		
	Tax losses carried forward	Deferred tax asset	Expiry date	Tax losses carried forward	Deferred tax asset	Expiry date
Expire	2,564	432	2023-2027	4,430	714	2023-2027
Never expire	12,130	2,952	-	8,490	2,114	-
Total	14,694	3,384		12,920	2,828	

In March 2021 the UK Government announced the UK Corporation tax rate is to remain at 19% until April 2023, at which point it will be increased to 25%. This is not expected to have a material impact on the Group.

No deferred tax asset has been recognised (2021: nil) on estimated UK tax losses.

The Group has subsidiaries in France, Germany, Netherlands, Poland and Spain. There are no changes to tax rates in each country expected to have a material impact on the Group.

6. Dividends

	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
2021 Fourth interim dividend of 1.41c /1.21p per Share paid 25 March 2022 (2020 Fourth Interim: 1.41c /1.24p)	5,812	3,447
2022 First interim dividend of 1.41c/1.19p per Share paid 24 June 2022 (2021 First Interim: 1.41c /1.21p)	5,812	3,708
2022 Second interim dividend of 1.41c/1.20p per Share paid 23 September 2022 (2021 Second interim: 1.41c/1.21p)	5,812	3,708
2022 Third interim dividend of 1.41c/1.20p per Share paid 30 December 2022 (2021 Third interim: 1.41c/1.21p)	5,812	5,325
Total Dividends Paid	23,248	16,188

A fourth interim dividend of 1.41c/1.20p per share was paid on 24 March 2023 to Shareholders on the register on 3 March 2023. Although this payment relates to the year ended 31 December 2022, under IFRS it will be accounted for in the year in which it has been paid.

7. Earnings per Share (Basic and Diluted)

	Year ended 31 December 2022	Year ended 31 December 2021
Revenue net return attributable to Ordinary shareholders (€'000)	14,036	12,953
Weighted average number of shares in issue during the year	408,956,423	288,114,820
Total revenue return per ordinary share	3.43¢	4.50¢
Capital return attributable to Ordinary shareholders (€'000)	(32,478)	31,490
Weighted average number of shares in issue during the year	408,956,423	288,114,820
Total capital return per ordinary share	(7.94¢)	10.93¢
Earnings per ordinary share	(4.51¢)	15.43¢

Earnings per Share is calculated on the revenue and capital return for the year (before other comprehensive income) and is calculated using the weighted average number of Shares in the year of 408,956,423 Shares (2021: 288,114,820 Shares).

8. Net Asset Value Per Share

	2022	2021
Net assets attributable to shareholders (€'000)	489,977	487,505
Number of shares in issue at 31 December	412,174,356	377,628,901
Net asset value per share (€)	1.19	1.29

9. Investment Properties

	2022 €'000	2021 €'000
Opening carrying value	683,878	448,418
Purchase at cost	128,278	191,877
Acquisition costs and capital expenditure	4,892	2,552
Valuation (losses)/gains	(40,304)	40,683
Decrease in leasehold liability	180	265
Movements in lease incentives	(308)	83
Total carrying value at 31 December	776,616	683,878

Valuation Methodology

Valuations were performed by Savills (2021: Savills and CBRE), an accredited independent valuer with a recognised and relevant professional qualification. The valuer has sufficient current local and national knowledge of the particular property markets involved and has the skills and understanding to undertake the valuations competently.

The Investment Manager appoints a suitable valuer (such appointment is reviewed on a periodic basis) to undertake a valuation of all the direct real estate investments on a quarterly basis. The valuation is undertaken in accordance with the RICS Valuation – Global Standards ('Red Book Global Standards') effective from 31 January 2022, published by the Royal Institution of Chartered Surveyors.

The Investment Manager meets with the valuer on a quarterly basis to ensure the valuer is aware of all relevant information for the valuation and any change in the investments over the quarter. The Investment Manager then reviews and discusses draft valuations with the valuer to ensure correct factual assumptions are made prior to the valuer issuing a final valuation report.

The fair value of completed investment property is determined using either the discounted cash flow or traditional method. Discounted Cash Flow method is based on the future annual net operating income over a hold period of 10 years. Growth and inflation are included explicitly in the cash flow forecast. The valuer calculates the present value of cashflow generated by the investment property plus the present value of the exit value at the end of the 10-year hold period. The cash flow is discounted at a rate the valuer considers appropriate for the specific investment property.

Where known, the property valuer takes account of deleterious materials included in the construction of the investment properties in arriving at its estimate of fair value when the Investment Manager advises of the presence of such materials. The majority of the leases are on a full repairing and insurance basis and as such the Group is not liable for costs in respect of repairs or maintenance to its investment properties. The traditional method requires an assessment of rental value (the market rent) and a market-based yield. The yield can be simply defined as the annual return on investment expressed as a percentage of capital value. The traditional method can reflect income streams which are under-rented and over-rented by incorporating risk within the yield choice (i.e., an all risks yield) and by structuring the calculation appropriately, for example a term and reversion for under-rented income streams and a hardcore and top-slice for over-rented income streams. This will require the valuer to reflect risk in each element of the calculation, e.g., increasing the yield above the market in the top-slice to reflect the added risk of an above market rent being paid for a specified period, or reducing the yield in the term to reflect that a below market rent is being paid until the reversion is due. These 'traditional' approaches are typically referred to as being growth implicit, meaning that rental growth is built into the choice of yield and not explicitly modelled within the calculation.

As at 31 December 2022 the German, French, Polish and Spanish assets were valued using the discounted cash flow method, and Netherlands properties using the traditional method. The fair value of investment properties amounted to €758,719,000. The difference between the fair value and the value per the Consolidated Balance Sheet at 31 December 2022 consists of adjustments for lease incentive assets and the Den Hoorn lease liability separately recognised in the balance sheet of £4,740,000 and £22,637,000 respectively. Further details of the Den Hoorn lease are disclosed in note 12.

The following disclosure is provided in relation to the adoption of IFRS 13 Fair Value Measurement. All properties are deemed Level 3 for the purposes of fair value measurement and the current use of each property is considered the highest and best use.

Country and sector	Fair Value €'000	Valuation techniques	Key Unobservable inputs	Range (weighted average)
Netherlands – Logistics	227,800	Traditional Method	ERV	€561,744 – €2,942,598 (€2,014,129)
			Equivalent yield	3.70% – 4.71% (4.15%)
Germany – Logistics	68,170	Discounted Cash Flow	Capitalisation rate	4.10% – 4.25% (4.16%)
			Discount rate	4.95% – 5.20% (5.05%)
			ERV	€1,282,212 – €1,874,346 (€1,644,685)
France – Logistics	107,390	Discounted Cash Flow	Capitalisation rate	3.50% – 4.30% (4.08%)
			Discount rate	4.65% – 7.30% (5.90%)
			ERV	€430,900 – €2,016,869 (€1,380,297)
Poland – Logistics	93,600	Discounted Cash Flow	Capitalisation rate	5.30% – 5.70% (5.48%)
			Discount rate	6.80% – 7.35% (7.03%)
			ERV	€1,620,954 – €1,852,180 (€1,709,416)
Spain – Logistics	261,759	Discounted Cash Flow	Capitalisation rate	3.75% – 6.00% (4.11%)
			Discount rate	4.75% – 8.50% (5.53%)
			ERV	€464,624 – €2,568,852 (€1,503,010)

Sensitivity Analysis

The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment property.

All non-current assets other than financial instruments, deferred tax assets and trade receivables are non-UK based.

Country and sector	Assumption	Movement	Effect on Valuation €'000
Netherlands – Logistics	Equivalent Yield & ERV	+100 basis points Equivalent Yield / -10% ERV	(59,734)
		-100 basis points Equivalent Yield / +10% ERV	90,862
Germany – Logistics	Capitalisation and Discount	+100 basis points	(101,810)
France – Logistics		-100 basis points	163,035
Poland – Logistics	ERV	-10% ERV	(17,454)
Spain – Logistics		+10% ERV	15,248

10. Trade and Other Receivables

	2022 €'000	2021 €'000
Trade receivables	8,070	5,981
Bad debts provision	(634)	(432)
VAT receivable	270	591
Lease incentives	4,740	5,035
Tax receivables	39	-
Other receivables	85	-
Total receivables	12,570	11,175

The ageing of Trade receivables is as follows:

	2022 €'000	2021 €'000
Less than 6 months	7,584	3,704
Between 6 & 12 months	486	2,277
	8,070	5,981

11. Cash and Cash Equivalents

	2022 €'000	2021 €'000
Cash at bank	20,262	23,280
Total cash and cash equivalents	20,262	23,280

12. Leasehold Liability

	2022 €'000	2021 €'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	550	550
One to two years	550	550
Two to three years	550	550
Three to four years	550	550
Four to five years	550	550
More than five years	25,065	25,616
Total undiscounted lease liabilities	27,815	28,366
Lease liability included in the Consolidated Balance Sheet		
Current	550	550
Non – current	22,087	22,355
Total lease liability included in the Consolidated Balance Sheet	22,637	22,905

On 15 January 2020 the Group acquired a new logistics warehouse in Den Hoorn. The property is located on land owned by the local municipality and leased to the Group on a perpetual basis. The Group reserves the option to acquire the freehold ownership on 1 July 2044 for the total sum of €15,983,000. The annual ground lease payments amount to €531,000 per annum, the present value of these future payments (assuming the option to acquire the freehold is exercised) being €22,637,000 as at 31 December 2022.

13. Trade and Other Payables

	2022 €'000	2021 €'000
Rental income received in advance	4,035	1,964
Accrued acquisition and development costs	72	41
Management fee payable	1,937	931
VAT payable	1,221	643
Accruals	1,534	2,850
Trade payable	2,354	5,164
Tenant deposits	3,853	2,873
Total payables	15,006	14,466

14. Bank Loans

	2022 €'000	2021 €'000
Bank borrowings drawn	270,270	177,100
Loan issue costs paid	(6,055)	(1,740)
Accumulated amortisation of loan issue costs	1,317	587
Total Bank Loans	265,532	175,947

	2022 €'000	2021 €'000
Maturity less than 1 year	-	15,500
Maturity beyond 1 year	265,532	160,447
Total payables	265,532	175,947

The above loans are secured on the following properties on a non-recourse basis.

Property	Country	Loan (€'000)	Start date	End date	Lender	Fixed Interest Rate (Including Margin)
Erlensee	Germany	17,800	20/02/2019	31/01/2029	DZ HYP	1.62%
Flörsheim	Germany	12,400	18/02/2019	30/01/2026	DZ HYP	1.54%
Avignon + Meung Sur Loire	France	33,000	12/02/2019	12/02/2026	Baryern LB	1.57%
Ede/Waddinxveen + Oss	Netherlands	44,200	06/06/2019	06/06/2025	Berlin Hyp	1.37%
's Heerenberg	Netherlands	11,000	27/06/2019	27/06/2025	Berlin Hyp	1.13%
Zeewolde + Den Hoorn	Netherlands	43,200	15/01/2020	14/01/2028	Berlin Hyp	1.40%
Coslada + Leon + Girona	Spain	25,345	26/09/2022	26/09/2025	ING Bank	3.01%
Gavilanes Phase I + II + III	Spain	44,000	07/07/2022	07/07/2025	ING Bank	2.61%
Gavilanes Phase IV	Spain	39,325	26/09/2022	26/09/2025	ING Bank	3.01%
		270,270				

Reconciliation of movements of liabilities to cash flows arising from financing activities.

	Bank borrowings €'000	Bank interest €'000	Financial Derivatives €'000	Total €'000
Balance at 1 January 2022	175,947	326	109	176,382
Cashflows from financing activities:				
Bank loans interest paid	-	(3,050)	-	(3,050)
Bank loans drawn	154,547	-	-	154,547
Bank loans repaid	(65,692)	-	-	(65,692)
Non- cash movement:			-	
Amortisation of capitalised borrowing costs	730	-	-	730
Changes in fair value	-	-	3,600	3,600
Change in creditors for loan interest payable	-	2,724	-	2,724
Balance at 31 December 2022	265,532	-	3,709	269,241

	Bank borrowings €'000	Bank interest €'000	Financial Derivatives €'000	Total €'000
Balance at 1 January 2021	143,331	1	26	143,358
Cashflows from financing activities:				
Bank loans interest paid	-	(1,311)	-	(1,311)
Bank loans drawn	68,860	-	-	68,860
Bank loans repaid	(36,500)	-	-	(36,500)
Non- cash movement:			-	
Amortisation of capitalised borrowing costs	256	-	-	256
Changes in fair value	-	-	83	83
Change in creditors for loan interest payable	-	1,636	-	1,636
Balance at 31 December 2021	175,947	326	109	176,382

15. Derivative Financial Instruments

	2022 €'000	2021 €'000
Forward foreign exchange contracts	(185)	109
Interest rate swap and caps	3,894	-
	3,709	109

The Company employed currency hedging to provide greater certainty as to the level of Sterling distributions paid in respect of the year. A forward FX contract was entered into fixing the EUR: GBP exchange rate at €1.17:£1 for the three interim distributions paid in the year, and the fourth interim distribution paid after the year end. The forward FX in place at year end relates solely to the fourth interim distribution payable.

AELI Madrid Logistics 1 has an agreement with ING Bank N.V for a loan facility of €44 million at an interest rate payable of EURIBOR plus 1.15%. In order to mitigate the interest rate risk, it entered a fixed floating interest rate swap for the notional amount of €40 million against an all-in fixed rate of 2.57% over the three year loan term. The remaining €4m drawn on the loan facility is capped at 3.0%.

AELI Madrid Logistics 2 has an agreement with ING Bank N.V for a loan facility of €64.67 million at an interest rate payable of EURIBOR plus 1.15%. In order to mitigate the interest rate risk, it entered a fixed floating interest rate swap for the notional amount of €60 million against an all-in fixed rate of 3.01% over the three year loan term. The remaining €4.67m drawn on the loan facility is capped at 3.0%.

16. Share Capital

	2022 €'000	2021 €'000
Opening balance	4,309	2,756
Ordinary shares issued	408	1,553
Balance as at 31 December	4,717	4,309

Ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

Each Ordinary share has equal rights to dividends and equal rights to participate in a distribution arising from a winding up of the Company. The Ordinary shares are not redeemable.

The Group commenced the year with 377,628 901 Ordinary shares in issue. On 2 February 2022, the Group increased its share capital by the issue of 34,545,455 new Ordinary Shares at 110p (€1.30) per share.

The number of Ordinary shares in issue at 31 December 2022 was 412,174,356.

The nominal value of each share is £0.01.

17. Share Premium

	2022 €'000	2021 €'000
Opening balance	225,792	61,691
Premium arising on issue of new shares	44,513	166,924
Share issue costs deducted	(759)	(2,823)
Balance as at 31 December	269,546	225,792

The share premium arising in the year was converted to EUR using the issue date exchange rate on 2 March 2022 of 1.18213091.

18.Special Distributable Reserve

	2022 €'000	2021 €'000
Opening balance	178,207	185,661
Dividends paid	(13,356)	(7,454)
Balance as at 31 December	164,851	178,207

At a General Meeting held on 8 November 2017, a special resolution was passed authorising, conditional on the issue of Ordinary shares by the Company, the amount standing to the credit of the share premium account of the Company following issue to be cancelled. In order to cancel the share premium account the Company was required to obtain a Court Order, which was received on 13 March 2018. A Statement of Capital form was lodged at Companies House with a copy of the Court Order on 16 March 2018. With effect from that date the amount of the share premium account cancelled was credited as a special distributable reserve in the Company's books of account. Further details of the dividends paid from the special distributable reserve are provided in note 8 of the parent company accounts on page 136.

19.Capital Reserves

	Realised capital reserve €'000	Unrealised gains €'000	Total capital reserve €'000
Opening balance	(2)	63,260	63,258
Deferred taxation	-	3,893	3,893
Fair value losses of investments	-	(40,432)	(40,432)
Movement in fair value gains on derivative financial instruments	-	3,600	3,600
Currency gains during the year	-	461	461
Balance as at 31 December 2022	(2)	30,782	30,780

	Realised capital reserve €'000	Unrealised gains €'000	Total capital reserve €'000
Opening balance	(2)	31,770	31,768
Deferred taxation	-	(10,294)	(10,294)
Fair value gains of investments	-	41,031	41,031
Currency gains during the year	-	753	753
Balance as at 31 December 2021	(2)	63,260	63,258

20. Operating Segments

The Group's reportable segments are the geographical areas in which it operates. These operating segments reflect the components of the Group that are regularly reviewed to allocate resources and assess performance. All non-current assets are non-UK based.

	Netherlands €'000	Poland €'000	Germany €'000	Spain €'000	France €'000	Parent Company €'000	Total €'000
2022							
Total assets	258,324	97,947	69,431	275,129	115,160	1,792	817,783
Total liabilities	134,913	6,564	33,663	111,143	39,083	2,440	327,806
Total Comprehensive return for the year (Revenue)	677	1,501	353	1,745	1,126	8,634	14,036
Total Comprehensive return for the year (Capital)	(19,933)	3,202	(1,634)	(11,337)	(2,941)	165	(32,478)
Included in Total Comprehensive Income							
Net (loss)/gain from the fair value adjustment on investment property	(24,762)	3,901	(1,742)	(14,635)	(3,194)	-	(40,432)
Rental income	10,398	4,605	2,950	8,395	3,338	-	29,686
2021							
Total assets	264,155	94,100	71,571	215,789	80,725	2,046	728,386
Total liabilities	139,464	6,608	34,134	6,663	37,206	16,806	240,881
Total Comprehensive return for the year (Revenue)	2,646	(969)	(578)	(14)	2,110	9,758	12,953
Total Comprehensive return for the year (Capital)	21,436	6,607	3,655	2,814	(3,022)	-	31,490
Included in Total Comprehensive Income							
Net gain/(loss) from the fair value adjustment on investment property	29,636	7,708	4,580	2,319	(3,212)	-	41,031
Rental income	10,368	3,634	2,846	2,306	4,129	-	23,283

21. Financial instruments and investment properties

Fair value hierarchy

IFRS 13 requires the Group to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

Level 1 – quoted prices in active markets for identical investments;

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.); and

Level 3 – significant unobservable inputs.

The following tables show an analysis of the fair values of investment properties and derivative financial instruments recognised in the balance sheet by level of the fair value hierarchy:

31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Investment properties	-	-	776,616	776,616

31 December 2021	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Investment properties	-	-	683,878	683,878

The lowest level of input is the underlying yields on each property which is an input not based on observable market data.

31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Derivative Financial Liability	-	(185)	-	(185)
Derivative Financial Asset	-	3,894	-	3,894

31 December 2021	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Derivative Financial Asset	-	109	-	109

The lowest level of input is EUR:GBP exchange rate for forward foreign currency contracts. The lowest level of inputs for Interest rate SWAPs and Caps are current market interest rates and yield curve over the remaining term of the instrument.

Bank Loans are measured at amortised cost. The fair value is estimated using discounted cash flows with the current interest rates and yield curve applicable to each loan. As at 31 December 2022 the estimated fair value of the Groups Bank loans is €257,449,000 (2021: €156,058,000). The amortised cost is €265,532,000 (2021: €160,447,000).

22.Risk Management

The Group's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Group also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, for the purpose of managing currency and market risks arising from the Group's activities. The Group also has the ability to enter into derivative transactions to hedge against fluctuations in the cost of borrowing as a result of changes in interest rates.

The main risks the Group faces from its financial instruments are (a) market price risk (comprising of (i) interest rate risk, (ii) foreign currency risk and (iii) other price risk), (b) liquidity risk and (c) credit risk.

(a) Market price risk

The fair value or future cash flows of a financial instrument held by the Group may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, foreign currency risk and other price risk.

(i) Market risk arising from interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the year end were as follows:

	Interest rate %	Local currency '000	Foreign exchange rate	Euro equivalent €'000
As at 31 December 2022				
Assets:				
Euro	2.00	19,371	1.00	19,371
Pound Sterling	3.50	188	0.89	212
Polish Zloty	6.25	3,152	4.69	679
Total				20,262
As at 31 December 2021				
Assets:				
Euro	(0.50)	21,994	1.00	21,994
Pound Sterling	0.25	149	0.84	177
Polish Zloty	1.25	5,080	4.60	1,109
Total				23,280

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

An increase of 100bps in interest rates as at the reporting date would have increased the reported profit and equity shareholders' funds by €202,560 (2021: €23,280). Other Comprehensive Income and Capital Reserves would have been €2,480,934 (2021: N/A) higher as a result of an increase in the fair value of the derivative designated as interest rate swaps and €156,769 (2021: N/A) higher as a result of an increase in the fair value of the derivative designated as interest rate caps on floating rate borrowings.

A decrease of 100bps in interest rates would have reduced the reported profit and equity shareholders' funds by €202,560 (2021: €23,280). Other Comprehensive Income and the Capital Reserve would have been €2,528,315 (2021: N/A) lower as a result of a decrease in the fair value of the derivative designated as interest rate swaps and €91,392 (2021: N/A) lower as a result of a decrease in the fair value of the derivative designated as interest rate caps on floating rate borrowings.

Other financial assets (eg debtors) are not subject to interest rate risk.

(ii) Market risk arising from foreign currency risk

The income and capital value of the Groups investments and liabilities can be affected by exchange rate movements as some of the Group's assets and income are denominated in currencies other than Euro which is the Group's reporting currency.

The revenue account is subject to currency fluctuation arising from overseas income.

Foreign currency risk profile

Foreign currency risk exposure by currency of denomination:

	Net monetary exposure €'000	Total currency exposure €'000
As at 31 December 2022		
Pound Sterling	381	381
Złoty	679	679
Total foreign currency	1,060	1,060
Euro	(287,699)	(287,699)
Total	(286,639)	(286,639)
As at 31 December 2021		
Pound Sterling	332	332
Złoty	1,109	1,109
Total foreign currency	1,441	1,441
Euro	(197,814)	(197,814)
Total	(196,373)	(196,373)

The asset allocation between specific markets can vary from time to time based on the Investment Manager's opinion of the attractiveness of the individual markets.

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% increase and decrease in Sterling and Polish Zloty against the Euro and the resultant impact that any such increase or decrease would have on net return before tax and equity shareholders' funds. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

	As at 31 December 2022 €'000	As at 31 December 2021 €'000
Zloty	68	111
Pound Sterling	38	33

(iii) Market risk arising from other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments. The carrying amount for financial assets approximates to the fair value of trade and other receivables (note 10) and trade and other payables (note 13).

Other price risk sensitivity

If the investment property valuation fell by 10% at 31 December 2022, the decrease in total assets and return before tax would be €76m (2021: €66m). If the investment property valuation rose by 10% at 31 December 2022, the increase in total assets and return before tax would be €76m (2021: €66m). Exposures vary throughout the year as a consequence of changes in the net assets of the Group arising out of the investment property and risk management processes.

(b) Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. All creditors are payable within three months.

The Group's liquidity risk is managed by the Investment Manager placing cash in liquid deposits and accounts. Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments and also includes:

The level of dividends and other distributions to be paid by the Group may fluctuate and there is no guarantee that any such distributions will be paid.

The Group's target returns are targets only and are based on estimates and assumptions about a variety of factors all of which are beyond the Group's control and which may adversely affect the Group's ability to make its target returns. The Group may not be able to implement its investment policy and strategy in a manner that generates dividends in line with the target returns or the Group's investment objective. Liquidity risk is not considered to be significant.

(c) Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Group suffering a loss.

The risk is not considered significant by the Board, and is managed as follows:

The Group has acquired a portfolio of European logistics properties and has a number of leases with tenants. In the event of default by a tenant, the Group will suffer a rental shortfall and incur additional costs until the property is re-let, including legal expenses, in maintaining, insuring and re-letting the property. The Board receives regular reports on concentrations of risk and any tenants in arrears. The Investment Manager monitors such reports in order to anticipate and minimise the impact of defaults by tenants. Cash is held only with reputable financial institutions with high quality external credit ratings.

None of the Group's financial assets is secured by collateral.

The maximum credit risk exposure as at 31 December 2022 was €27.7m (2021: €28.8m). This was due to trade receivables and cash as per notes 10 and 11.

All cash is placed with financial institutions with a credit rating of -A or above. Bankruptcy or insolvency may cause the Group's ability to access cash placed on deposit to be delayed or limited. Should the credit quality or the financial position of the financial institutions currently employed significantly deteriorate, the Investment Manager would move the cash holdings to another financial institution. There are no significant concentrations of liquidity risk within the Group.

(d) Taxation and Regulation risks

The Company must comply with the provisions of the Companies Act and, as the shares are admitted to the premium segment of the Official List, the Listing Rules and the Disclosure Guidance and Transparency Rules. A breach of the Companies Act could result in the Company and/or the Board being fined or being the subject of criminal proceedings. Breach of the Listing Rules could result in the shares being suspended from listing. Legal and regulatory changes could occur that may adversely affect the Company. The Company has obtained UK Investment Trust Company status. The Company must comply with the provisions of sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instruments 2011/2999 to maintain this status. Breaching these regulations could result in the Company paying UK Corporation Tax it would otherwise be exempt from, adversely affecting the Company's ability to pursue its investment objective.

Capital Management

The Group considers that capital comprises issued Ordinary shares and long-term borrowings. The Group's capital is deployed in the acquisition and management of subsidiaries in line with the Group's investment objective, specifically to provide a regular and attractive level of income return together with the potential for long-term income and capital growth from investing in high quality European logistics real estate. The following investment limits and restrictions apply to the Group and its business which, where appropriate, are measured at the time of investment and once the Group is fully invested:

- the Group will only invest in assets located in Europe;
- no more than 50 per cent. of Gross Assets will be concentrated in a single country;
- no single asset may represent more than 20 per cent. of Gross Assets;
- forward funded commitments will be wholly or predominantly pre-let and the Group's overall exposure to forward funded commitments will be limited to 20 per cent. of Gross Assets;
- the Group's maximum exposure to any single developer will be limited to 20 per cent. of Gross Assets;
- the Group will not invest in other closed-ended investment companies;
- the Group may only invest in assets with tenants which have been classified by the Investment Manager's investment process as having strong financial covenants; and
- no single tenant will represent more than 20 per cent. of the Group's annual gross income measured annually.

The Group's principal use of cash will be to fund investments in accordance with its investment policy, on-going operational expenses and to pay dividends and other distributions to shareholders, as set out in the Prospectus. The Group may from time to time have surplus cash (for example, following the disposal of an investment). Pending reinvestment of such cash, it is expected that any surplus cash will be temporarily invested in cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with financial institutions or other counterparties having a single -A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency; or "government and public securities" as defined for the purposes of the FCA rules.

The Group monitors capital primarily through regular financial reporting and also through a gearing policy. The Group intends to use gearing with the objective of improving shareholder returns. Debt will typically be secured at the asset level and potentially at the Group level with or without a charge over some or all of the Group's assets, depending on the optimal structure for the Group and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Borrowings will typically be non-recourse and secured against individual assets or groups of assets and the aggregate borrowings at asset level will always be subject to an absolute maximum, calculated at the time of drawdown for a property purchase, of 50 per cent. of Gross Assets. Where borrowings are secured against a group of assets, such group of assets shall not exceed 25 per cent. of Gross Assets in order to ensure that investment risk remains suitably spread. The Board has established gearing guidelines for the AIFM in order to maintain an appropriate level and structure of gearing within the parameters set out above. Under these guidelines, aggregate borrowings at asset level are expected to be at or around 35 per cent. of gross assets. The Board will keep the level of borrowings under review and the aggregate borrowings will always be subject to the absolute maximum set at the time of the Group's launch, calculated at the time of drawdown for a property purchase, of 50 per cent. of Gross Assets. The fair value of the Groups bank borrowings as at 31 December 2022 was €270,270,000 (2021: €164,980,000).

Contractual undiscounted maturities

All financial liabilities presented as current are payable within 3 months. The analysis of financial liabilities is below:

At 31 December 2022	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
Bank loans	4,836	4,836	214,634	61,337	285,643
Lease liability	550	550	1,650	25,065	27,815
Derivative financial instruments	185	-	-	-	185
Other liabilities	9,750	-	-	-	9,750
Total	15,321	5,386	216,284	86,402	323,393

At 31 December 2021	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
Bank loans	2,372	2,299	62,096	108,585	175,352
Lease liability	550	550	1,651	25,615	28,366
Other liabilities	11,859	-	-	-	11,859
Total	14,781	2,849	63,747	134,200	215,577

23.Related Party Transactions

The Company's Alternative Investment Fund Manager ('AIFM') throughout the year was abrdn Fund Managers Limited ("aFML"). Under the terms of a Management Agreement dated 17 November 2017 the AIFM is appointed to provide investment management services, risk management services and general administrative services including acting as the Company Secretary. The agreement is terminable by either the Company or aFML on not less than 12 months' written notice.

Under the terms of the agreement portfolio management services are delegated by aFML to abrdn Investments Ireland Limited ('aILL'). The total management fees charged to the Consolidated Statement of Comprehensive Income during the year were €3,953,000 (2021: €2,756,000), of which €1,952,000 (2021: €931,000) were payable at the year end. Under the terms of a Global Secretarial Agreement between aFML and abrdn Holdings Limited ('aHL'), company secretarial services are provided to the Company by aHL.

A Promotional and Marketing Budget fee of £175,000 (2021: £137,000) was approved for 2022/2023 at the November 2022 Board meeting which is payable to abrdn Investment Management Limited ('aIML').

The remuneration of Directors is detailed below. Further details on the Directors can be found on pages 75 to 77.

	2022 €'000	2021 €'000
Caroline Gulliver	47	45
John Heawood	41	40
Tony Roper	57	57
Diane Wilde	41	40
Balance as at 31 December	186	182

Please note the above figures are all Euro, while those in the directors remuneration report are stated in GBP.

The Directors' shareholdings are detailed below.

	31 December 2022 Ordinary shares	31 December 2021 Ordinary shares
T Roper	102,812	92,812
C Gulliver	72,500	62,500
J Heawood	60,000	50,000
D Wilde	74,375	64,375

On 4 February 2022, the Director's increased their shareholdings by: T Roper 10,000, C Gulliver 10,000, J Heawood 10,000 and D Wilde 10,000.

24. Lease Analysis

The group leases out its investment properties under operating leases.

The future income under operating leases, based on the unexpired lease length at the year end was as follows (based on total rents and excluding annual CPI adjustments).

	2022 €'000	2021 €'000
Less than one year	34,087	28,027
Between one and two years	32,708	27,372
Between two and three years	31,298	26,867
Between three and four years	28,985	25,748
Between four and five years	27,111	24,415
More than five years	154,893	100,195
Total	309,082	232,624

There is no single tenant with annual rental income greater than 10 per cent of the Group's annual rental income at 31 December 2022.

The Group has entered into commercial property leases on its investment property portfolio. These leases have remaining lease terms of between 1 and 26 years.

25. Post Balance Sheet Events

There were no post balance sheet events.

26. Capital Commitments

As at the 31 December 2022 the Group had capital commitments of €nil (2021: €73.4m).

27. Ultimate Parent Company

In the opinion of the Directors on the basis of shareholdings reviewed by them, the Company has no immediate or ultimate controlling party.

28. Going Concern

The Group and Company meets its longer term funding and working capital requirements through a combination of cash balances, rental income and a number of bank loans with different banks.

The Group ended the year with £20.3 million cash in hand, with the company's €70 million master revolving credit facility undrawn, €3.3m of which is committed and available on request to cover any short term liquidity gaps.

As detailed in Note 14, there are currently eight bank facilities, none of which are due to expire before June 2025. Under the terms of the debt agreements, each debt obligation is "ring fenced" within a sub-group of property holding companies. These non-recourse loans range in maturities between 2.5 and 6.1 years with all-in interest rates ranging between 1.10% and 3.01% per annum. All debts have a fixed rate or fixed rate nature by entering into interest rate SWAPs and caps to manage exposure to potential interest rate fluctuations.

The permitted loan-to-value ratios in the debt arrangements as at 31 December 2022 are between 45% and 65%. The "hard breach" loan-to-value ratio covenants which give the lenders to right to exercise their security are between 55% and 65%. If the lenders were to adopt the valuations carried out for the purposes of these financial statements as at 31 December 2022, the ratios would be between 32% and 52%. As at 31st December 2022, there was no breach of loan-to-value ratio covenants.

The permitted interest coverage ratios in the debt arrangements as at 31 December 2022 are between 200% and 300%. The "hard breach" interest coverage ratio covenants, which give the lenders to right to exercise their security are between 200% and 300%. The latest calculated interest coverage ratios were between 241% and 1033%. As at 31st December 2022, there was no breach of interest coverage ratios.

The Board recognises the 35% share price discount to NAV, as at 31 December 2022. The valuation of investment property is the main driver of the NAV, and was determined by Savills as independent valuer. The Board is satisfied that the valuation exercise was performed in accordance with RICS Valuation – Global Standards. As such, the Board has full confidence in the level of the NAV disclosed in the financial statements at the reporting date.

The Russian invasion of Ukraine has not materially impacted the Groups portfolio. The Group has no assets or exposure to Russia or Ukraine but the potential impact of contagion in the European and Global economy could, however, impact the Group through a reduction in rental income, reduction in investment property valuation and increased costs. The Directors note that the real estate values have declined in the latter part of 2022 and in the event that the real estate market deteriorates and valuations fall further, certain loan-to-value ratio levels would rise closer to permitted ratio levels. However, the Directors consider this will have no impact on the Group's ability to continue as a going concern because:

- The Directors consider that in all cases there is sufficient or good headroom on covenant ratios.
- The Group has a substantial cash balance, with the ability to increase those amounts further with certain mitigating actions.
- The Group has substantial unsecured properties
- aELI, the parent company, is not itself a party to any of the debt contracts (in any capacity including as borrower, guarantor or security provider). The lenders would therefore not, in any event, have any recourse to the ultimate parent under the debt contracts.

The Company has prepared cash flow forecasts which reflect these potential impacts, including severe but plausible downside scenarios taking into account specific tenant risks. The scenarios model reduced rental income through to 2023 and the worst case model equates to an overall 40% reduction of rental income per annum over that period. The impact of reductions in rental income and increased costs in these scenarios could be mitigated through a reduction in dividends to shareholders if considered necessary by the Board.

While the Company cannot predict with any certainty the full potential impact of these ongoing unpredictable political events, the financial forecasts prepared, including the downside scenarios, indicate that the Company can continue to operate as a going concern and meet its liabilities as they fall due.

While the Company is obliged under its articles to hold a continuation vote at the 2024 AGM, the Directors are unaware of any shareholder intentions to vote against such a resolution. Accordingly, the Directors have a reasonable expectation that the Company will be able to continue as a going concern and meet its liabilities as they fall due for a period of at least 12 months from the date of this report.

Parent Company Balance Sheet

As at 31 December 2022

	Notes	2022 €'000	2021 €'000
Non-current assets			
Investment in subsidiaries	2	173,862	101,406
Group loans receivable	4	238,894	321,592
		412,756	422,998
Current assets			
Cash and cash equivalents	3	1,696	906
Group loan interest receivable	4	3,150	1,226
Group loans receivable	4	15,407	921
Other receivables		819	402
Derivative financial instruments		-	109
		21,072	3,564
Total assets		433,828	426,562
Current liabilities			
Bank loans		-	15,500
Derivative financial instruments		185	-
Trade and other payables	5	2,353	1,457
		2,538	16,957
Non-current liabilities			
Bank loans	6	(92)	(144)
Total liabilities		2,446	16,813
Net assets		431,382	409,749
Represented by:			
Share capital	7	4,717	4,309
Share premium	7	269,546	225,792
Special Distributable Reserve		164,851	178,207
Revenue reserve		-	1,529
Capital reserve		(7,732)	(88)
		431,382	409,749

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone.

The profit made by the Parent Company in the year was €719,000 (2021: €9,538,000).

The financial statements on pages 127 to 137 were approved and authorised for issue by the Board of Directors on 20 April 2023 and signed on its behalf by:

Caroline Gulliver

Independent Non-Executive Director

Company number: 11032222.

The accompanying notes are an integral part of the financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Share Capital €'000	Share Premium €'000	Special Distributable Reserve €'000	Revenue Reserve €'000	Capital Reserve €'000	Total €'000
As at 31 December 2021		4,309	225,792	178,207	1,529	(88)	409,749
Issue of shares	7	408	44,513	-	-	-	44,921
Share issue costs	7	-	(759)	-	-	-	(759)
Total comprehensive income		-	-	-	8,363	(7,644)	719
Dividends paid		-	-	(13,356)	(9,892)	-	(23,248)
As at 31 December 2022		4,717	269,546	164,851	-	(7,732)	431,382

For the year ended 31 December 2021

	Notes	Share Capital €'000	Share Premium €'000	Special Distributable Reserve €'000	Revenue Reserve €'000	Capital Reserve €'000	Total €'000
As at 31 December 2020		2,756	61,691	185,661	1,552	(915)	250,745
Issue of shares	7	1,553	166,924	-	-	-	168,477
Share issue costs	7	-	(2,823)	-	-	-	(2,823)
Total comprehensive income		-	-	-	8,711	827	9,538
Dividends paid		-	-	(7,454)	(8,734)	-	(16,188)
As at 31 December 2021		4,309	225,792	178,207	1,529	(88)	409,749

The accompanying notes are an integral part of the financial statements.

Parent Company Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies, all of which have been applied consistently throughout the year, are set out below.

(a) Basis of Accounting

Basis of preparation of financial statements

The Parent Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRS.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, the effect of new but not yet effective IFRS's, impairment of assets, share-based payments and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The Parent Company financial statements are prepared on a going concern basis as set out in Note 28 of the consolidated financial statements.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone. The profit made by the Parent Company in the year was €719,000 (2021: €9,538,000).

A summary of the Company's significant accounting policies is set out below.

(b) Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires Directors to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these judgements, assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Key estimation uncertainties

Investments in subsidiaries are recognised at cost less any provision for impairment. The determination of impairment requires the use of estimates such as future cash flows and fair value of investment properties.

Group loans are recognised at fair value. Each group loan is assessed individually in order to determine the fair value, and any gain or loss to be taken through the statement of comprehensive income. Where the Company is expected to receive all contractual payments on the loan in full, the fair value of the loan equals the face value and as such no gain or loss arises. The net asset value of each borrower is reviewed to consider if there is sufficient value within the subsidiary to meet the contractual cash flows. Fundamental to the net asset value of the borrower is the fair value of the investment properties owned. The valuation uncertainty of investment properties is detailed within the consolidated group financial statement notes. Where there are expected cash shortfalls, these are reduced from the face value of the group loans to get to their fair value, discounted at the interest rate of the loan, which is benchmarked to ensure is on an arms length market rate.

(c) Functional and Presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency") which in the judgement of the directors is Euro. The financial statements are also presented in Euro. All figures in the financial statements are rounded to the nearest thousand unless otherwise stated.

(d) Foreign Currency

Transactions denominated in foreign currencies are converted at the exchange rates ruling at the date of the transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies held at the financial year end are translated using London closing foreign exchange rates at the financial year end.

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss to capital or revenue in the Statement of Comprehensive Income as appropriate.

Foreign exchange movements on investments are included in the Statement of Comprehensive Income within gains on investments.

(e) Revenue Recognition

Interest income is accounted for on an effective interest rate basis and included in finance income.

(f) Expenses

Expenses are accounted for on an accruals basis. The Company's investment management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

(g) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

(h) Distributions

Interim distributions payable to the holders of equity shares are recognised in the Statement of Changes in Equity in the year in which they are paid. An annual shareholder resolution is voted upon to approve the Company's distribution policy.

(i) Share Issue Expenses

Incremental external costs directly attributable to the issue of shares that would otherwise have been avoided are written off to share premium.

(j) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits, and other short-term highly liquid investments readily convertible within three months or less to known amounts of cash and subject to insignificant risk of changes in value.

(k) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment losses.

(l) Trade and Other Payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(m) Reserves

Share Capital – This represents the proceeds from issuing Ordinary shares and is non-distributable.

Share Premium – Share premium represents the excess consideration received over the par value of Ordinary shares issued and is classified as equity. Incremental costs directly attributable to the issue of Ordinary shares are recognised as a deduction from share premium. This reserve is non-distributable.

Special Distributable Reserve – The special reserve is a distributable reserve to be used for all purposes permitted, including the buyback of shares and the payment of dividends.

Capital Reserve – Is a distributable reserve subject to applicable legislation and practice and realised gains and losses on currency settlements and disposals are accounted for in this reserve.

Revenue Reserve – The revenue reserve is a distributable reserve and reflects any surplus arising from the net return on ordinary activities after taxation.

(n) Investments in subsidiaries

Investments in subsidiaries are initially recognised at cost, then at the cost less any provision for impairment.

(o) Intercompany Loans

Group loans are recognised and subsequently measured at fair value.

2. Investments in Subsidiaries

Additional details of each subsidiary are noted below, all subsidiary shares are the same class:

Subsidiary	Address	Share Capital & Premium (€'000)	% Shares Owned	Activity
ASELI Florsheim BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	5,171	100	Property Investment
ASELI Erlensee BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	8,373	100	Property Investment
ASELI Leon BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	15,665	100	Property Investment
ASELI Netherlands I BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	6,132	100	Property Investment
ASELI Netherlands II BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	2,957	100	Property Investment
ASELI Waddinxveen BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	5,170	100	Property Investment
ASELI France Holding SAS	8 Avenue Hoche, 75008 Paris, France	15,760	100	Property Investment
ASELI sHeerenberg BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	8,811	100	Property Investment
PDC Industrial 92 Sp. zo.o	Piekna 18, 00-549 Warsaw, Poland	4,658	100	Property Investment
PDC Industrial 72 Sp. zo.o	Piekna 18, 00-549 Warsaw, Poland	3,707	100	Property Investment
Circulus Investments Sp. z o.o.	Piekna 18, 00-549 Warsaw, Poland	2,867	100	Property Investment
ASELI Madrid Holding S.L.	Pinar 7 - 5 Izq, 28006 Madrid, Spain	48,068	100	Property Investment
AELI Madrid Holding 2 S.L.	Pinar 7 - 5 Izq, 28006 Madrid, Spain	39,984	100	Property Investment
ASELI Netherlands Holdings BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	6,537	100	Property Investment

Additional details relating to the cost of shares, share premium and net asset value of each subsidiary is noted below.

	31 December 2022			31 December 2021		
	€'000 Share Capital	€'000 Share premium	€'000 Net asset value	€'000 Share Capital	€'000 Share premium	€'000 Net asset value
Direct Subsidiaries						
ASELI Florsheim BV	1	5,170	9,535	1	5,170	9,798
ASELI Erlensee BV	1	8,372	15,549	1	8,372	16,158
ASELI Leon BV	1	15,664	19,590	1	15,664	19,660
ASELI Netherlands I BV	1	6,132	10,861	1	6,132	13,721
ASELI Netherlands II BV	1	2,956	7,464	1	2,956	10,092
ASELI Waddinxveen BV	1	5,169	9,721	1	5,169	17,378
ASELI France Holding SAS	15,760	-	21,101	10,078	-	17,234
ASELI sHeerenberg BV	1	8,810	11,675	1	3,966	10,284
ASELI Netherlands Holdings BV	1	6,536	14,172	1	6,536	16,831
PDC Industrial 92 Sp. zo.o	1	4,657	9,887	1	4,657	7,578
PDC Industrial 72 Sp. zo.o	88	3,619	9,485	88	3,619	7,264
Circulus Investments Sp. z o.o.	3	2,864	5,232	3	2,864	1,273
ASELI Madrid Holding S.L.	3	48,065	48,068	26,123	-	27,594
AELI Madrid Holding 2 S.L.	3	39,982	39,985	-	-	-
Indirect Subsidiaries						
ASELI France Holding						
ASELI Meung SCI	7,030	-	3,583	7,030	-	4,330
ASELI Avignon SCI	18,174	-	28,487	18,174	-	30,148
AELI Messageries SCI	14,215	-	12,588	-	-	-
AELI Immobilier SCI	10	-	(26)	-	-	-
ASELI Netherlands Holdings BV	-	-	-	-	-	-
ASELI Caprev Den Hoorn BV	12	13,424	42,784	12	13,424	45,570
ASELI Madrid Holding S.L.	-	-	-	-	-	-
AELI Madrid Logistics 1 SLU.	62	49,227	47,755	-	-	-
ASELI Madrid Holding 2 S.L.	-	-	-	-	-	-
AELI Madrid Logistics 2 SLU.	3	43,376	39,988	-	-	-

Impairment Analysis

Where subsidiaries have a lower net asset value than carrying amount of investment, an impairment is recognised. Due to a decrease in the value of the investment, the Company recognised an impairment of €4,632,000 (2021: € nil) on ASELI Madrid Holding S.L. and €3,424,000 (2021: € nil) on AELI Madrid Holding 2 SL investments.

The company's share price was a discount to NAV as at 31 December 2022 (31 December 2021: Premium). This is not considered to have any impact on the value of the Company's subsidiaries, and no impairment is recognised. A reconciliation of opening to closing investments in subsidiaries is noted below.

	2022 €'000	2021 €'000
Opening carrying value as at 1 January	101,406	80,915
Additions	81,727	32,356
Loan to equity conversions	144,500	2,864
Capital reductions by way of investment repayment	(145,715)	(14,729)
Impairment	(8,056)	-
Total carrying value as at 31 December	173,862	101,406

3. Cash and Cash Equivalents

	2022 €'000	2021 €'000
Cash	1,696	906
	1,696	906

4. Group Loans

	2022 €'000	2021 €'000
Accrued interest on Group loan receivable in less than one year	3,150	1,226
	3,150	1,226
Group loan receivable in greater than one year	238,894	321,592
Group loan expected to be received in less than one year	15,407	921
	254,301	322,513

A summary of the various group loans is provided in the following table:

Borrower	Balance Drawn €'000			Final		Interest Rate	Outstanding Interest €'000	
	Limit €'000	As at 31 Dec 2022	As at 31 Dec 2021	Maturity Date yrs	Loan Type		As at 31 Dec 2022	As at 31 Dec 2021
ASELI Florsheim BV	6,125	3,425	3,725	Jan 28	Interest Bearing Loan	3.50%	33	11
ASELI Erlensee BV	16,500	1,678	1,678	May 28	Interest Bearing Loan	2.50%	-	-
ASELI Erlensee BV	10,300	5,485	5,636	May 28	Interest Bearing Loan	3.50%	62	21
ASELI Leon BV	9,650	-	9,650	Jan 28	Interest Bearing Loan	2.80%	-	68
ASELI Leon BV (Coslada)	6,398	-	6,398	Dec 29	Interest Bearing Loan	4.00%	-	65
ASELI Leon BV (Polinya)	13,370	5,470	13,221	Jun 31	Interest Bearing Loan	4.00%	7	133
ASELI Netherlands I BV (Ede)	35,584	11,808	11,808	Aug 28	Interest Bearing Loan	4.80%	145	52
ASELI Netherlands II BV (Zeewolde)	23,760	9,173	9,173	Sep 28	Interest Bearing Loan	4.60%	109	36
ASELI Den Hoorn BV	16,000	15,136	15,136	Jan 23	Interest Bearing Loan	6.50%	253	248
ASELI France Holding SAS (Avignon)	10,905	9,394	10,905	Oct 28	Interest Bearing Loan	3.13%	83	29
ASELI France Holding SAS (Meung)	6,096	4,212	4,212	Feb 29	Interest Bearing Loan	3.13%	36	11
ASELI France Holding SAS	8,523	8,523	-	May 32	Interest Bearing Loan	1.30%	86	-
ASELI Avignon SCI	27,264	2,209	2,454	Oct 28	Interest Bearing Loan	3.13%	19	6
AELI Messageries SCI	21,465	21,465	-	May 32	Interest Bearing Loan	1.30%	231	-
ASELI Waddinxveen BV	29,200	8,075	9,075	Nov 28	Interest Bearing Loan	4.50%	103	35
ASELI Waddinxveen BV	5,180	5,180	-	Jul 32	Interest Bearing Loan	4.00%	68	-
ASELI Meung SCI	15,240	8,580	8,580	Nov 28	Interest Bearing Loan	3.13%	69	23
PDC Industrial 72 Sp. z o.o.	2,000	2,000	2,000	Feb 29	Interest Free Loan	0.00%	-	-
PDC Industrial 72 Sp. z o.o.	18,807	17,407	18,807	Feb 29	Interest Bearing Loan	4.20%	386	65
ASELI sHeerenberg BV	11,300	2,776	2,776	Jun 29	Interest Bearing Loan	5.29%	40	13
ASELI sHeerenberg BV	8,000	8,000	8,000	Jun 29	Interest Bearing Loan	5.29%	107	36
ASELI sHeerenberg BV	8,470	8,040	-	Sep 29	Interest Bearing Loan	3.50%	73	-
ASELI Madrid Holding S.L.	71,017	-	71,017	Dec 23	Interest Bearing Loan	3.00%	29	140
ASELI Madrid Holding S.L.	60,928	-	60,928	Dec 23	Interest Bearing Loan	2.10%	18	84
AELI Madrid Logistics 1	58,545	50,381	-	Jun 24	Interest Bearing Loan	3.75%	219	-
Circulus Investments Sp. z o.o.	25,780	25,073	25,073	Apr 31	Interest Bearing Loan	4.10%	507	73
Circulus Investments Sp. z o.o.	6,460	271	921	*Dec 22	Interest Bearing Loan	4.10%	28	3
PDC Industrial 92 Sp. z o.o.	21,340	20,540	21,340	Oct 29	Interest Bearing Loan	4.10%	439	74
	554,207	254,301	322,513				3,150	1,226
Fair value of group loans		254,301	322,513				3,150	1,226

* The loan was used by the Parent Company for the purposes of acquiring real estate for the purposes of the Group's property rental business and in particular to cover the amount of the Polish value added tax imposed on the sale of the real estate and connected assets and the transfer of rights connected with the real estate. The loan is treated as a short-term one and will be repaid immediately after receiving refund of aforementioned Polish value added tax.

5. Trade and Other Payables

	2022 €'000	2021 €'000
Investment Management fee payable	1,937	931
Accruals and other payables	416	526
	2,353	1,457

6. Bank loans

In September 2021 the company increased its new uncommitted four year €40 million master facilities loan agreement with Investec Bank plc to €70 million. Under the facility, the company may make requests for drawdowns at selected short-duration tenors as and when needed to fund acquisitions or for other liquidity requirements. Within the facility, a £3.3 million committed revolving credit facility is carved out of the total €70 million. As at 31 December 2022 the Company had no drawings against the facility (2021: €15.5 million drawn).

In prior years the Company incurred €207,000 of capitalised financing fees, which are being spread over the four year term of the facility until October 2024. As at 31 December 2022 the remaining amortised cost of these financing fees is €92,000 (2021: €144,000)

7. Share Capital and Share Premium

Share Capital

	2022 €'000	2021 €'000
Opening balance	4,309	2,756
Ordinary shares issued	408	1,553
As at 31 December	4,717	4,309

Ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

Each Ordinary share has equal rights to dividends and equal rights to participate in a distribution arising from a winding up of the Company. The Ordinary shares are not redeemable.

At the beginning of the year the Group had 377,628,901 Ordinary shares in issue. On 2 February 2022, the Group increased its share capital by the issue of 34,545,455 new Ordinary Shares at 110p (€1.18) per share. The number of Ordinary Shares authorised, issued and fully paid at 31 December 2022 was 412,174,356 (2021: 377,628,901).

The nominal value of each share is £0.01.

Share Premium

	2022 €'000	2021 €'000
Opening balance	225,792	61,691
Premium arising on issue of new shares	44,513	166,924
Share issue costs deducted	(759)	(2,823)
Balance at 31 December	269,546	225,792

The share premium arising in the year was converted to EUR using the issue date exchange rate on 4 February 2022 of 1.18213091.

8. Dividends

To maintain status as an approved Investment Trust Company, the Company must comply with the eligibility conditions set out in section 1158 of the Corporation Tax Act 2010 as well as additional requirements outlined in The Investment Trust (Approved Company) (Tax) Regulations 2011. Regulation 19 provides that the Company must comply with an income distribution requirement and, specifically, cannot retain more than the higher of 15% of its income for the accounting year or any brought forward revenue reserve deficit. Any dividend that the Company must pay in order to satisfy this requirement must be paid within 12 months of the end of the accounting year.

Dividends paid in the year have therefore been split between the Special Distributable Reserve and Revenue Reserve as follows:

	Special Distributable Reserve €'000	Revenue Reserve €'000	Total €'000	Accounting Year Applied to for Income Retention Test
2021 Fourth Interim dividend of 1.41c (1.21p) per Share paid 25 March 2022	3,259	2,553	5,812	2021
2022 First Interim dividend of 1.41c (1.19p) per Share paid 24 June 2022	-	5,812	5,812	2022
2022 Second Interim dividend of 1.41c (1.20p) per Share paid 23 September 2022	4,285	1,527	5,812	2022
2022 Third Interim dividend of 1.41c (1.20p) per Share paid 30 December 2022	5,812	-	5,812	2022
Total Dividends Paid	13,356	9,892	23,248	

9. Capital Commitments

As at 31 December 2022 the Company had capital commitments of €107.4 million (2021: €129.6 million) relating to undrawn intercompany loans.

10. Ultimate Parent Company

In the opinion of the Directors on the basis of shareholdings reviewed by them, the Company has no immediate or ultimate controlling party.

11. Fair Value of Financial Instruments

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

Fair value hierarchy

The Company's financial instruments measured at fair value relate to group loans due from group entities, disclosed in Note 4. The group loans are classified as level 3 (2021: level 3) in the fair value hierarchy.

Level 3 fair value measurements

Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2022 €'000	2021 €'000
Opening balance	322,513	153,800
Issued	114,306	179,563
Repayments	(38,019)	(7,986)
Conversions to investments in subsidiaries	(144,499)	(2,864)
Closing balance	254,301	322,513

As the loans are repayable on demand, fair value is considered the same as the nominal amount, except where the net asset value of the borrower is negative, in which case the fair value is considered to be nominal amount less the amount of negative net asset value. The net asset value of the borrower is primarily driven by the valuation of investment property, refer to the unobservable inputs into that valuation in Note 9 of the Group consolidated accounts.

The Company held one derivative financial instrument being a forward exchange contract. Details are disclosed in the group consolidated accounts, Note 21.



Corporate Information

The Company's Investment Manager is abrdn Investments Ireland Limited, a wholly owned subsidiary of abrdn plc whose group companies as at 31 December 2022 had approximately £500 billion under management and administration.



Information about the Investment Manager

abrdn Fund Managers Limited

abrdn Fund Managers Limited ("aFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. aFML has in turn delegated portfolio management to the Danish branch of abrdn Investments Ireland Limited ("aILL").

abrdn

Worldwide, abrdn plc group companies had approximately £500 billion under management and administration (as at 31 December 2022) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

abrdn operates a fully integrated property investment management platform and has an extensive regional presence across the UK and Continental Europe. Its eight offices across Europe – London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen – employ a total of 290 abrdn real estate professionals in fund management, research, transactions, asset management, financing and other specialist property activities.

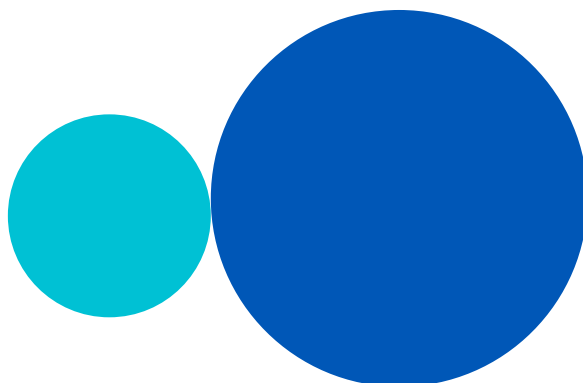
The real estate teams within these offices are responsible for sourcing and managing all the assets acquired across the region. Having teams in the key target markets in which the Company invests provides, in the Investment Manager's view, a significant competitive advantage, with improved local market knowledge, better access to potential deals, closer implementation of asset business plans and improved ability to manage and mitigate risk.

The Investment Team Senior Managers



Troels Andersen
Fund Manager, Real Estate
Investment Management

On 11 October 2022 Troels Andersen, who joined abrdn in April 2011 and is based in Copenhagen, assumed the role of lead fund manager for the Company. Prior to his involvement with the Company, Troels had been Fund Manager of abrdn's £150 million multi-sector European Long Income Real Estate Fund, having successfully overseen its launch in 2019. Prior to that he was Fund Manager of abrdn's €500 million gross asset value Aberdeen Property Nordic I Fund, together with a further segregated value-add mandate. He was previously a member of abrdn's Nordic and European Investment Committees, which approves all major decisions for investments in the region. Troels brings 25 years of real estate investment experience, including logistics asset transactions, together with knowledge of debt facility management, having spent the first part of his career working for German banks in both Germany and the UK.





Geoff Hepburn

Deputy Fund Manager, Real Estate Investment Management

Geoff Hepburn is Deputy Fund Manager of the Company based in Edinburgh. Responsibilities include developing and implementing Company strategy, client reporting, managing transactions and ensuring the delivery of the ESG strategy. Since joining abrdn in January 2012 he has had responsibility as Investment Manager and Deputy Fund Manager for several balanced UK institutional funds. He joined abrdn from a London property company as Development & Investment Manager responsible for two large Central London office projects as well as a mixed use regional investment and development portfolio. Previously, Geoff worked for Ediston Properties having begun his client-side career at Standard Life Investments as Portfolio Manager on the Pooled Pension Fund in 2001. In a varied career spanning more than 20 years, Geoff has transacted and developed over £1bn of real estate.

Geoff graduated LLB Bachelor of Scots Law, followed by a Postgraduate Diploma in Land Economy (with commendation) in 1999. Both degrees were awarded by the University of Aberdeen. Geoff qualified as a Chartered Surveyor (MRICS) with DTZ in 2001. He speaks English and French.



Attila Molnar

Deputy Fund Manager, Real Estate Investment Management

Attila is a Fund Manager based in Frankfurt. Attila joined Dresdner Bank's property fund management business (DEGI) in 2006, shortly before the business was acquired by abrdn. Attila has been involved in the planning and establishment of new product lines for institutional clients and joined the fund management teams of those funds. At present, in addition to his responsibilities for the Company, he is responsible for two institutional funds. Prior to joining DEGI Attila worked for PricewaterhouseCoopers where he was responsible for a diverse range of audit and due diligence projects in the property funds sector. Attila graduated with a MSc in Accounting and Finance from Budapest University of Economics and speaks English, German and Hungarian.

The Investment Process

The Investment Manager is responsible for sourcing and managing the transaction process for new acquisitions. The Investment Manager sources potential acquisitions through its property teams based in Europe. The teams based in the target markets have an in-depth knowledge of the local markets and a wide network of relationships for identifying and selecting the best investment opportunities. Having local teams on the ground provides for in-depth local insight and, in turn, is a significant competitive advantage that should enable the Investment Manager to implement the Company's investment policy in the key cities and regions.

Furthermore, focusing on income durability, location and propensity for rental growth, combined with the ability to carry out active asset management, enables the Investment Manager to invest in properties where the competition from other investors is weaker than for the big, long-leased properties with no asset management requirements, where competition among potential buyers is very high.

Each transaction is assessed against individual fund criteria and, if considered potentially suitable, a detailed financial and economic analysis and review is undertaken of the property, the location, quality of construction, the existing leases, the rents being paid versus market level, the tenants and the market prospects. This process is informed by a significant database of proprietary information held by the Investment Manager, experienced investment professionals, including people on the ground in the relevant markets and a dedicated research function that assists in identifying rental and capital growth prospects at country, regional, city, sub-market and sector level.

The Investment Manager operates a pan-European Investment Committee which approves all investment plans, transactions, financing decisions and material asset management activity. The Investment Committee includes senior members of the real estate team. If, following analysis, property inspections and negotiations with the owner of the property, the fund managers wish to proceed with an acquisition, Investment Committee approval is required.

An active asset management strategy (i.e. defining, implementing and regularly reviewing business plans for each property in the Portfolio) is an important element in helping to deliver investment performance. An important part of this is that the properties are managed by local asset managers in the countries where the properties are located who have better access to tenants, advisers and consultants to help generate outperformance.

Active asset management means the individual asset manager involved in acquiring the property is also responsible for implementing the business plan once acquired, resulting in carefully researched and robust assumptions and a focus on long-term performance from purchase through to any potential sale. The types of active asset management initiatives which the Investment Manager may utilise are:

- renegotiating leases to capture market rental growth and/or extend lease duration;
- managing any vacancies to maximise rental performance;
- exploiting ancillary development opportunities on or around the properties;
- assessing and effecting changes of use where this would add value;
- undertaking refurbishments to increase rents; and
- changing unit size and configuration to maximise the potential income from a property.

The majority of the Portfolio comprises properties where the main asset management activities are likely to be renegotiating leases, managing vacancies, growing rental income and undertaking light refurbishments.

Approach to ESG

The Investment Manager views ESG as a fundamental part of its business. Whilst real estate investment provides valuable economic benefits and returns for investors it has – by its nature – the potential to affect environmental and social outcomes, both positively and negatively.

The Investment Manager's approach is underpinned by the following three over-arching principles:

- **Transparency, Integrity and Reporting:** being transparent in the ways in which it communicates and discusses strategy, approach and performance with investors and stakeholders.
- **Capability and Collaboration:** drawing together and harnessing the capabilities and insights of its platforms, with those of its investment, supply chain and industry partners.
- **Investment Process and Asset Management:** integrating ESG into decision making, governance, underwriting decisions and asset management approach. This includes the identification and management of material ESG risks and opportunities across the Portfolio.

Investor Information

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website (eurologisticsincome.co.uk) and the TrustNet website (trustnet.com). Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

Twitter:

@abrdn Trusts

LinkedIn:

abrdn Investment Trusts

Investor Warning

The Board has been made aware by the Manager that some investors have received telephone calls from people purporting to work for the Manager, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for the Manager and any third party making such offers has no link with the Manager. The Manager never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact the Manager's investor services centre using the details provided below.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £1,000 for the 2023/2024 year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Direct

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through

the abrdn Investment Plan for Children, abrdn Investment Trusts Share Plan and abrdn Investment Trusts ISA.

abrdn Investment Plan for Children

abrdn runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on all purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

abrdn Investment Trusts Share Plan

abrdn runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%). Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

abrdn Investment Trusts ISA

An investment of up to £20,000 can be made in the tax year 2023/2024. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer to abrdn

You can choose to transfer previous tax year investments to us which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000, subject to a minimum per trust of £250.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited, Aspect House, Spencer road, Lancing West Sussex or Tel: 0371 384 2416 Lines are open 8.30 a.m. to 5.30 p.m. (UK Time) Monday to Friday (excluding public holidays in England & Wales). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, abrdn European Logistics Income plc, 280 Bishopsgate, London EC2M 4AG or by email at CEF.CoSec@abrdn.com.

If you have any questions about an investment held through the abrdn Investment Trusts Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email inv.trusts@abrdn.com or write to abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Literature Request Service

For literature and application forms for the Company and the abrdn range of investment trust products, please telephone: 0808 500 4000. For information on the abrdn Investment Plan for Children, abrdn Investment Trusts Share Plan, abrdn Investment Trusts ISA or ISA Transfer to abrdn please write to abrdn Investment Trust Administration, PO Box 11020, Chelmsford, Essex, CM99 2DB or telephone the Manager's Customer Services Department on 0808 500 00 40 (free from a UK landline). Terms and conditions for the abrdn managed savings products can be found under the literature section of invtrusts.co.uk.

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website: www.invtrusts.co.uk/en/fund-centre/literature-order-form.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell YouInvest; Barclays Smart Investor; Charles Stanley Direct; Fidelity; Halifax; Hargreaves Lansdown; Interactive Investor (an abrdn Group company); Novia; Transact; and Standard Life.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management and Financial Advice Association at pimfa.co.uk.

Independent Financial Advisers

To find an adviser who recommends on investment trusts, visit unbiased.co.uk.

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768
[https://register.fca.org.uk/](https://register.fca.org.uk/register@fca.org.uk)
register@fca.org.uk

AIFMD

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager and Citibank UK Limited as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on the website eurologisticsincome.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 149.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professionally advised private clients and institutional investors who are seeking exposure to European logistical real estate and who understand and are willing to accept the risks of exposure to this asset class. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that its securities can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's (FCA) rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

The information on pages 142 to 144 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Corporate Information

EPRA Financial Reporting (Unaudited)

Prepared in accordance with EPRA best practice recommendations (BPR) February 2022.

EPRA Performance Measures

	31 December 2022 Total	31 December 2021 Total
A. EPRA earnings (€'000)	14,497	15,176
A. EPRA earnings per share (cents)	3.54	5.27
B. EPRA Net Tangible Assets ("NTA") (€'000)	517,159	515,177
B. EPRA NTA per share (cents)	125.47	136.40
C. EPRA Net Reinstatement Value ("NRV") (€'000)	553,744	551,283
C. EPRA NRV per share (cents)	134.35	145.99
D. EPRA Net Disposal Value ("NDV") (€'000)	498,060	491,894
D. EPRA NDV per share (cents)	120.84	130.26
E. EPRA Net Initial Yield	3.96%	3.93%
E. EPRA topped-up Net Initial Yield	4.06%	4.02%
F. EPRA Vacancy Rate	3.61%	0.00%
G. EPRA Cost Ratios - including direct vacancy costs	32.02%	29.00%
G. EPRA Cost Ratios - excluding direct vacancy costs	30.96%	29.00%
H. EPRA Capital Expenditure (€m)	133,170	194,429
I. EPRA Like for Like Rental Growth	4.99%	1.30%
I. EPRA LTV	34.57%	24.80%
A. EPRA Earnings (€000)		
Earnings per IFRS income statement	(18,442)	44,443
Adjustments to calculate EPRA Earnings, exclude:	-	-
Net changes in value of investment properties	40,432	(41,031)
Deferred tax	(3,893)	11,847
Changes in fair value of financial instruments	(3,600)	(83)
EPRA Earnings	14,497	15,176
Weighted average basic number of shares ('000)	408,956	288,115
EPRA Earnings per share (cents per share)	3.54	5.27

	31 December 2022 Total	31 December 2021 Total
B. EPRA Net Tangible Assets ("NTA") (€'000)		
IFRS NAV	489,977	487,505
Exclude:		
Fair value of financial instruments	3,709	109
Deferred tax in relation to fair value gains of Investment Property	23,473	27,563
	517,159	515,177
Shares in issue at end of year ('000)	412,174	377,629
EPRA NAV per share (cents per share)	125.47	136.40
C. EPRA Net Reinstatement Value ("NRV") (€'000)		
EPRA NTA	517,159	515,177
Real Estate Transfer Tax and other purchasers' costs	36,585	36,106
EPRA NRV	553,744	551,283
EPRA NRV per share (cents per share)	134.35	145.99
D. EPRA Net Disposal Value ("NDV") (€'000)		
IFRS NAV	489,977	487,505
Fair Value adjustment for Fixed Interest Debt	8,083	4,389
EPRA NDV	498,060	491,894
EPRA NDV per share (cents per share)	120.84	130.26
E. EPRA Net Initial Yield and 'topped up' NIY disclosure (€'000)		
Investment property - wholly owned	758,719	666,008
Less developments	-	-
Completed property portfolio	758,719	666,008
Allowance for estimated purchasers' costs	36,585	36,106
Gross up completed property portfolio valuation	795,304	702,114
Annualised cash passing rental income	33,994	29,445
Property outgoings	(2,501)	(1,851)
Annualised net rents	31,493	27,594
Add: notional rent expiration of rent free periods or other lease incentives	778	600
Topped-up net annualised rent	32,271	28,194
EPRA NIY	3.96%	3.93%
EPRA "topped-up" NIY	4.06%	4.02%

	31 December 2022 Total	31 December 2021 Total
F. EPRA Vacancy Rate		
Estimated rental value of vacant space	1,270	-
Estimated rental value of whole portfolio	35,176	29,908
EPRA Vacancy Rate	3.61%	0%
G. EPRA Cost Ratios (€'000)		
Administrative / property operating expense line per IFRS income statement	15,743	10,148
Net service charge costs / fees	(6,237)	(3,435)
EPRA Costs (including direct vacancy costs)	9,506	6,713
Direct vacancy costs	(315)	-
EPRA Costs (excluding direct vacancy costs)	9,191	6,713
Gross Rental income - per IFRS	29,686	23,283
EPRA Cost Ratio (including direct vacancy costs)	32.02%	29.00%
EPRA Cost Ratio (excluding direct vacancy costs)	30.96%	29.00%
Overhead and operating expenses capitalised	-	-
H. Property-related CapEx for the Group		
Acquisitions	132,754	194,104
Investment Properties:		
Non incremental Lettable Space	416	-
Incremental Lettable Space	-	325
Total CapEx	133,170	194,429
Conversion from accrual to cash basis	353	(954)
Total CapEx on cash basis	133,523	193,475
I. Like For Like Rental Growth		
Rental income growth:		
Germany	10.25%	(1.50%)
Poland	7.55%	2.20%
France	4.86%	0.00%
Spain	2.40%	0.30%
Netherlands	4.16%	2.30%
	4.99%	1.30%

	31 December 2022 Total	31 December 2021 Total
Rental income total* (€'000):		
Germany	3,239	2,938
Poland	5,434	5,052
France	2,612	2,491
Spain	7,597	7,419
Netherlands	10,973	10,536
	29,855	28,436
* Calculated based on lease agreements as at the reporting date.		
Total portfolio value on which the like-for-like rental growth is based** (€'000):		
Germany	68,170	70,000
Poland	93,600	90,000
France	73,600	74,500
Spain	186,430	196,708
Netherlands	216,800	234,800
	638,600	666,008
** Excludes investment properties acquired during the year with 31 December 2022 valuation of €120,119,000.		
J. EPRA LTV (€'000)		
Borrowings from Financial Institutions	270,270	177,100
Net payables	15,006	14,466
Exclude:		
Cash and cash Equivalents	(20,262)	(23,280)
Net Debt (a)	265,014	168,286
Investment properties at fair value	758,719	666,008
Net receivables (excluding lease incentives)	7,829	13,106
Total Property Value (b)	766,548	679,114
LTV (a/b)	34.57%	24.80%

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

abrdn Fund Managers Limited and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website eurologisticsincome.co.uk. There have been no material changes to the disclosures contained within the PIDD since its last publication in November 2022.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 22 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by aFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretaries, abrdn Holdings Limited on request (see contact details on page 143) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 31 December 2022 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	365.0%	185.0%
Actual level at 31 December 2022	154.8%	154.8%

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which aFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information above has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Glossary of Terms and Definitions and Alternative Performance Measures

abrdn	abrdn plc
abrdn Group	the abrdn plc group of companies
AIC	Association of Investment Companies
AIFMD	The Alternative Investment Fund Managers Directive
AIFM	the alternative investment fund manager, being aFML
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The alternative performance measures that have been adopted by the Company are in line with general comparable measures used widely across the investment trust industry such as the level of discount/premium, NAV/Share price total return and ongoing charges which are each explained more fully below. The Company's applicable financial framework includes IFRS
Annual Rental Income	Rental income passing at the Balance Sheet date
aFML or AIFM or Manager	abrdn Fund Managers Limited
aILL or the Investment Manager	abrdn Investments Ireland Limited is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security
Contracted Rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired
Covenant Strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a lease
Dividend Cover¹	The ratio of the Company's net profit after tax (excluding the below items) to the dividends paid.

	As at 31 December 2022 €'000	As at 31 December 2021 €'000
Earnings per IFRS income statement	(18,442)	44,443
Adjustments to calculate dividend cover:		
Net changes in the value of investment property	40,432	(41,031)
Deferred Taxation	(3,893)	10,294
Effect of fair value adjustments on derivative financial instruments	(3,600)	-
Effects of foreign exchange differences	(346)	(1,017)
Profits (A)	14,151	12,689
Dividend (B)	23,248	16,188
Dividend Cover (A)/(B)	60.9%	78.4%

¹ Defined as an Alternative Performance Measure.

Discount ¹	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share												
	<table><tr><td></td><td>As at 31 December 2022</td><td>As at 31 December 2021</td></tr><tr><td>Share price (A)</td><td>68.50p</td><td>117.00p</td></tr><tr><td>NAV (B)</td><td>105.43p</td><td>108.50p</td></tr><tr><td>(Discount)/premium (A-B)/B</td><td>(35.0%)</td><td>7.8%</td></tr></table>		As at 31 December 2022	As at 31 December 2021	Share price (A)	68.50p	117.00p	NAV (B)	105.43p	108.50p	(Discount)/premium (A-B)/B	(35.0%)	7.8%
	As at 31 December 2022	As at 31 December 2021											
Share price (A)	68.50p	117.00p											
NAV (B)	105.43p	108.50p											
(Discount)/premium (A-B)/B	(35.0%)	7.8%											
Earnings Per Share	Profit for the year attributable to shareholders divided by the weighted average number of shares in issue during the year												
EPRA	European Public Real Estate Association												
Europe	The member states of the European Union, the European Economic Area ("EEA") and the members of the European Free Trade Association ("EFTA") (and including always the United Kingdom, whether or not it is a member state of the European Union, the EEA or a member of EFTA)												
ERV	The estimated rental value of a property, provided by the property valuers												
Gearing ¹	Calculated as gross external bank borrowings divided by total assets												
	<table><tr><td></td><td>As at 31 December 2022</td><td>As at 31 December 2021</td></tr><tr><td>Bank loans</td><td>€270.3m</td><td>€177.1m</td></tr><tr><td>Adjusted gross assets</td><td>€795.1m</td><td>€705.5m</td></tr><tr><td>Gearing</td><td>34.0%</td><td>25.1%</td></tr></table>		As at 31 December 2022	As at 31 December 2021	Bank loans	€270.3m	€177.1m	Adjusted gross assets	€795.1m	€705.5m	Gearing	34.0%	25.1%
	As at 31 December 2022	As at 31 December 2021											
Bank loans	€270.3m	€177.1m											
Adjusted gross assets	€795.1m	€705.5m											
Gearing	34.0%	25.1%											
Group	The Company and its subsidiaries												
Adjusted Gross Assets and Gross Asset Value (GAV)	The aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time												
	<table><tr><td></td><td>As at 31 December 2022 €'000</td><td>As at 31 December 2021 €'000</td></tr><tr><td>Gross Asset Value per Balance Sheet</td><td>817,783</td><td>728,386</td></tr><tr><td>Exclude IFRS 16 right of use asset</td><td>(22,637)</td><td>(22,905)</td></tr><tr><td>Adjusted gross assets</td><td>795,146</td><td>705,481</td></tr></table>		As at 31 December 2022 €'000	As at 31 December 2021 €'000	Gross Asset Value per Balance Sheet	817,783	728,386	Exclude IFRS 16 right of use asset	(22,637)	(22,905)	Adjusted gross assets	795,146	705,481
	As at 31 December 2022 €'000	As at 31 December 2021 €'000											
Gross Asset Value per Balance Sheet	817,783	728,386											
Exclude IFRS 16 right of use asset	(22,637)	(22,905)											
Adjusted gross assets	795,146	705,481											
FRC	Financial Reporting Council												
IFRS	International Financial Reporting Standards												
Index Linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI), French Tertiary Activities Rent Index (ILAT)												

Key Information Document or KID	<p>The Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation requires the Manager, as the Company's PRIIP "manufacturer," to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed</p>																						
Lease incentive	<p>A payment used to encourage a tenant to take on a new lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period</p>																						
Leverage	<p>For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. At year end the loan to value was 34.0% (2021: 25.1%)</p>																						
NAV total return¹	<p>The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the year to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs</p> <table> <tr> <th></th><th>Year ended 31 December 2022</th><th>Year ended 31 December 2021</th></tr> <tr> <td>Opening NAV</td><td>129.1c</td><td>120.1c</td></tr> <tr> <td>Movement in NAV</td><td>(10.2c)</td><td>9.0c</td></tr> <tr> <td>Closing NAV</td><td>118.9c</td><td>129.1c</td></tr> <tr> <td>% increase in NAV</td><td>(7.9%)</td><td>7.5%</td></tr> <tr> <td>Impact of reinvested dividends</td><td>4.1%</td><td>4.9%</td></tr> <tr> <td>NAV total return</td><td>(3.8%)</td><td>12.4%</td></tr> </table>			Year ended 31 December 2022	Year ended 31 December 2021	Opening NAV	129.1c	120.1c	Movement in NAV	(10.2c)	9.0c	Closing NAV	118.9c	129.1c	% increase in NAV	(7.9%)	7.5%	Impact of reinvested dividends	4.1%	4.9%	NAV total return	(3.8%)	12.4%
	Year ended 31 December 2022	Year ended 31 December 2021																					
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NAV total return	(3.8%)	12.4%																					
Net Asset Value or NAV	<p>The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share</p>																						

Ongoing Charges ¹	Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the industry standard. A reconciliation of ongoing charges is below:																														
	<table><tr><th></th><th>Year ended 31 December 2022 €'000</th><th>Year ended 31 December 2021 €'000</th></tr><tr><td>Expenditure per Statement of comprehensive income</td><td>15,743</td><td>10,148</td></tr><tr><td>Less Property service charge expense and bad debt provision</td><td>(6,871)</td><td>(3,435)</td></tr><tr><td>Less restructuring costs</td><td>(58)</td><td>-</td></tr><tr><td>Group operating costs including property costs (A)</td><td>8,814</td><td>6,713</td></tr><tr><td>Less Direct property expenses and property management fees excluding bad debt provision</td><td>(1,867)</td><td>(1,851)</td></tr><tr><td>Group operating costs (excluding property costs) (B)</td><td>6,947</td><td>4,862</td></tr><tr><td>Average net asset value (C)</td><td>526,085</td><td>366,359</td></tr><tr><td>Ongoing charges (excluding property costs) (B/C)</td><td>1.3%</td><td>1.3%</td></tr><tr><td>Ongoing charges (including property costs) (A/C)</td><td>1.7%</td><td>1.8%</td></tr></table>		Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000	Expenditure per Statement of comprehensive income	15,743	10,148	Less Property service charge expense and bad debt provision	(6,871)	(3,435)	Less restructuring costs	(58)	-	Group operating costs including property costs (A)	8,814	6,713	Less Direct property expenses and property management fees excluding bad debt provision	(1,867)	(1,851)	Group operating costs (excluding property costs) (B)	6,947	4,862	Average net asset value (C)	526,085	366,359	Ongoing charges (excluding property costs) (B/C)	1.3%	1.3%	Ongoing charges (including property costs) (A/C)	1.7%	1.8%
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Ongoing charges (including property costs) (A/C)	1.7%	1.8%																													
Passing Rent	The rent payable at a particular point in time																														
PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company																														
Premium ¹	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share																														
Prior Charges	The name given to all borrowings including long and short-term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment																														
Portfolio valuation	The market value of the company's property portfolio, which is based on the external valuations provided by Savills																														
The Royal Institution of Chartered Surveyors (RICS)	The global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure																														

Share price total return¹

The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the year to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs

	Year ended 31 December 2022	Year ended 31 December 2021
Opening Share Price	117.0p	108.5p
Movement in share price	(48.5p)	8.5p
Closing share price	68.5p	117.0p
% (decrease)/increase in share price	(41.5%)	7.8%
Impact of reinvested dividends	3.2%	4.6%
Share price total return	(38.3%)	12.4%

SPA

Sale and purchase agreement

SPV

Special purpose vehicle

Total Assets

Total assets less current liabilities (before deducting prior charges as defined above)

WAULT

Weighted Average Unexpired Lease Term. The average time remaining until the next lease expiry or break date

Disclosure Concerning Sustainable Investment (Article 8) (Unaudited)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: abrdn European Logistics Income plc
Legal entity identifier: 213800I9IYIKKNRT3G50

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective : ___%	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective : ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but will not make any sustainable investments



Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The fund promotes environmental and social characteristics that are relevant to the real estate assets it invests in with the principal objective of supporting the fund's investment objective. Given the nature of direct investments in the physical built environment this can capture a wide range of topics depending on the characteristics of the asset and its location.

In particular, environmental and social characteristics of assets promoted by the fund include:

- Reductions in greenhouse gas emissions to support the decarbonization of the built environment.
- Energy efficiency and on-site renewable energy generation
- Water efficiency
- Resource efficiency and best practice waste management including recycling and recovery
- Social factors such as respect for human rights and anti-corruption and anti-bribery matters in relation to major suppliers and tenants.
- The mitigation and management of flood risk and future physical climate risk
- The mitigation and management of contamination risk
- When undertaking development and refurbishment works principles of sustainable design and construction are promoted

Environmental and social characteristics such as these are promoted for new investments, relevant development projects and as part of asset management activities for standing assets. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

The binding elements of the implementation of the investment strategy that ensure E/S characteristics are considered include:

- Confirmation that abrdn approach to ESG in due diligence has been followed in order to identify material ESG risks and opportunities prior to acquisition. The due diligence approach includes ensuring E/S characteristics are considered in the pre-bid checklist, acquisition checklist and Investment Committee paper.
- Formal input required from specialist ESG team prior to approval of acquisition by the Investment Committee.
- Confirmation that tenants or other applicable parties do not fall on our exclusion list. The exclusion list for Real Estate is based on the sanctions list.
- Continual review, on an annual basis, that the ongoing investment process is informed by E/S characteristics as outlined above.

How did the sustainability indicators perform?

Environmental, Social and Governance (ESG) characteristics of assets are considered by the fund in its investment and asset management process. The indicators used to measure attainment and inform decisions vary depending on the nature of the asset, information availability and stage in the investment lifecycle (i.e. pre-acquisition, due diligence, operation, development etc.). However, indicators are linked to the E/S characteristics noted above and include metrics against the below. Fund value used is at 31 December 2022 and cash is excluded but the ESG data sets vary depending on the year the data was collected and is referenced in the last column.

To fully understand the performance of the sustainability indicators 1 (related to energy), 3 (related to water) and 4 (related to waste) with regards to real estate, it is preferable to have data related to the whole building. However the whole building data can be comprised from two sources depending on the party that procures the energy/water/waste services. These two sources are:

1. The landlord. This is where the investment manager procures the services and directly has access to the data, on behalf of the fund and the tenant which occupies the building.
2. The tenant. This is where the tenant who occupies the building procures the services and has direct access to the data.

Due to the complexity and availability of data from the tenant, whole building data is not always available. Therefore metrics on data coverage as listed for the sustainability indicators 1, 3 and 4 are an important measure of performance.

Sustainability indicator	Sustainability indicator metric	Fund performance	Date/period of ESG data
#1 Operational energy performance	% fund value where landlord energy data collected where applicable	100%	31 Dec 2022
	% fund value with partial or full tenant energy data collected where applicable	78%	31 Dec 2021
	% fund value with whole building energy data collected	78%	31 Dec 2021
	% fund value with energy performance ratings of A-B	94%	31 Dec 2022
#2 Operational greenhouse gas emissions and alignment with appropriate decarbonisation benchmarks and costs to decarbonize the asset over time	% fund value which equals or is below the current year Carbon Risk Real Estate Monitor (CRREM) 1.5 degree target	63%	31 Dec 2020 CRREM 2021
	% fund value which equals or is below the 5 year 1.5 degree CRREM target	63%	31 Dec 2020 CRREM 2026
#3 Operational water consumption	% fund value where landlord water data collected where applicable	100%	31 Dec 2022
	% fund value where partial or full tenant water data collected where applicable	75%	31 Dec 2021
	% fund value with whole building water data	75%	31 Dec 2021
	% fund value where water consumption has decreased year on year where applicable	20%	2020 vs 2021

Sustainability indicator	Sustainability indicator metric	Fund performance	Date/period of ESG data
#4 Waste management indicators including generation and treatment method	% fund value where landlord waste data is collected where applicable	Not applicable (no landlord-managed waste)	n/a
	% fund value where recycling rate has increase year on year where applicable	Not applicable (no landlord-managed waste)	n/a
#5 Future physical climate risk exposure including flood risk	% fund value with a current flood risk rating of medium or above	28%	31 Dec 2022
	% fund value with an acute extreme weather event risk rating of medium or above in an RCP8.5 ¹ scenario out to 2050	19%	31 Dec 2022
#6 Contamination risk level	% fund value with contamination risk of medium or above	0%	31 Dec 2022
#7 Building certifications including alignment with known future energy performance legislation and compliance costs	% fund value with energy performance ratings of A and B	94%	31 Dec 2022
	% fund value with green building certification	69%	31 Dec 2022

Sustainability indicator	Sustainability indicator metric
#8 Implementation of procedures on anti-corruption and human rights	Qualitative description as at 31st December 2022 New investments <p>The Investment Manager applies a risk-based approach in order to ensure that it focuses on the actual risks of money laundering or terrorist financing within any transaction; the type of entity and country of incorporation and operations are key criteria in assessing the risk profile.</p> <p>Certain types of counterparts can be classed as lower risk, such as those regulated or listed in equivalent jurisdictions; conversely, other types of entities can be classed as higher risk such as Trusts or unregulated entities. For moderate and higher risk entities the ownership structure of the seller involved must be traced back through different layers to identify the ultimate beneficial owners. In order to aid in this task, the Investment Manager uses a Client Due Diligence (CDD) Matrix which lists the common types of legal structures to which the firm is exposed and shows what information and verification documentations is required, with increasing due diligence requirements for the higher the risk types.</p> <p>When a Direct Real Estate transaction is agreed with a counterparty following the agreement of Heads of Terms or LOL, the process for the Anti Money Laundering (AML) Screening and Sanction Check on the counterparty and Legal Advisor is triggered. Only once the Credit and Risk Team have confirmed they are satisfied with their checks and returned the signed form to confirm this, can a Transaction be signed.</p>
	Existing investments Checks on suppliers: <p>The Investment Manager has protective measures to ensure that it is not appointing suppliers and service providers that do not clear AML, sanctions and PEPs (Politically Exposed Persons) screening. In order to comply with abrdn's regulatory obligations and meet its own internal minimum standards of compliance, it is obligated to screen all parties it wishes to enter a relationship with before the service is taken. It is part of the process to screen all relationships at the time of onboarding to check for PEP, Relative and Close Associates (RCA), or Sanctions. This is mandated at the time of onboarding, and the establishment of a new business relationship. Doing so is vital in order to both protect our business and evidence that appropriate business controls are in place to identify any PEPs or Sanctions applied to the service provider.</p> <p>In addition, property management suppliers contractually confirm that they have protective measures in place and ensure to</p> <ul style="list-style-type: none"> • comply with all applicable statutes, laws, secondary legislation, regulations and codes pertaining to anti-bribery; • not offer or accept any bribe, advantage or commit any corrupt act; • not engage in any Modern Slavery Practice; • ensure that the above are not taking place in their supply chain.
	Checks on tenants: <p>On any new commercial lease, tenants are screened to check for PEPs and sanctions. AML are also undertaken checks for new tenants who have annual rent of over 10,000 EUR.</p>

¹ RCP8.5 is the climate scenario which assumes worse case with no cut in greenhouse gas emissions.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

...and compared to previous periods?

Not applicable as this is the first report.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable no minimum commitment of sustainable investments.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable in line with precontractual document with no minimum commitment of sustainable investments.

How were the indicators for adverse impacts on sustainability factors taken into account?

Not applicable in line with precontractual document with no minimum commitment of sustainable investments.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable in line with precontractual document with no minimum commitment of sustainable investments.



How did this financial product consider principal adverse impacts on sustainability factors?

The fund committed to consider the following indicators: Exposure to fossil fuels through real estate assets and Exposure to energy-inefficient real estate assets in line with the Principle Adverse Impacts (PAI) indicators (the data on the indicators is included in the table below).

The PAI indicators are considered throughout the real estate investment process for the fund in both due diligence and asset management.

During acquisition due diligence, the PAIs (alongside a broader selection of ESG criteria) are considered at both pre-bid stage, and during post-bid detailed due diligence. During such acquisition due diligence, information (where available) relating to the asset and mandatory PAIs (including construction date, EPC rating/NZEB status and site use in the context of fossil fuel extraction, storage, transport and manufacture) is reviewed and included in pre-bid ESG screening checklist and investment committee (IC) paper. Such elements are assessed in more detail where relevant using an external consultant. The PAIs are considered with the aim of minimising the Fund's exposure to energy-inefficient real estate assets and fossil fuels through real estate assets. Data on the PAIs obtained at acquisition due diligence stage is used post-acquisition to support with ongoing reporting against the PAIs, and to support with asset management.

From an asset management perspective, data relating to the PAIs (including construction date, EPC rating/NZEB status and site use in the context of fossil fuel extraction, storage, transport and manufacture) is held in a central database to support with ongoing reporting. The data on PAIs is also used as part of asset management and fund strategic planning decisions; to inform asset-level ESG action plans and investment decisions (e.g. disposal, refurbishment/redevelopment). This process aims to minimise the Fund's exposure to energy-inefficient real estate assets and fossil fuels through real estate assets.

PAI	Sub-group	Indicator	Share in % of fund value (exc. cash)
#17: Climate and other environment-related indicators	Fossil fuels	Exposure to fossil fuels through real estate assets (extraction, storage, transport or manufacture of fossil fuels)	18%
#18: Climate and other environment-related indicators	Energy efficiency	Exposure to energy-inefficient real estate assets Energy-inefficient means: built before 31/12/2020: EPC is C or below built after 31/12/2020: PED is below NZEB in Directive 2010/31/EU	16%

PAIs are reported as at 31 December 2022.



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

What were the top investments of this financial product?

Date as at 31 December 2022

Largest investments	Sector	% Assets (exc. Cash)	Country
Madrid - Gavilanes 4	Real Estate	10.0%	Spain
Den Hoorn	Real Estate	7.4%	Netherlands
Avignon	Real Estate	6.8%	France
Waddinxveen	Real Estate	5.9%	Netherlands
Madrid - Gavilanes 3	Real Estate	5.9%	Spain
Erlensee	Real Estate	5.5%	Germany
Madrid - Gavilanes 1.1	Real Estate	4.7%	Spain
Zeewolde	Real Estate	4.6%	Netherlands
's Heerenberg	Real Estate	4.2%	Netherlands
Ede	Real Estate	4.1%	Netherlands
Lodz	Real Estate	4.1%	Poland
Warsaw	Real Estate	4.1%	Poland
Krakow	Real Estate	4.1%	Poland
Flörsheim	Real Estate	3.5%	Germany
Meung sur Loire	Real Estate	2.9%	France

Date as at 30 September 2022

Largest investments	Sector	% Assets (exc. Cash)	Country
Madrid - Gavilanes 4	Real Estate	10.0%	Spain
Den Hoorn	Real Estate	7.4%	Netherlands
Avignon	Real Estate	6.6%	France
Waddinxveen	Real Estate	6.6%	Netherlands
Madrid - Gavilanes 3	Real Estate	5.8%	Spain
Erlensee	Real Estate	5.4%	Germany
Zeewolde	Real Estate	4.7%	Spain
Madrid - Gavilanes 1.1	Real Estate	4.6%	Netherlands
Ede	Real Estate	4.2%	Netherlands
's Heerenberg	Real Estate	4.2%	Netherlands
Warsaw	Real Estate	4.0%	Poland
Lodz	Real Estate	3.9%	Poland
Krakow	Real Estate	3.9%	Poland
Flörsheim	Real Estate	3.5%	Germany
Meung sur Loire	Real Estate	2.8%	France

Date as at 30 June 2022

Largest investments	Sector	% Assets (exc. Cash)	Country
Den Hoorn	Real Estate	8.9%	Netherlands
Avignon	Real Estate	8.0%	France
Waddinxveen	Real Estate	7.3%	Netherlands
Madrid - Gavilanes 3	Real Estate	7.0%	Spain
Erlensee	Real Estate	6.6%	Germany
Zeewolde	Real Estate	5.7%	Netherlands
Madrid - Gavilanes 1.1	Real Estate	5.6%	Spain
Ede	Real Estate	5.0%	Netherlands
's Heerenberg	Real Estate	5.0%	Netherlands
Warsaw	Real Estate	4.7%	Poland
Lodz	Real Estate	4.7%	Poland
Krakow	Real Estate	4.6%	Poland
Flörsheim	Real Estate	4.1%	Germany
Meung sur Loire	Real Estate	3.3%	France
Madrid - Gavilanes 1.2	Real Estate	3.1%	Spain

Date as at 31 March 2022

Largest investments	Sector	% Assets (exc. Cash)	Country
Den Hoorn	Real Estate	9.2%	Netherlands
Avignon	Real Estate	7.8%	France
Waddinxveen	Real Estate	7.6%	Netherlands
Madrid - Gavilanes 3	Real Estate	6.9%	Spain
Erlensee	Real Estate	6.5%	Germany
Zeewolde	Real Estate	5.9%	Netherlands
Madrid - Gavilanes 1.1	Real Estate	5.5%	Spain
's Heerenberg	Real Estate	5.1%	Netherlands
Ede	Real Estate	5.0%	Netherlands
Warsaw	Real Estate	4.6%	Poland
Lodz	Real Estate	4.5%	Poland
Krakow	Real Estate	4.5%	Poland
Flörsheim	Real Estate	4.1%	Germany
Meung sur Loire	Real Estate	3.3%	France
Madrid - Gavilanes 1.2	Real Estate	3.0%	Spain



Asset allocation
describes the share of
investments in specific
assets.

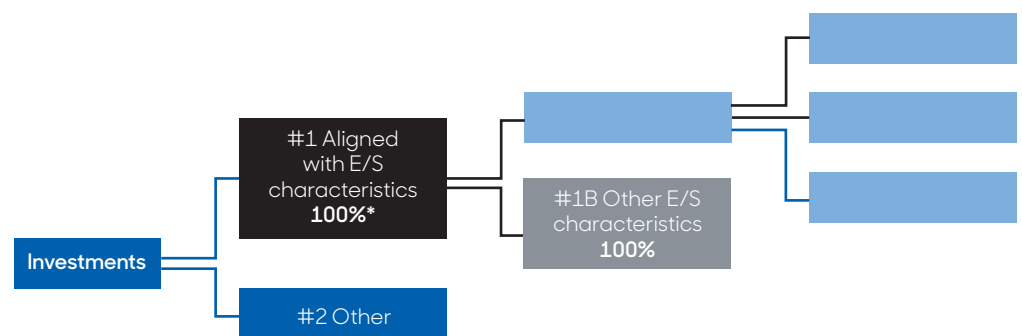
What was the proportion of sustainability-related investments?

The investment strategy of the fund applies to and captures all assets it holds. Applicable environmental and social characteristics are considered and promoted for all assets and the intention is that all assets contribute to the attainment of characteristics promoted by the fund (1B in the below chart).

No sustainable investments, including EU Taxonomy aligned investments, were made during the reporting period.

The percentage figure in the box below only includes the underlying investments and excludes cash within the fund.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities

are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

In which economic sectors were the investments made?

Real estate



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investment adviser managing the fund has not adopted a sustainable investments methodology and the fund has not set a minimum sustainability investments threshold. Therefore the percentage of sustainable investments aligned with EU Taxonomy is 0% as at 31 December 2022. All assets, excluding cash, are considered to promote E or S characteristics.

Did the financial product invest in fossil gas an/or nuclear energy related activities complying with the EU Taxonomy¹?

☐

Yes

☐

In fossil gas

☐

In nuclear energy

☒

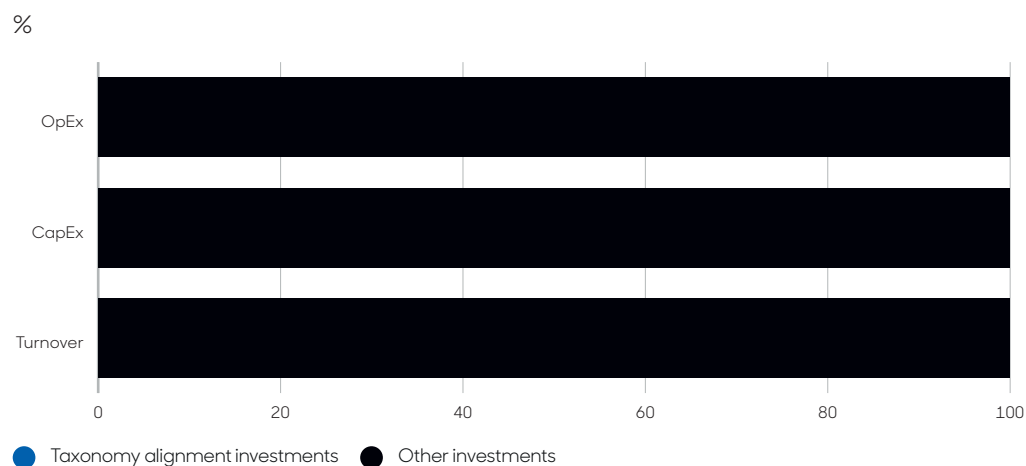
No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

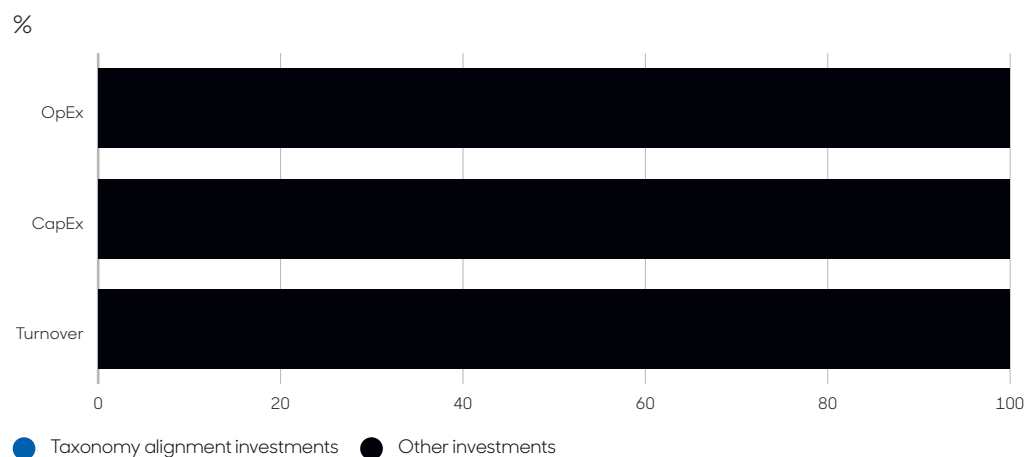
The graphs below show in blue the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

Taxonomy - alignment of investments including sovereign bonds¹



¹ For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

Taxonomy - alignment of investments excluding sovereign bonds¹



¹ For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of investments made in transitional and enabling activities?

0%.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable as this is the first report.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0%



What was the share of socially sustainable investments?

0%

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Not applicable to this fund. Applicable environmental and social characteristics are considered and promoted for all assets and the intention is that all assets contribute to the attainment of characteristics promoted by the fund.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

ESG action

ESG data collection supporting all E/S characteristics: In order to improve ESG data collection and understand performance, property and asset managers have increased efforts to engage with tenants and increase tenant data collection resulting in a higher data collection rate compared to previous years.

Energy efficiency, greenhouse gas emissions reductions:

- Installation of LED lighting at Meung sur Loire, France
- Use of green energy for landlord controlled electricity supply in Germany and Poland
- New Green leases implemented through tenant engagement Leon/Avignon
- Smart metering project underway with implementation in Avignon and Waddinxveen
- Exploring PV installation at Erlensee, Florsheim, Zeewolde, Oss, s'Heerenberg, Meung sur Loire
- Build and progress net zero carbon strategy at Fund and asset level

In addition to measures taken for existing buildings, the Fund has focussed on acquiring assets with either strong existing ESG credentials (e.g. Phase IV at Gavilanes, Madrid, rated EPC A and BREEAM Very Good), or those with potential to improve (e.g. La Creche, Niort, by working with tenants to improve via initiatives such as LED installation).

All E/S characteristics:

- Three properties in the Dutch portfolio have been (re)certified with BREEAM In-Use during the reference period – Den Hoorn, Ede, Waddinxveen. Asset managers are considering the implementation of findings from these assessments, with a view to improving ratings in the future.
- The Fund achieved a 4-star GRESB rating in 2022, and is aiming for continued improvement year on year.



How did this financial product perform compared to the reference benchmark?

How does the reference benchmark differ from a broad market index?

Not applicable to this fund.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Not applicable to this fund.

How did this financial product perform compared with the reference benchmark?

Not applicable to this fund.

How did this financial product perform compared with the broad market index?

Not applicable to this fund.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Notice of Annual General Meeting

Notice is hereby given that the fifth annual general meeting (the "Annual General Meeting") of abrdn European Logistics Income plc (the "Company") will be held at Wallacespace, 15 Artillery Lane, London, E1 7HA on 12 June 2023 at 11:30 a.m. for the following purposes:

To consider and if thought fit, pass the following resolutions of which Resolutions 1 to 10 will be proposed as ordinary resolutions and Resolutions 11 to 13 as special resolutions:

Ordinary Business

1. To receive and adopt the Company's financial statements for the year ended 31 December 2022, together with the Directors' Report and the auditor's report thereon.
2. To receive and approve the Directors' Remuneration Report as set out in the Company's Annual Report and financial statements for the year ended 31 December 2022 (other than the Directors' Remuneration Policy as set out on page 82 of the Directors' Remuneration Report).
3. To authorise the Directors of the Company to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval.
4. To re-elect Ms C. Gulliver as a Director.
5. To re-elect Mr J. Heawood as a Director.
6. To re-elect Mr T. Roper as a Director.
7. To re-elect Ms D. Wilde as a Director.
8. To re-appoint KPMG LLP as the Company's auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
9. To authorise the Directors to determine the auditor's remuneration.

Special Business

10. THAT in substitution for all existing powers the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company:
 - a. to allot shares in the Company up to an aggregate nominal amount of £1,360,175 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in sub-paragraph (b) below in excess of £1,360,175); and
 - b. to grant rights ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £2,720,350 (such amount to be reduced by the nominal amount of any shares allotted pursuant to the authority in sub-paragraph (a) above) in connection with an offer made by means of a negotiable document to (i) all holders of ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") in proportion (as nearly as may be practicable) to the respective numbers of such Ordinary Shares held by them and (ii) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions, limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);such authorisation to expire on 30 June 2024 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2024 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require shares to be allotted or Relevant Rights to be granted after the expiry of this authorisation and the Directors may allot shares or grant Relevant Rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

11. THAT subject to the passing of Resolution numbered 10 above and in substitution for all existing powers the Directors be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 (1), (2) and (3) of the Act) for cash either pursuant to the authorisation under section 551 of the Act as conferred by Resolution 10 above or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to:
- a. the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph (b) below) to any person up to an aggregate nominal amount of £412,174 which are, or are to be, wholly paid up in cash, at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10% of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and
 - b. the allotment of equity securities in connection with an offer (but, in the case of the authority granted under Resolution 10 (b) above, by way of a rights issue only) to (i) all holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them and (ii) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions, limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and such power shall expire on 30 June 2024, or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2024 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this power make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares to be sold after the expiry of this power and the Directors may allot securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.
12. THAT, the Company be generally and unconditionally authorised 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 and to cancel or hold in treasury such shares provided that:
- a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 14.99% of the Ordinary Shares in issue as at the date of the passing of this Resolution;
 - b. the minimum price which may be paid for an Ordinary Share is £0.01;
 - c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
 - d. the authority hereby conferred shall expire on 30 June 2024, or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2024 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and
 - e. the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
13. THAT a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board
abrdn Holdings Limited
Secretaries

280 Bishopsgate
London EC2M 4AG

20 April 2023

Notes:

1. In accordance with section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website eurologisticsincome.co.uk.
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any form of proxy or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting (excluding non working days). The return of a completed form of proxy or other instrument of proxy will not prevent you attending the Annual General Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's register of members as at 6.30 p.m. on 8 June 2023 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that register of members after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. 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.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at www.euroclear.com. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Annual General Meeting. 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 issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI 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 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 providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. You may also submit your proxy votes via the internet. You can do so by visiting www.sharevote.co.uk. You will require your voting ID, task ID and Shareholder Reference Number. This information can be found under your name on your form of proxy. Alternatively, shareholders who have already registered with Equiniti Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk using their user ID and password. Once logged in, click "view" on the "My Investments" page. Click on the link to vote and follow the on screen instructions.
10. 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.

11. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, 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).
12. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share. A Director, the company secretary, or some person authorised for the purpose by the company secretary, may require any representative to produce a certified copy of the resolution so authorising him or such other evidence of his authority reasonably satisfactory to such Director, company secretary or other person before permitting him to exercise his powers.
13. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
14. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
15. As at close of business on 20 April 2023 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 412,174,356 Ordinary Shares and there were no shares held in treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 20 April 2023 is 412,174,356.
16. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
17. Under section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Annual General Meeting. Under section 338A of that Act, members may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may be properly included in the business.
18. Members should note that it is possible that, pursuant to requests made by the members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.
19. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
20. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
21. There are special arrangements for holders of shares through abrdn Investment Plan for Children, abrdn Investment Trusts Share Plan and abrdn Investment Trust ISA ("Plan Participants"). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.

Contact Addresses

Directors

Anthony Roper, (Chairman)
Caroline Gulliver
John Heawood
Diane Wilde

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Independent Auditor

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Canary Wharf
London
E14 5GL

Website

eurologisticsincome.co.uk

Foreign Account Tax Compliance Act ("FATCA") IRS Registration Number ("GIIN")

DF2TVL.99999.SL.826

Legal Entity Identifier (LEI)

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Registered Number

Incorporated in England & Wales with number 11032222

For more information visit eurologisticsincome.co.uk

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