

20 April 2023
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abrdn European Logistics Income plc (the "Company")

FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Differentiated strategy underpinned by high indexation and occupier demand delivers portfolio valuation resilience, with platform in place to capture long-term income growth

abrdn European Logistics Income plc, the Continental European investor in modern warehouses, which is managed by abrdn, announces its full year results for the year to 31 December 2022.

Resilient NAV performance despite highly volatile macroeconomic backdrop; maintained dividend supported by low-cost, fixed debt:

- Net asset value per ordinary share decreased by 7.75% to €1.19 (31 December 2021: €1.29), primarily driven by market-wide outward yield movements as a result of rising interest rates
- IFRS NAV total return of -3.8% (31 December 2022: 12.4%)
- EPRA net tangible assets €1.25 (31 December 2021: €1.36)
- IFRS earnings per share of -4.51cents (31 December 2021: 15.43 cents)
- Loan to Value of 34% at 31 December (31 December 2021 25.1%)
- Low all-in cost of fixed term debt of 2.01%, with no major refinancings due until mid-2025
- Dividend distributions of 5.64 euro cents per share paid in respect of the year
- Attractive WAULT of 8.9 years (31 December 2021: 8 years) and inflation linked lease profile, with 65% of current portfolio income subject to full indexation
- A £38 million (€45.6 million) equity issuance completed in February 2022

Increased exposure to high growth urban logistics sub sector and indexation-driven, active management initiatives to support occupancy and earnings growth optimisation

- Strong rent collection
- Portfolio value increased 14% to €759 million (31 December 2021: €666 million) reflecting new acquisitions; the like-for-like portfolio valuation decreased by 4%, mainly as a result of the outward yield movement witnessed in Q4
- State of the art Amazon-leased warehouse and parking deck completed at Gavilanes, Madrid at a cost of €80.3 million on a 25 year lease
- Four further acquisitions completed for a total net consideration of €44.7 million, taking the portfolio to 27 assets across five countries and increasing the portfolio weighting towards high growth urban logistics sector to 51%
- Annualised passing rent increased by 18% to €34.7 million (31 December 2021: €29.4 million)
- Income enhancing asset management successes including:
 - Five year lease agreed with ADER on 7,375 sqm of previously vacant space at Madrid Phase II, earlier than forecast and ahead of rental estimate
 - Completion of Madrid Phase IV Amazon hub
 - Delivery of highly sustainable warehouse extension at Waddinxveen, in the Netherlands
 - Post-period, a new 9.5 year lease with Dachser France at its La Creche, Niort, property, 3% ahead of previous annual rent payable
- Further improvement in the Company's Global Real Estate Sustainability Benchmark ('GRESB') score to 86/100, whilst maintaining its high Green Star rating with 4 out of a maximum of 5 stars

Tony Roper, Chairman, abrdn European Logistics Income, commented:

"Our core focus over the coming months 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. Furthermore, we believe a combination of the portfolio valuation resilience versus other commercial real estate funds and the growth prospects in our key markets versus the UK provides an attractive differentiator for investors."

Troels Andersen, Lead Fund Manager, abrdn European Logistics Income, added: "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 its momentum in most European logistics hotspots.

"While lingering economic, political, and financial market uncertainties may disrupt investment trends and present select occupational challenges in the short-term, the favourable underlying trends including growing e-commerce penetration, onshoring and supply chain reconfiguration/ modernisation should remain important drivers for the sector."

-Ends-

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Financial Highlights as at 31 December 2022

Net asset value total return:	IFRS Net Asset Value (€'000)	IFRS Net Asset Value per share (€)¹
2021: 12.4%	2021: 487,505	2021: 1.29
(3.8%)	489,977	1.19
Share price total return:	(Discount)/Premium to Net Asset Value¹	Ordinary dividend per share
2021: 12.46%	2021: 7.8%	2021: 5.64¢
(38.3%)	(35.0%)	5.64¢
Ongoing Charges:	IFRS Earnings Per Share	Portfolio valuation (€'000) ¹
2021: 1.3%	2021: 15.43¢	2021: 666,008
1.3%	(4.51¢)	758,719
Number of assets	Average lease length in years (excl breaks)	Loan-To-Value¹ (%)
2021: 23	2021: 8.0	2021: 25.1%
27	8.9	34.0%
Average building size (sqm)	All-in fixed interest rate	EPRA Net Tangible Assets per share (€) ¹
2021: 23,403	2021: 1.43%	2021: 1.36
21,374	2.01%	1.25

¹ Alternative Performance Measure

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

50% of our annual income is subject to capped air conditioning 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.

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 under 'Results' below (page 21 of the published Annual Report and financial statements for the year ended 31 December 2022) 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 published 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 published 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 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 nonrecourse 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 of the published Annual Report and financial statements for the year ended 31 December 2022.</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 of the published Annual Report and financial statements for the year ended 31 December 2022.</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 of the published Annual Report and financial statements for the year ended 31 December 2022.</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 of the published Annual Report and financial statements for the year ended 31 December 2022. 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 of the published Annual Report and financial statements for the year ended 31 December 2022.</p>

¹ Alternative Performance Measure - see glossary on pages 150 to 154 of the published Annual Report and financial statements for the year ended 31 December 2022.

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 ongoing 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

Description	Mitigating Action
Strategic Risk: Strategic Objectives and Performance	<ul style="list-style-type: none">The Company's strategy and objectives are regularly

- 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.

Risk has increased over the year

- 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.

Risk has decreased over the year

- 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.

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.

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.

Risk is unchanged over the year

- 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.

Risk is unchanged over the year

- 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.

Risk is unchanged over the year

- 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

<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> <p><i>Risk has increased over the year</i></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> <p><i>Risk is unchanged over the year</i></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> <p><i>Risk has increased over the year</i></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.
<p>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.</p> <p><i>Risk is unchanged over the year</i></p>	<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.
<p>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.</p> <p><i>Risk has increased over the year</i></p>	<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.
<p>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</p>	<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

result in increased tax charges or penalties.
Failure to comply with existing or new regulation.

Risk is unchanged over the year

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, noncompliance 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.

Risk is unchanged over the year

- 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.

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.

Risk is unchanged over the year

- 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](https://www.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](https://www.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

generated at certain properties within its portfolio reported under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, see page 58 of the published Annual Report and financial statements for the year ended 31 December 2022.

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 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

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 of the published Annual Report and financial statements for the year ended 31 December 2022.

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 whilst the Investment Manager's views on the outlook for the portfolio are included in the Investment Manager's Review.

Tony Roper
Chairman
20 April 2023

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 of the published Annual Report and financial statements for the year ended 31 December 2022 for more information).

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

	Dividend Distribution GBP pence	Dividend Distribution EURO cents Equivalent	Qualifying Interest GBP pence	Qualifying Interest EURO cents Equivalent	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	30/03/2023	24/03/2023
Total	3.82	4.50	0.97	1.14			

Strategic Report

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.

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', buildings are generally smaller and located in close proximity to dense population centres for

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%).

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	2019	7.1	7.1	4.7

	1.1				
Spain	Madrid - Gavilanes	2019	0.6	7.6	2.4
	1.2				
Spain	Madrid - Gavilanes	2020	3.6	13.6	2.0
	2.1				
Spain	Madrid - Gavilanes	2020	1.5	3.5	1.7
	2.2				
Spain	Madrid - Gavilanes	2020	2.5	4.5	1.6
	2.3				
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.

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 totalled €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,

22 countries 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

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

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 the published Annual Report and financial statements for the year ended 31 December 2022. The dividend policy is disclosed in the Strategic Report.

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](https://www.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 Committee	MEC	Nomination
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 the published Annual Report and financial statements for the year ended 31 December 2022.

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.

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 of the published Annual Report and financial statements for the year ended 31 December 2022.

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 of the published Annual Report and financial statements for the year ended 31 December 2022.

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 of the published Annual Report and financial statements for the year ended 31 December 2022 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 of the published Annual Report and financial statements for the year ended 31 December 2022 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

your Board considers resolutions 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

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

Financial Statements

Consolidated Statement of Comprehensive Income

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
REVENUE						
	Notes					

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)
		-	3,600	3,600	-	-	-
Effect of fair value adjustments on derivative financial instruments							
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.

Consolidated Balance Sheet

For the year ended 31 December 2022

		As at 31 December 2022 Total €'000	As at 31 December 2021 Total €'000
	Notes		
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 of the published Annual Report and financial statements for the year ended 31 December 2022 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.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

			Special distributable reserve €'000				
	Notes	Share capital €'000	Share premium €'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

			Special distributable reserve €'000				
	Notes	Share capital €'000	Share premium €'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.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	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) are subsequently measured at

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
Depository 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

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	3.43c	4.50c
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	(7.94c)	10.93c
Earnings per ordinary share	(4.51c)	15.43c

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
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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.

Effect on Valuation
€'000

Country and sector	Assumption	Movement	
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
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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.

	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

18. Special Distributable Reserve

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 of the published Annual Report and financial statements for the year ended 31 December 2022.

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

Opening balance	(2)	31,770	31,700
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
	Netherlands €'000	Poland €'000	Germany €'000	Spain €'000	France €'000	Parent Company €'000	Total €'000
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:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
31 December 2022				
Investment properties	-	-	776,616	776,616
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
31 December 2021				
Investment properties	-	-	683,878	683,878
	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
31 December 2022				
Derivative Financial Liability	-	(185)	-	(185)
Derivative Financial Asset	-	3,894	-	3,894

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

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
31 December 2021				
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
	Interest rate %	Local currency '000	Foreign exchange rate	Euro equivalent €'000
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
Zloty	679	679
Total foreign currency	1,060	1,060
Euro	(287,699)	(287,699)
Total	(286,639)	(286,639)

Total	(286,639)	(286,639)
	Net monetary exposure €'000	Total currency exposure €'000
As at 31 December 2021		
Pound Sterling	332	332
Zloty	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:

	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
At 31 December 2022					
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
	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
At 31 December 2021					
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 of the published Annual Report and financial statements for the year ended 31 December 2022.

	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	31 December 2021
Ordinary shares	Ordinary shares

	Ordinary shares	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.

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 EPRA Earnings	(3,600)	(83)
	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
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 EPRA NRV	36,585	36,106
	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 EPRA	8,083	4,389
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%
<hr/>		
	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		
Net Debt (a)	(20,262)	(23,280)
	265,014	168,286
Investment properties at fair value	758,719	666,008
Net receivables (excluding lease incentives) Total	7,829	13,106
Property Value (b)		
	766,548	679,114
LTV (a/b)	34.57%	24.80%

Corporate Information

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 of the published Annual Report and financial statements for the year ended 31 December 2022) 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%
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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

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 December 2022 are an abridged version of the Company's full Annual Report and financial statements, which have been approved and audited with an unqualified report and did not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain a statement under s.498 of the Companies Act 2006.

The Annual Report will be posted to shareholders in early May 2023 and additional copies will be available from the registered office of the Company and on the Company's website, eurologisticsincome.co.uk*

Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise and may be affected by exchange rate movements. Investors may not get back the amount they originally invested.

**Neither the content of the Company's website nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is (or is deemed to be) incorporated into, or forms (or is deemed to form) part of this announcement.*

¹⁴ 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.

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