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abrdn European Logistics Income plc (LSE: ASLI) (the "Company" or "ASLI")

INTERIM RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Diversified portfolio of Continental European mid box and urban logistics assets continues to benefit from occupier demand, supported by high indexation, and sectoral tailwinds

abrdn European Logistics Income plc, the Continental European investor in modern warehouses, which is managed by abrdn, announces its interim results for the half year ended 30 June 2023.

NAV impacted by sector-wide asset re-pricing, which slowed in the second quarter; low all-in fixed interest debt with no near term maturity provides balance sheet flexibility

- Net asset value per ordinary share decreased by 8.9% to 108.29 cents (31 December 2022: 118.89 cents), primarily driven by market-wide outward yield movements as a result of rising interest rates
- IFRS NAV total return for half year to 30 June 2023 of -6.6% (year to 31 December 2022: -3.8%)
- EPRA net tangible assets 113.11 cents (31 December 2022: 125.47 cents)
- IFRS earnings per share for half year to 30 June 2023 of -7.76 cents (half year to 30 June 2022: 4.82 cents)
- Loan to Value of 35.3% at 30 June 2023 (31 December 2022: 34.0%)
- Low all-in fixed interest rate of 2.00%, with no refinancings due until mid-2025 (31 December 2022: 2.01%)
- Dividend distributions for half year to 30 June 2023 2.82 cents per share (half year to 30 June 2022: 2.82 cents)

Pro-active asset management initiatives to underpin portfolio occupancy and indexation-led earnings growth, leveraging embedded pan-European platform

- Portfolio value as at 30 June 2023 was €693 million (31 December 2022: €759 million), reflecting the disposal of Leon; the like-for-like portfolio valuation decreased by 6.4%, largely driven by outward yield movement
- Completed the disposal of a warehouse in Leon, Northern Spain, for €18.5 million, reflecting a small premium to the 31 March 2023 valuation
- Attractive WAULT to expiry of 8.7 years and inflation linked lease profile, with c. two thirds of current portfolio income subject to full uncapped indexation
- Headline passing rent of €33.7 million at 30 June 2023 (30 June 2022: €28.3 million)
- Completed income enhancing asset management successes across 80,819 sqm, generating €5 million of annualised rent:
 - 9.5 year lease with Dachser France at its La Creche, Niort, property, 3% ahead of previous annual rent payable
 - 12-year lease extension agreed with Biocoop on 28,500 sqm at its highly sustainable warehouse near Avignon, France, generating an annual contracted rent of €2.5 million
 - Five-year lease extension with Kruidvat at its 39,840 sqm single-tenant warehouse in Ede, the Netherlands, reflecting a 4% increase on the previous passing rent
- The Company maintained its four stars out of five awarded in the Global Real Estate Sustainability Benchmark ('GRESB') survey with expectations for further improvement this year.

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

"Whilst we recognise there are clear challenges ahead as a result of the ongoing macroeconomic volatility, we are confident that 2024 will see an improving environment. Investors continue to support the Company, recognising the qualities of the GRESB 4-star rated portfolio underpinned by the changing nature of both tenants and their customers in the desire for reliable and fast delivery lines and supported by indexed income-producing assets and competitive fees.

"With a deeply embedded pan-European platform and singular focus on carefully selected, tenant critical assets in well-located areas close to population hubs with good transport links, combined with our solid balance sheet, we are well placed to generate continued growth and attractive returns for our shareholders over the long-term."

Troels Andersen, Lead Fund Manager, abrdn European Logistics Income, added: "The structural drivers underpinning the logistics sector remain compelling. With the rise of improved data handling, automation, robotics and other technologies, logistics operators and suppliers can create more efficient supply chains with fewer risks of costly delays. This requires modern warehousing in new and established locations which will sustain the current demand and supply imbalance over the long-term: vacancy rates remain less than 100 basis points above the record lows witnessed earlier this year.

"We expect logistics to be one of the best performing sectors once macroeconomic markets regain stability, given both these longer term structural drivers and more immediate pressures impacting on new development. The link to the economy is clear in recent data, but long-term conviction in the European logistics sector remains strong. As our Leon disposal demonstrated, modern logistics units of between 20,000 to 40,000 square metres in fringe city locations represent a 'liquid' part of the logistics market from both a leasing and investment perspective, and offer robust performance prospects in the long run."

-Ends-

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Highlights

IFRS Net Asset Value (€'000) 446,360 <small>31 December 2022: 489,977</small>	Portfolio Valuation (€'000) 693,488 <small>31 December 2022: 758,719</small>	Total Assets (€'000) 758,214 <small>31 December 2022: 817,783</small>
Net Asset Value Total Return (EUR) for the half year to 30 June 2023 (%) ₁ (6.6) <small>Year ended 31 December 2022: (3.8)</small>	Share Price Total Return (GBP) for the half year to 30 June 2023 (%) ₁ (0.4) <small>Year ended 31 December 2022: (38.3)</small>	Discount to Net Asset Value per share (%) ₁ (29.0) <small>31 December 2022: (35.0)</small>
Net Asset Value Total Return (EUR) since launch to 30 June 2023 (%) 20.8 <small>Since launch to 31 December 2022: 29.2</small>	Share Price Total Return since launch to 30 June 2023 (%) (15.5) <small>Since launch to 31 December 2022: (15.1)</small>	Ordinary Share Price (p) 66.00 <small>31 December 2022: 68.50</small>
IFRS Net Asset Value per share (c) ₁ 108.29 <small>31 December 2022: 118.89</small>	Dividend declared for the half year to 30 June 2023 (c) 2.82 <small>Year ended 31 December 2022: 5.64</small>	IFRS Earnings Per Share for the half year to 30 June 2023 (c) (7.76) <small>Year ended 31 December 2022: (4.51)</small>
EPRA Net Tangible Assets per share (c) ₁ 113.11 <small>31 December 2022: 125.47</small>	All-in fixed interest rate (%) 2.00 <small>31 December 2022: 2.01</small>	Loan-To-Value (%) ₁ 35.3 <small>31 December 2022: 34.0</small>
Number of assets 26 <small>31 December 2022: 27</small>	Average lease length excluding breaks in years 8.7 <small>31 December 2022: 8.9</small>	Average building size (sqm) 20,940 <small>31 December 2022: 21,374</small>

Interim Board Report

Chairman's Statement

Overview

I am pleased to be presenting the Company's half yearly report for the six months ended 30 June 2023.

The Company's investment objective remains solely focused on investing in logistics real estate in Europe, with our strategy targeting both mid box assets and smaller format 'urban logistics' that serve 'last mile' functions for the growing near-shoring, supply chain diversification and e-commerce activities of businesses across Europe.

Unprecedented inflationary pressures, global uncertainty as to future macroeconomic developments and increased energy costs, leading to the sharp increase in interest rates witnessed over the second half of 2022 and into 2023, saw a consequent adjustment to property yields and asset values.

Our portfolio has not been immune from such yield movement; and over the first six months of the year the portfolio value, (excluding disposals) declined by €47.3m (6.4%). However, the underlying premise of growth from in-demand assets, buoyed by the continued near-shoring of operations, growth in e-commerce, land scarcity and rising construction costs, remains.

Additionally, we have seen inflation feeding through into annual lease reviews, a major benefit of many European lease agreements which are predominantly linked to local CPI or its equivalent, helping to underpin income and, to an extent, valuations.

Market overview

GDP growth in the Eurozone has been muted, with seasonally-adjusted quarter-on-quarter figures of 0.0% and 0.3% in Q1 and Q2 2023 respectively. Both were disproportionately affected by Ireland's volatile national accounts, creating the impression of a pickup in momentum that is not reflected across other Eurozone members. Indeed, surveys suggest the Eurozone carried poor momentum into Q3, and purchasing manager indices (PMI's) point to contraction in July.

Additionally, with retail sales falling, the industrial sector shrinking, bank lending conditions becoming more restrictive, and the impact of monetary tightening building, there is every chance that the Euro economy will fall into recession in Q4 of this year.

Encouragingly the ECB is no longer signalling further rate increases. It increased the deposit rate by 25bps to 4.0% from 20 September due to concerns around strong wage growth and sticky inflation. Ultimately a recession would likely mean a rate cutting cycle during 2024.

Strategy

Like many in the wider sector, whilst our financial and operational performance may have been resilient, it has nonetheless been impacted by the higher interest rate environment. With that in mind, the Board has continued to monitor the current dividend level, and is exploring options which could allow for improvement in the Company's dividend cover.

Alongside the portfolio indexation which is underpinning rental growth, predicted lower interest rates for 2024 will support capital values and earnings. The yield correction witnessed over the past 12 months is widely expected to have slowed by early 2024, and with a possible economic recovery in H2 2024 and a rate cutting cycle possibly commencing later in H1 2024, real estate capital markets are anticipated to react ahead of this when green shoots appear.

We continue to monitor, through the Investment Manager, credit quality and tenant risk. At the same time, consideration may be given to the early small repayment of borrowings using any sales proceeds, or use of additional security from our currently unsecured assets, to provide greater capacity with regards to our income and loan to value covenants.

In May the Board took the opportunity to visit the Company's two German assets to meet with tenants and to see first-hand the Investment Manager's operations in Frankfurt. As with Madrid last year, it was pleasing to meet the experienced asset and transaction teams on the ground who deal so closely with our tenants and various stakeholders.

Further details on the Company's portfolio are provided in the Investment Manager's Report that follows.

Results

The unaudited Net Asset Value ("NAV") per share as at 30 June 2023 was 108.3 euro cents (GBP - 92.9p), compared with the NAV per share of 118.9 euro cents (GBP - 105.4p) at 31 December 2022. With the interim dividends declared, this represents a NAV total return of -6.6% for the six month period under review, in euro terms.

The closing Ordinary share price at 30 June 2023 was 66.0p (31 December 2022 - 68.5p), implying a discount to the NAV per share of 29.0%.

Rent collection & asset management

The Company's rent collection remained robust, despite the continued economic pressures, with 96% of the expected rental income for the half year ended 30 June 2023 collected.

Following the planned lease surrender in August, the Investment Manager is now actively seeking a tenant for the smaller, modern unit in Madrid previously occupied by Amazon, with interested parties in active discussions with agents. Talks are also ongoing with Arrival as we seek agreement on their proposed surrender of two leases in Madrid. The warehouses in question provide good optionality for splitting into up to five smaller units, which could help to satisfy local occupier demand.

During the period the Company completed four leasing transactions, in three countries, across 80,819 sq m extending the WAULT to expiry to 8.7 years.

It also completed the disposal of the warehouse in Leon, Northern Spain, for €18.5 million, reflecting a small premium to the 31 March 2023 valuation.

Dividend

On 17 February 2023 the Board declared a fourth interim distribution of 1.41 euro cents (equivalent to 1.20 pence) per Ordinary share in respect of the year ended 31 December 2022. In aggregate a total dividend of 5.64 euro cents was paid in respect of the 2022 financial year, unchanged from 2021. The equivalent sterling rate paid was 4.79 pence.

First and second interim distributions of 1.41 euro cents (equivalent to 1.23 pence and 1.22 pence respectively) have been declared in respect of the year ending 31 December 2023.

Interim dividends continue to be declared in respect of the quarters ending on the following dates: 31 March, 30 June, 30 September and 31 December in each year.

Revolving credit facility/ financing

The €70 million Revolving Credit Facility ("RCF") provided to the Company by Investec Bank affords flexibility for the acquisition of new properties and can help to avoid immediate cash drag on investment returns. The facility is undrawn at the time of writing, providing ample liquidity should it be required.

Following the sale of Leon in April and the associated debt repayment, overall debt at the portfolio level fell to €259.5m with an all-in cost of debt of 2.0%. The Company's low, secured, fixed rate debt provides support to its investment objective, with no re-financing required until mid-2025.

The LTV was 35.3% as at 30 June 2023. The maturity of the Company's non-recourse loans ranges between 1.9 and 5.6 years, with interest rates ranging between 1.1% and 3.1% per annum.

The Board continues to keep the level of borrowings, calculated at the time of drawdown for a property purchase, under review. The actual level of gearing may fluctuate over the Company's life as and when new assets are acquired or whilst short-term asset management initiatives are being undertaken. Banking covenants are reviewed by the Investment Manager and the Board on a regular basis.

ESG

Our portfolio has strong ESG credentials, and has retained the four stars (out of five) which it was awarded in the 2022 GRESB survey (Global Real Estate Sustainability Benchmark). The Investment Manager continues to seek to enhance areas where improvements can be made, including investigating further solar panel projects, LED lighting and analysis of energy and water consumption. This process is informed in part by our ongoing tenant satisfaction survey, and we have hopes of an even better score this year.

The Investment Manager has maintained its focus on asset management initiatives, leveraging its network of locally based asset managers in order to enhance the value of the portfolio's assets. This includes initiatives around building extensions and improvements to sites, both internally and externally, for the benefit of tenants and their workforces and to enhance the future value of the assets.

Outlook

Prospects for both the sector and the Company remain positive. As the uncertainty surrounding the macroeconomic backdrop begins to clear, we believe that the combination of strong underlying market fundamentals and positive structural drivers will continue to attract capital to the European logistics sector, and will support rental growth.

Interest rate rises and tougher economic conditions have undoubtedly left their mark on the real estate sector and have impacted valuations. Investor confidence has also been tested, with the share price falling as risk aversion took hold, as has been the case for many in the real estate sector. Nonetheless, with the Eurozone seeing an end in sight for rate tightening, the signs are promising for the European logistics occupier market. We should benefit in time from strong leasing momentum, with Europe still at a relatively early stage of its supply chain reconfiguration and e-commerce penetration still some way behind the UK. The incontrovertible shift in the way in which consumers shop, and the infrastructure required to service this new form of demand close to population centres, underpins the positive longer term prospects for the Company's investment approach.

The Board continues to look at best options to improve the Company's share price rating. There are clear challenges ahead, but the Company's portfolio is characterised by carefully selected, tenant critical assets in well-located areas close to population hubs with good transport links. Vacancy rates in Europe remain close to historic lows, reflecting the lack of new supply being delivered into the market as a result of financing costs.

The Investment Manager believes that our logistics assets remain relatively defensive, with our success in effecting the Leon disposal above book value demonstrating the liquidity in the part of the market on which we are focused. We remain confident that our well-positioned high quality portfolio, combined with our solid balance sheet, will be able to generate continued growth and attractive returns for our shareholders over the longer term as we move into an improving environment in 2024.

Interim Board Report

Investment Manager's Review

Logistics market trends
Logistics has been one of the most heavily sought-after sectors by investors in recent years. In 2022, logistics accounted for 19% of all Commercial Real Estate investments, a substantial increase on the 9% seen in 2015. However, the €39 billion of logistics deals closed in the year to June 2023 represented a 50% decline on the previous 12-month period. Investment market liquidity is currently lower than previous years given the mismatch in buyer and seller pricing expectations, with yields still to peak due to inflationary pressures and interest rate increases.

Where values have fallen the most and where yields have broadly stabilised, we are starting to see more deal activity. Values in the Netherlands have fallen roughly 30% and some investors already consider this area to be offering better value today. Currently, the lowest yields can be found in Germany (4.4%), the Netherlands (4.5%) and France (4.6%); while yields in Spain and Poland are increasing and now stand close to 5% and 6%. In parts of Western Europe outward yield shift has slowed as 2023 has progressed, and with interest rate hikes moderating, transaction based indices from Green Steet suggest that the correction in values is close to stabilising.

Recent stability can be put down to several factors. One of those is that logistics yields have now caught up with all-in debt costs in many markets. We estimate that logistics financing can be sourced at roughly 4.6% on average in core markets, based on the Eurozone five-year swap rate of 3.2% (as of August 2023) and bank lending margins quoted at 140 basis points on good quality and well-let properties. Average prime logistics yields are now 5.1%, so a positive spread has been re-established, even if interest rates remain elevated. Central and Eastern European markets and riskier assets remain more costly and tougher to finance. There are more refinancing issues and distress to come, as well as a possible increase in margins in the event of a harsh recession, so it is too early to say that leverage is no longer a hindrance.

The logistics sector is showing signs of slowing down in line with the economic backdrop. The Eurozone Manufacturing PMI fell to 42.7 in July 2023, from 43.4 in the previous month, the lowest level in three years. It reflects a continuation in manufacturing slowdown that has now lasted a full year.

Looking deeper at the drivers of demand, 2022 e-commerce sales growth beat expectations to reach 12.8% in Europe. This took the e-commerce sales penetration rate to a new high of 18.2%. Had it not been for a sharp retrenchment in e-commerce sales penetration in the UK, the aggregate numbers would have been even more impressive. Germany led the growth on the continent with a 265 basis point increase in e-commerce sales penetration, taking its total to 18.5%. France and the Netherlands also experienced strong growth of 180 basis points each, taking their penetration rates to 15.5% and 21.5% respectively.

However, this growth rate has slowed in 2023 as economic challenges, weaker labour markets and higher household indebtedness have impacted household finances. At the same time e-commerce capacity is moderating back towards more typical pre-pandemic levels. Amazon has been sub-letting space in the UK and Germany and vacating some of its older and less efficient stock. The European average e-commerce sales growth rate is forecast to drop back to 6.6% in 2023, before accelerating again towards 10% per annum in 2024 and 2025.

The growth in demand for modern logistics assets has become much more than just an e-commerce story. A much broader supply chain configuration is taking place, Supply chains are adjusting to reduce risks and costs, and that means warehouses need to be closer to customers and have to perform efficiently. With the rise of improved data handling, automation, robotics and other technologies, logistics operators and suppliers can create more efficient supply chains with fewer risks of costly delays. This requires modern warehousing in new and established locations.

This supply chain modernisation is ongoing, and we expect it to sustain the current demand and supply imbalance over the long-term.

Vacancy rates are still low and the availability of best-in-class warehouses remains scarce. The European vacancy rate is up slightly from a record low of 2.6% in the first quarter of 2023, to 3.5% in the second quarter of 2023; we expect that figure to edge up a little further, but to remain at comparatively low levels.

Completions totalled c. 7% of stock in 2022 and are likely to reach a similar level in 2023.

European logistics rents have on average increased by over 30% over the last five years and most markets are still experiencing growth today. Rents increased by 30% in Warsaw over the year to Q2 2023, while Germany's major cities experienced a 20% increase on average. Sweden, Finland, the UK and Ireland reported rental growth in excess of 10%. It is common for logistics leases in Europe to carry indexation clauses that mean passing rents increase with inflation year-on-year.

Based on our own experiences and what we are seeing across the market, the vast majority of tenants have accepted the contractual rental uplifts through this period of elevated inflation. This has supported cashflows and underpinned higher prime rents too. With build cost inflation still elevated and with yields rising in recent months, developers have had to push rents on further to protect profit margins, while limited supply has left tenants with little room for negotiation. Given the impact of the weak economic backdrop, though, we expect rental growth to slow from recent highs. In the longer term, we expect rental growth to exceed inflation and attract investors back into the sector as the market turns. European Logistics Total Returns from June 2023

Attractive assets with growth potential
Our portfolio strategy is defined by the assets in which we have invested and their locations, where we think growth will be strongest. The ability to readily re-let a warehouse to another tenant (liquidity) is hugely important and a component of the drivers for growth in the future.

Diversification is another important consideration. With 26 assets spread across five European countries, and leased to 50 tenants, the Company is well positioned in this regard. At the end of June 2023, as can be seen in the chart below, the portfolio was weighted towards Spain (33% of portfolio value) and the Netherlands (29%), followed by France (15%), Poland (13%) and Germany (10%).

Property portfolio			WAULT excl		
Country	Property	Built	WAULT incl breaks (years)	breaks (years)	% of Fund
France	Avignon	2018	11.2	11.2	7.6
France	Meung sur Loire	2004	-	-	2.9
France	Bordeaux	2005	5.6	8.6	1.7
France	Dijon	2004	6.5	9.5	1.3
France	Niort	2014	9.0	9.0	1.7
Germany	Erlensee	2018	4.6	4.6	5.8
Germany	Florsheim	2015	4.8	4.8	3.8
Poland	Krakow	2018	3.1	3.1	4.4
Poland	Lodz	2020	4.9	4.9	4.4
Poland	Warsaw	2019	4.3	4.3	4.4
Spain	Barcelona	2019	3.0	6.0	2.6

Spain	Madrid, Coslada	1999	3.5	6.5	1.7
Spain	Madrid - Gavilanes 1.1	2019	6.6	6.6	4.8
Spain	Madrid - Gavilanes 1.2	2019	0.1	7.1	2.3
Spain	Madrid - Gavilanes 2.1	2020	3.1	13.1	2.1
Spain	Madrid - Gavilanes 2.2	2020	1.0	3.0	1.7
Spain	Madrid - Gavilanes 2.3	2020	2.0	4.0	1.6
Spain	Madrid - Gavilanes 3	2019	3.9	7.9	6.0
Spain	Madrid - Gavilanes 4	2022	13.8	23.8	9.9
The Netherlands	Den Hoorn	2020	6.8	6.8	7.0
The Netherlands	Ede	1999 / 2005	9.0	9.0	3.9
The Netherlands	Horst	2005	9.3	9.3	1.4
The Netherlands	Oss	2019	11.0	11.0	2.4
The Netherlands	s Heerenberg	2009 / 2011	8.5	8.5	4.4
The Netherlands	Waddinxveen	1983 / 2018 / 2022	10.4	10.4	5.9
The Netherlands	Zeewolde	2019	11.0	11.0	4.3
Total			7.1	8.7	100.0

Spain represents our largest country exposure with one urban logistic warehouse in Barcelona and nine urban logistic warehouses in Madrid. Madrid is the third largest city in Europe after London and Paris. The urban profile of these warehouses is exactly in line with our strategy.

The Gateway function with Rotterdam, the largest seaport in Europe, gives the Netherlands a strategic location in Europe and represents the starting point for large transport corridors leading to Belgium, Germany, France and beyond. This is reflected in it having the second highest logistics stock per capita, just behind Belgium. The combination of a densely populated country and a fierce ongoing debate around the impact of further construction on the environment and biodiversity makes it even harder to find locations for new logistics developments. This leaves us well positioned with the six Dutch assets in the portfolio. We also now have five warehouses in France providing further diversification to this large economy.

The three warehouses in Poland provide higher yields over certain other regions. The Polish market has been amongst the strongest growing European logistics market, benefiting from low labour costs. Its immediate proximity to Ukraine has not impacted the portfolio. With Poland a member of NATO, its historically strong links to Ukraine have led to increased warehouse take-up as some Ukrainian companies have required extra storage there. The two multi-let assets in Germany are located in the densely populated Frankfurt Rhine-Main region and have performed very well since being acquired.

Indexed rental income

2022 and H1 2023 have seen unprecedented levels of inflation driven by the impact from the pandemic and the war in Ukraine, with increased costs of energy one of the main drivers. One of the key benefits of investing in Continental real estate, compared to the UK, is the annual indexation clause typically seen in leases. The majority of our contracts have upward-only indexation clauses, sometimes with a cap. In the portfolio, c. 60% of rent is fully indexed with no caps. The affordability of rents for our tenants with this increasingly high indexation is an important consideration. As a landlord, we feel our position is strong at this juncture, with the logistics businesses of many tenants critical to their success. Rent may actually often be a smaller portion of overall operating expenses for companies, meaning that the impact on them of indexation increases may be limited, especially where companies have pricing power in their particular market. Our local asset managers will enable us to manage this process well, as they did with the challenges of the pandemic.

Our previously flagged discussions with Arrival over the possible surrender of their leases on two units in Madrid are ongoing. We hope to reach a mutually satisfactory agreement which will see no loss of income. However, until these negotiations are concluded and Arrival's position becomes clearer, there remains a degree of uncertainty over outstanding rent. We are also now actively marketing the smaller, modern Amazon unit in Madrid which became available in August and which we believe is an attractive option for occupiers seeking proximity to the city.

Portfolio activity / asset management

While H1 2023 has been a period of volatility due to high inflation, rising interest rates and falling capital values, it has been a busy period for our local asset management teams.

The Company's first asset sale of Leon in Spain, together with four new leasing transactions in France, the Netherlands and Poland, have generated positive asset-level returns in a challenging market. These five transactions have enhanced the portfolio metrics, improving the WAULT to break from 6.1 to 7.1 years and the WAULT to expiry from 8.3 to 8.7 years. The leasing transactions totalled 80,819 sq m of space, generating in excess of €5m of annualised income.

Early in 2023, the Company agreed a 3,939 sq m lease renewal with Dachser France, the international provider of transport and logistics solutions, at its urban logistics freehold property at La Crèche, near Niort, France. Dachser signed a new 9.5-year green lease, effective January 2023, which generates annual contracted rent of €532,900, and which was 3% ahead of the previous passing rent. Importantly, the new lease provides for annual uncapped French ILAT indexation with increased payments commencing in 2025, backdated to January 2023. The property sits on 44,000 sq m of land (with only 9% site coverage), providing good opportunities for future expansion and/or future development.

In May the Company agreed a new 28,500 sq m green lease extension with Biocoop, the leading organic food distributor, at its warehouse near Avignon, France. The new 12-year lease, effective from 1 March 2023, generates an annual contracted rent of €2.5 million and provides for full annual French ILAT indexation with no cap. Avignon serves as a strategically important location for Biocoop, which operates a unique multi-professional cooperative model, supporting a network of over 570 organic stores promoting local production in order to limit transportation and support local economies. The property also generates €165,000 per annum of additional income from rooftop solar panels. We were very pleased to reaffirm our relationship with such a sustainability focussed tenant, and the renewal added clear value.

In May we completed the Company's first asset sale, disposing of our 32,645 sq m warehouse, in Leon, Northern Spain, to SCPI Iroko Zen, for €18.5 million. The disposal price reflected a 3% premium to the 31 December 2022 valuation. The Company acquired the asset in 2018 for €15.3 million with the sale reflecting a crystallised 20% gross profit. Located in the Villadangos industrial area, it was leased to Decathlon with a WAULT of six years. This transaction reduced the LTV and improved the cash position, whilst increasing the portfolio's urban logistics weighting.

During the period the Company also agreed a 5-year lease extension with Dutch retail and pharmacy operator Kruidvat at its 39,840 sq m single-tenant warehouse in Ede, the Netherlands. The new deal extended the lease expiry from 2028 to July 2033, generating additional income as well as reflecting a 4% increase on the previous passing rent and providing for future upward-only indexation capped at 4% per annum.

In Krakow, the Company agreed a three-year lease extension with Maxfliz, one of Poland's leading interior design businesses. This deal moves the lease expiry to July 2027, further enhancing the portfolio WAULT metrics.

ESG

Environmental, Social and Governance (ESG) has been embedded in our strategy since listing, and it is an area where we continue to perform well. The Company achieved a score of 86/100 and a 4-star rating in the 2022 GRESB survey which placed the Company second in its peer group of six listed logistics strategies in Europe.

GRESB is the Global Real Estate Sustainability Benchmark assessment and a leading indicator worldwide for measuring green performance. The Company's continued year-on-year improvement from 84 to 86 points is an excellent achievement. Our starting point was strong thanks to the younger age of the portfolio and the installation of solar panels on ten of our buildings. Our dedicated abrdn ESG team is helping to optimise the sustainability credentials of the portfolio and we hope to improve our score this year. We are also seeing, as corporates continue to evolve their own sustainability pathways, that the requirement

for space that supports these strategies is becoming par for the course.

We are concluding work on defining a Net Zero Carbon strategy with the Board with clear reduction targets for the future. We have undertaken a pathway analysis with a third party specialist in this field. Knowing the carbon footprint of each building in the portfolio helps guide towards creating a real structure to our environmental and sustainability ambitions for both the near and long-term.

Outlook

We remain positive on the long-term demand drivers from e-commerce, near-shoring, supply chain diversification and modernisation. The reconfiguration of supply chains, driven by the need to adapt in the face of pressures such as technological change, e-commerce and deglobalisation, is a process that should drive strong demand for modern logistics properties for some time to come.

Following the 20% decline in All Property (according to abrdn research) values since June 2022, the yield revaluation phase appears to be closer to the end than the beginning, although risks of another step down are elevated because of the weakening economic outlook and the ongoing difficulties in debt refinancing. We continue to monitor loan covenants, which are seeing pressure from continued yield movement, but mitigants including loan repayment and additional security remain options if required.

Logistics is expected to outperform the EU average All Property total return with 7.8% per annum over the next three years and 7.6% per annum over five years. This is mainly driven by income returns and modest capital growth prompted by a balance of yield compression and income growth. The use of financial leverage today is not particularly attractive given elevated interest rates and persistent downside risks to the market.

We think that interest rates more widely should peak in late H2 2023, before falling back gradually in 2024. Our all-in fixed debt at 2% per annum stands us in good stead and our earliest refinancing is only required in June 2025. However, we remain alive to the fact that rates may not stabilise back to previous low levels, and we are working with the Board to use all levers available to us to improve dividend cover. We continue to expect a three-phase outlook:

- **Yield revaluation** - we believe that the yield correction is roughly three-quarters of the way through, although price discovery will take more time as liquidity remains low.
- **Economic recovery** - Eurozone recession expected in Q4 2023/H1 2024, followed by a recovery; interest rate expectations have fallen back and a cutting cycle is expected in 2024.
- **Supply-driven rental rebound** - lack of supply to support rental growth prospects while sticky inflation is supporting real income growth.

Given the elevated risk levels and the delay in the turning point in 2024, we currently believe in a low-risk approach. We believe that attractive opportunities will arise for investors over the next six to twelve months, and so being ready to take advantage of better pricing entry points will be crucial.

We expect logistics to be one of the best performing sectors over the medium term, given the structural pressures behind demand. Units of between 20,000 to 40,000 square metres in fringe city locations currently represent the most 'liquid' part of the logistics market from both a leasing and investment perspective and offer robust performance prospects in the long run.

Asset loans as at 30 June 2023

Country	Property	Bank	Share in total	Loan amount €'000	End date Loan	Remaining Years	Interest (incl margin)
France	Avignon + Meung sur Loire	BayernLB	12.7%	33.0	12-Feb-26	2.6	1.57%
Germany	Erlensee	DZ Hyp	6.9%	17.8	31-Jan-29	5.6	1.62%
Germany	Florsheim	DZ Hyp	4.8%	12.4	30-Jan-26	2.6	1.54%
Spain	Madrid Facility 1 (Madrid 1)	ING	17.0%	44.0	07-Jul-25	2.0	2.72%
Spain	Madrid Facility 2 (Madrid 2 + Leon)	ING	20.8%	53.9	16-Sep-25	2.2	3.11%
The Netherlands	Ede + Oss + Waddinxveen	Berlin Hyp	17.0%	44.2	06-Jun-25	1.9	1.35%
The Netherlands	sHeerenberg	Berlin Hyp	4.2%	11.0	27-Jun-25	2.0	1.10%
The Netherlands	Den Hoorn + Zeewolde	Berlin Hyp	16.6%	43.2	14-Jan-28	4.5	1.38%
Total			100.0%	259.5		3.3	2.00%

Troels Andersen

Fund Manager

abrdn Investments Ireland Limited

27 September 2023

Interim Board Report

Disclosures

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are set out on pages 13 to 17 of the Annual Report and Financial Statements for the year ended 31 December 2022 (the "2022 Annual Report") together with details of the management of the risks and the Company's internal controls. Notwithstanding the risk of recession, higher inflation and tenant rental negotiations discussed in the Chairman's Statement and Investment Manager's Review, these risks have not changed materially and can be summarised as follows:

- Strategic Risk: Strategic Objectives and Performance;
- Investment and Asset Management Risk: Investment Strategy;
- Investment and Asset Management Risk: Developing and Refurbishing Property;
- Investment and Asset Management Risk: Health and Safety;
- Investment and Asset Management Risk: Environment;

- Financial Risks: Macroeconomic;
- Financial Risks: Gearing;
- Financial Risks: Liquidity and FX Risk;
- Financial Risks: Credit Risk;
- Financial Risks: Insufficient Income Generation;
- Regulatory Risks: Compliance; . Operational Risks: Service Providers; and . Operational Risks: Business Continuity.

The Board also has a process in place to identify emerging risks. If any of these are deemed to be significant, these risks are categorised, rated and added to the Company's risk matrix.

The Board notes the Investment Manager's robust and disciplined investment process which continues to focus on high quality warehouses located across Europe and prudent cash flow management. The Board is 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 Board, through the Manager, closely monitors all third party service arrangements and has not suffered any interruption to service. The Board therefore believes that the Manager and all other key third party service providers have in place appropriate business interruption plans and are able to maintain their service levels to the Company.

Related party transactions

aFML acts as Alternative Investment Fund Manager, abrdn Investments Ireland Limited acts as Investment Manager and Aberdeen Asset Management PLC acts as Company Secretary to the Company; details of the service and fee arrangements can be found in the 2022 Annual Report, a copy of which is available on the Company's website. Details of the transactions with the Manager including the fees payable to abrdn plc group companies are disclosed in note 16 of this Half Yearly Report.

Going concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Directors have undertaken a rigorous review and consider that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Directors are mindful of the principal risks and uncertainties disclosed above and have reviewed forecasts detailing revenue and liabilities. 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 residual 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 the Board has set limits for borrowing and regularly reviews financial modelling scenarios and the level of gearing. The Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of this Half Yearly Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Directors' Responsibility Statement

The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and gives a true and fair view of the assets, liabilities, financial position and net return of the Company as at 30 June 2023; and
- the Interim Board Report (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the UK Listing Authority Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and rule 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period).

Tony Roper
Chairman

27 September 2023

Property Portfolio

Property Portfolio as at 30 June 2023

	Property	Tenure	Principal Tenant
1	France, Avignon (Noves)	Freehold	Biocoop
2	France, Meung sur Loire	Freehold	Vacant
3	France, Gevrey	Freehold	Dachser
4	France, La Creche	Freehold	Dachser
5	France, Bruges	Freehold	Dachser
6	Germany, Erlensee	Freehold	Bergler
7	Germany, Flörsheim	Freehold	Ernst Schmitz
8	Poland, Krakow	Freehold	Lynka
9	Poland, Lodz	Freehold	Compal
10	Poland, Warsaw	Freehold	DHL
11	Spain, Barcelona	Freehold	Mediapost
12	Spain, Madrid (Coslada)	Freehold	DHL
13	Spain, Madrid 1.1	Freehold	Talentum
14	Spain, Madrid 1.2	Freehold	Amazon
15	Spain, Madrid 2.1	Freehold	Carrefour
16	Spain, Madrid 2.2	Freehold	MCR
17	Spain, Madrid 2.3	Freehold	Servicios Empresariales Ader
18	Spain, Madrid 3 (2 buildings)	Freehold	Arrival
19	Spain, Madrid 4 (2 buildings)	Freehold	Amazon
20	The Netherlands, Den Hoorn	Leasehold	Van der Helm

21	The Netherlands, Ede	Freehold	AS Watson (Kruidvat)
22	The Netherlands, Horst	Freehold	Limax
23	The Netherlands, Oss	Freehold	Orangeworks
24	The Netherlands, 's Heerenberg	Freehold	JCL Logistics
25	The Netherlands, Waddinxveen	Freehold	Combilo International
26	The Netherlands, Zeewolde	Freehold	VSH Fittings

Condensed Consolidated Statement of Comprehensive Income

	Notes	1 January to 30 June Unaudited 2023			1 January to 30 June Unaudited 2022			1 January to 31 December Audited 2022		
		Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
REVENUE										
Rental income		16,994	-	16,994	13,593	-	13,593	29,686	-	29,686
Property service charge income		3,866	-	3,866	2,777	-	2,777	6,237	-	6,237
Other operating income		331	-	331	383	-	383	676	-	676
Total Revenue	2	21,191	-	21,191	16,753	-	16,753	36,599	-	36,599
GAINS ON INVESTMENTS										
Gains on disposal of investment properties	8	-	133	133	-	-	-	-	-	-
(Losses)/Gains on revaluation of investment properties	8	-	(47,606)	(47,606)	-	15,676	15,676	-	(40,432)	(40,432)
Total Income and (losses)/gains on investments		21,191	(47,473)	(26,282)	16,753	15,676	32,429	36,599	(40,432)	(3,833)
EXPENDITURE										
Investment management fee		(1,685)	-	(1,685)	(2,017)	-	(2,017)	(3,953)	-	(3,953)
Direct property expenses		(1,682)	-	(1,682)	(981)	-	(981)	(2,501)	-	(2,501)
Property service charge exposure		(3,866)	-	(3,866)	(2,777)	-	(2,777)	(6,237)	-	(6,237)
SPV property management fee		(135)	-	(135)	(89)	-	(89)	(255)	-	(255)
Other expenses		(2,079)	-	(2,079)	(1,169)	-	(1,169)	(2,797)	-	(2,797)
Total expenditure		(9,447)	-	(9,447)	(7,033)	-	(7,033)	(15,743)	-	(15,743)
Net operating return before finance costs		11,744	(47,473)	(35,729)	9,720	15,676	25,396	20,856	(40,432)	(19,576)
FINANCE COSTS										
Finance costs	3	(4,253)	(110)	(4,363)	(1,687)	-	(1,687)	(5,676)	-	(5,676)
Gains arising from the derecognition of derivative financial instruments		-	313	313	-	-	-	-	-	-
Effect of fair value adjustments on derivative financial instruments		-	529	529	-	-	-	-	3,600	3,600
Effect of foreign exchange differences		117	(37)	80	516	48	564	(115)	461	346
Net return before taxation		7,608	(46,778)	(39,170)	8,549	15,724	24,273	15,065	(36,371)	(21,306)
Taxation	4	(598)	7,775	7,177	(367)	(4,363)	(4,730)	(1,029)	3,893	2,864
Net return for the period		7,010	(39,003)	(31,993)	8,182	11,361	19,543	14,036	(32,478)	(18,442)
Total comprehensive return for the period		7,010	(39,003)	(31,993)	8,182	11,361	19,543	14,036	(32,478)	(18,442)
Basic and diluted earnings per ordinary share	6	1.70c	(9.46c)	(7.76c)	2.02c	2.80c	4.82c	3.43c	(7.94c)	(4.51c)

The accompanying notes are an integral part of the Financial Statements.

The total column of the Condensed Consolidated Statement of Comprehensive Income is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

Condensed Consolidated Balance Sheet

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Notes			
NON-CURRENT ASSETS			
Investment properties			

Company number: 11032222
The accompanying notes are an integral part of the Financial Statements.

Half year ended 30 June 2023 (unaudited)	Notes	Share capital €'000	Share premium €'000	distributable reserve Special reserve €'000	Capital reserve €'000	Revenue reserve €'000	Total €'000
Balance at 31 December 2022		4,717	269,546	164,851	30,780	20,083	489,977
Total Comprehensive return for the period		-	-	-	(39,003)	7,010	(31,993)
Interim Distributions paid	5	-	-	-	-	(11,624)	(11,624)
Balance at 30 June 2023		4,717	269,546	164,851	(8,223)	15,469	446,360
Half year ended 30 June 2022 (unaudited)							
Balance at 31 December 2021		4,309	225,792	178,207	63,258	15,939	487,505
Share issue	14	408	44,513	-	-	-	44,921
Share issue costs		-	(736)	-	-	-	(736)
Total Comprehensive return for the period		-	-	-	11,361	8,182	19,543
Interim Distributions paid	5	-	-	-	-	(11,624)	(11,624)
Balance at 30 June 2022		4,717	269,569	178,207	74,619	12,497	539,609
Year ended 31 December 2022 (audited)							

Balance at 31 December 2021		4,309	225,792	178,207	63,258	15,939	487,505
Share issue	14	408	44,513	-	-	-	44,921
Share issue costs		-	(759)	-	-	-	(759)
Total Comprehensive return for the year		-	-	-	(32,478)	14,036	(18,442)
Dividends paid	5	-	-	(13,356)	-	(9,892)	(23,248)
Balance at 31 December 2022		4,717	269,546	164,851	30,780	20,083	489,977

The accompanying notes are an integral part of the Financial Statements.

Condensed Consolidated Cash Flow Statement

		1 January to 30 June 2023 Unaudited €'000	1 January to 30 June 2022 Unaudited €'000	1 January to 31 December 2022 Audited €'000
Notes				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net return for the period before taxation		(39,170)	24,273	(21,306)
Adjustments for:				
Losses/(Gains) on investment properties	8	47,606	(15,676)	40,432
Land leasehold liability decreases		136	134	267
(Increase)/Decrease in operating trade and other receivables		(1,921)	(1,669)	4,964
Increase/(Decrease) in operating trade and other payables		300	(4,503)	(1,554)
Change in fair value of derivative financial instruments		(529)	-	(3,600)
Result arising from the derecognition of derivative financial instruments		(313)	-	-
Finance costs	3	4,363	1,687	5,676
Tax paid		(508)	(361)	(1,070)
Cash generated by operations		9,964	3,885	23,809
Net cash inflow from operating activities		9,964	3,885	23,809
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment properties		(399)	962	(133,523)
Disposal of investment properties	8	18,500	-	-
Derivative financial instruments		313	109	-
Net cash inflow/outflow from investing activities		18,414	1,071	(133,523)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	5	(11,624)	(11,624)	(23,248)
Bank loans interest paid		(3,026)	(1,108)	(3,050)
Bank loans drawn		-	-	154,547
Bank loans repaid		(10,808)	(15,500)	(65,692)
Proceeds from share issue		-	44,921	44,898
Issue costs relating to share issue		-	(736)	(759)
Net cash outflow/inflow from financing activities		(25,458)	15,953	106,696
Net increase/(decrease) in cash and cash equivalents		2,920	20,909	(3,018)
Opening balance		20,262	23,280	23,280
Closing cash and cash equivalents	10	23,182	44,189	20,262
REPRESENTED BY				
Cash at bank		23,182	44,189	20,262

The accompanying notes are an integral part of the Financial Statements.

Notes to the Financial Statements

1. Accounting Policies

The Unaudited Condensed Consolidated Financial Statements have been prepared on a going concern basis and in accordance with UK adopted International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting', and with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and are consistent with the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2022.

The Unaudited Condensed Consolidated Financial Statements for the half year ended 30 June 2023 do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2022. These were prepared in accordance with IFRS, which comprises 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 financial information in this Report does not comprise statutory accounts within the meaning of Section 434- 436 of the Companies Act 2006. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006. The financial information for the half year ended 30 June 2023 and 30 June 2022 has not been audited or reviewed by the Company's auditor.

2. Revenue

	Half year ended 30 June 2023 Unaudited €'000	Half year ended 30 June 2022 Unaudited €'000	Year ended 31 December 2022 Audited €'000
Rental income	16,994	13,593	29,686
Property service charge income	3,866	2,777	6,237
Other income	331	383	676
Total revenue	21,191	16,753	36,599

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

3. Finance Costs

	Half year ended 30 June 2023 Unaudited			Half year ended 30 June 2022 Unaudited			Year ended 31 December 2022 Audited		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Interest on bank loans	2,798	-	2,798	1,342	-	1,342	4,262	-	4,262
Amortisation of loan costs	1,257	-	1,257	150	-	150	730	-	730
Other finance costs	198	110	308	195	-	195	684	-	684
Total finance costs	4,253	110	4,363	1,687	-	1,687	5,676	-	5,676

Other finance costs include €110,000 charges paid on early repayment of bank loan.

4. Taxation

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

	Half year ended 30 June 2023 Unaudited			Half year ended 30 June 2022 Unaudited			Year ended 31 December 2022 Audited		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Current taxation:									
Overseas taxation	598	-	598	367	-	367	1,029	-	1,029
Deferred taxation:									
Overseas taxation	-	(7,775)	(7,775)	-	4,363	4,363	-	(3,893)	(3,893)
Total taxation	598	(7,775)	(7,177)	367	4,363	4,730	1,029	(3,893)	(2,864)

(b) Tax in the Group Balance Sheet

	As at 30 June 2023 Unaudited €'000	As at 30 June 2022 Unaudited €'000	As at 31 December 2022 Audited €'000
Deferred tax assets:			
On tax losses	3,700	2,655	3,384
On other temporary differences	338	338	370
	4,038	2,993	3,754
	As at 30 June 2023 Unaudited	As at 30 June 2022 Unaudited	As at 31 December 2022 Audited

	€'000	€'000	€'000
Deferred tax liabilities:			
Differences between tax and derivative valuation	-	-	973
Differences between tax and property revaluation	16,955	31,941	23,473
Total taxation on return	16,955	31,941	24,446

5. Distributions

	30 June 2023 Unaudited €'000
2022 Fourth interim dividend of 1.41¢ (1.20p) per Share paid 24 March 2023	5,812
2023 First interim dividend of 1.41¢ (1.23p) per Share paid 23 June 2023	5,812
Total dividend paid	11,624

Fourth quarterly interim dividend for 2022 of 1.41¢ (1.20p) per Share was paid on 24 March 2023 to shareholders on the register on 3 March 2023. The distribution was split 1.18¢ (1.00p) dividend income and 0.23¢ (0.20p) qualifying interest income.

First quarterly interim dividend for 2023 of 1.41¢ (1.23p) per Share was paid on 23 June 2023 to shareholders on the register on 2 June 2023. The distribution was split 1.08¢ (0.94p) dividend income and 0.33¢ (0.29p) qualifying interest income.

Second quarterly interim dividend for 2023 of 1.41¢ (1.22p) per Share was paid on 22 September 2023 to shareholders on the register on 1 September 2023. The distribution is split 1.28¢ (1.11p) dividend income and 0.13¢ (0.11p) qualifying interest income.

6. Earnings Per Share (Basic and Diluted)

	30 June 2023 Unaudited	30 June 2022 Unaudited	31 December 2022 Audited
Revenue net return attributable to Ordinary shareholders (€'000)	7,010	8,182	14,036
Weighted average number of shares in issue during the period	412,174,356	405,685,155	408,956,423
Total revenue return per ordinary share	1.70¢	2.02¢	3.43¢

Capital return attributable to Ordinary shareholders (€'000)	(39,003)	11,361	(32,478)
Weighted average number of shares in issue during the period	412,174,356	405,685,155	408,956,423
Total capital return per ordinary share	(9.46¢)	2.80¢	(7.94¢)

Basic and diluted earnings per ordinary share	(7.76¢)	4.82¢	(4.51¢)
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Earnings per Share is calculated on the revenue and capital loss for the period (before other comprehensive income) and is calculated using the weighted average number of Shares in the period of 412,174,356 Shares.

7. Net Asset Value Per Share

	30 June 2023 Unaudited	30 June 2022 Unaudited	31 December 2022 Audited
Net assets attributable to shareholders (€'000)	446,360	539,609	489,977
Number of shares in issue	412,174,356	412,174,356	412,174,356
Net asset value per share	108.29¢	130.92¢	118.89¢

8. Investment Properties

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Opening carrying value	776,616	683,878	683,878
Purchase at cost	-	-	128,278
Acquisition costs and capital expenditure	262	(1,091)	4,892
Disposal of investment properties	(18,500)	-	-
Disposal costs	388	-	-
Gains on disposal of investment properties	133	-	-
(Losses)/Gains on revaluation of investment properties	(47,453)	15,462	(40,304)
Movement in leasehold liability	(135)	(134)	180
Movements in lease incentives	(18)	348	(308)
Total carrying value	711,293	698,463	776,616

The fair value of investment properties amounted to €693,488,000. The difference between the fair value and the value per the Condensed Consolidated Balance Sheet at 30 June 2023 consists of accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease, and a lease asset relating to future use of the leasehold at Den Hoorn.

These total €4,696,000 and €22,501,000 respectively. The rent incentive balance is recorded separately in the financial statements as a current asset, and the lease asset is offset by an equal and opposite lease liability. On 27 April 2023 the Group completed the sale of the warehouse in Leon for €18,500,000 resulting in a realised gain of €133,000.

9. Trade and Other Receivables

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Trade receivables	9,420	8,071	8,070
Bad debt provision	(563)	(353)	(634)
VAT receivable	240	265	270
Lease incentives	4,696	4,699	4,740
Tax receivables and advances	572	-	39
Other receivables	6	23	85
Total receivables	14,371	12,705	12,570

10. Cash and Cash Equivalents

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Cash at bank	23,182	44,189	20,262
Total cash and cash equivalents	23,182	44,189	20,262

11. Leasehold Liability

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Maturity analysis - contractual undiscounted cash flows			
Less than one year	550	550	550
One to five years	2,200	2,201	2,200
More than five years	24,790	25,339	25,065
Total undiscounted lease liabilities	27,540	28,090	27,815

Lease liability included in the Condensed Consolidated Balance Sheet

Current	550	550	550
Non - Current	21,951	22,221	22,087
Total lease liability	22,501	22,771	22,637

12. Trade and Other Payables

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Tenant deposits	4,532	2,730	3,853
Rental income received in advance	4,174	2,700	4,035
Trade creditors	3,079	3,423	2,354
Accruals	1,957	1,146	1,534
Management fee payable	1,685	2,023	1,937
VAT payable	957	761	1,221
Accrued acquisition and development costs	55	146	72
Total payables	16,439	12,929	15,006

13. Bank Loans

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Bank loans greater than 12 months	255,959	160,552	265,532
Total payables	255,959	160,552	265,532

The total drawdown of the bank loans amounted to €259,462,500. The difference between the external loans drawdowns and the value per the Condensed Consolidated Balance Sheet consists of financing fees and their amortised portion related to the external bank loans totaling €3,503,000. It is recorded in the financial statements in the same line as bank loans.

14. Share Capital

	30 June 2023 Unaudited €'000	30 June 2022 Unaudited €'000	31 December 2022 Audited €'000
Opening balance	4,717	4,309	4,309

Ordinary shares issued	-	408	408
Closing balance	4,717	4,717	4,717

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 total number of Shares authorised, issued and fully paid is 412,174,356. The nominal value of each Share is £0.01 and amount paid for each Share was £1.00.

15. 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 table shows an analysis of the fair values of investment properties 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
30 June 2023 (unaudited) Investment properties	-	-	711,293	711,293
30 June 2022 (unaudited) Investment properties	-	-	698,463	698,463
31 December 2022 (audited) Investment properties	-	-	776,616	776,616

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

The following table shows an analysis of the fair values of 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
30 June 2023 (unaudited) Derivative financial assets	-	3,924	-	3,924
30 June 2022 (unaudited) Derivative financial instruments	-	-	-	-
31 December 2022 (audited) Derivative financial liabilities	-	-	-	(185)
Derivative financial assets	-	(185) 3,894	-	3,894

The lowest level of input is EUR:GBP exchange rate.

During 2022, 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 period covered by the relevant currency hedging instrument. Derivatives are measured at fair value calculated by reference to forward exchange rates for contracts with similar maturity profiles.

16. Related Party Transactions

The Company's Alternative Investment Fund Manager ('AIFM') throughout the period 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, risk management 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 ('aIIL'). The total management fees charged to the Consolidated Statement of Comprehensive Income during the period were €1,685,000 and €1,685,000 was payable at the period 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.

For half year to 30 June 2023, the Directors of the Company received fees for their services totaling £84,000 equivalent to €96,000.

17. Post Balance Sheet Events

A second quarterly interim dividend for 2023 of 1.41¢ (1.22p) per Share was paid on 22 September 2023 to shareholders on the register on 1 September 2023. The distribution was split 1.28¢ (1.11p) dividend income and 0.13¢ (0.11p) qualifying interest income.

18. Ultimate Parent Company

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

19. Half Yearly Report

This Half Yearly Report was approved by the Board and authorised for issue on 27 September 2023.

The Half Yearly Report will be printed and issued to shareholders and further copies will be available at 280 Bishopsgate, London EC2M 4AG and on the Company's website eurologisticsincome.co.uk*

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

Glossary of Terms and Definitions and Alternative Performance Measures

abrdn	The brand of the investment businesses of abrdn plc
abrdn plc group	The abrdn plc group of companies
AIC	Association of Investment Companies
AIC SORP	Association of Investment Companies Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued November 2014 and updated July 2022
AIFMD	The Alternative Investment Fund Managers Directive
AIFM	The alternative investment fund manager, being aFML
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP
Annual Rental Income	Cash rents passing at the Balance Sheet date
aFML or AIFM or Manager	abrdn Fund Managers Limited
aILL or the Investment Manager	abrdn Investments Ireland Limited is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security
Contracted Rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired
Covenant Strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a lease

¹ Defined as an Alternative Performance Measure.

Dividend Cover¹	The ratio of the Company's net profit after tax (excluding the below items) to the dividends paid		
		As at 30 June 2023 €'000	As at 31 December 2022 €'000
	Earnings per IFRS income statement	(31,993)	(18,442)
	Exclude:		
	Net changes in the value of investment property	47,606	40,432
	Gains on disposal of investment property	(133)	-
	Gains on termination of financial instruments	(313)	-
	Capitalised finance costs	110	-
	Deferred Taxation	(7,775)	(3,893)
	Fair value adjustments on financial instruments	(529)	(3,600)
	Effects of foreign exchange differences	(80)	(346)
	Profits (A)	6,893	14,151
	Dividend (B)	11,624	23,248
	Dividend Cover (A)/(B)	59.3%	60.9%
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share. The opposite of a discount is a premium		
		Half year ended 30 June 2023	Year ended 31 December 2022
	Share price (A)	66.00p	68.50p
	NAV (B)	92.95p	105.43p

	Discount (A-B)/B	(29.0%)	(35.0%)
	Earnings Per Share	Profit for the period attributable to shareholders divided by the average number of shares in issue during the period	
	EPRA	European Public Real Estate Association	
EPRA Earnings per Share recommendations	Earnings per share calculated in line with EPRA best practice		
		30 June 2023 €'000	31 December 2022 €'000
	Earnings per IFRS income statement	(31,993)	(18,442)
	Exclude:		
	Net changes in value of investment properties	47,606	40,432
	Gain on disposal of investment properties	(133)	-
	Movement in deferred tax	(7,775)	(3,893)
	Gains on termination of financial instruments	(313)	-
	Costs associated with early termination of financial instruments	110	-
	Changes in fair value of financial instruments EPRA Earnings	(529)	(3,600)
		6,973	14,497
	Weighted average ordinary shares ('000)	412,174	408,956
	EPRA Earnings per share	1.69¢	3.54¢
EPRA Net Asset Value Metrics	A set of standardised NAV metrics prepared in compliance with EPRA best practice recommendations		
		30 June 2023 €'000	31 December 2022 €'000
	IFRS NAV	446,360	489,977
	Exclude:		
	Fair value of financial instruments	3,924	3,709
	Deferred tax adjustment in relation to fair value gain on investment property	15,926	23,473
		466,210	517,159
		412,174	412,174
	Shares in issue at period end ('000)	113.1¢	125.5¢
	EPRA NAV (Net Tangible Assets) per share		
ERV	The estimated rental value of a property, provided by the property valuers		
Europe	The member states of the European Union, the European Economic Area ("EEA") and the members of the European Free Trade Association ("EFTA") (and including always the United Kingdom, whether or not it is a member state of the European Union, the EEA or a member of EFTA)		
Green Leases	Agreements between a landlord and a tenant as to how a building is to be occupied, operated and managed in a sustainable way		
Group	The Company and its subsidiaries		
Gross Assets	The aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time		
FRC	Financial Reporting Council		
IFRS	International Financial Reporting Standards		
Index Linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI) and French Tertiary Activities Rent Index (ILAT)		

Key Information Document or KID

The Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation requires the AIFM, as the Company's PRIIP "manufacturer," to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for

	the Company and anticipated performance returns cannot be guaranteed		
Lease incentive	A payment used to encourage a tenant to take on a new lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period		
Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. At period end the leverage under gross method was 181.56% and under commitment method was 159.63%.		
Loan to Value	Calculated as gross external bank borrowings dividend by total assets		
	30 June 2023	As at (€'000)	As at 31 December 2022 (€'000)
	Bank Loans	259.5	270.3
	Gross Assets	758.2	817.7
	Exclude IFRS 16 right of use asset	(22.5)	(22.6)
	Adjusted gross assets	735.7	795.1
	Gearing	35.3%	34.0%
Near-Shoring	Near-shoring involves relocating a company's operations to a neighbouring or nearby country, usually within the same region or continent in order to capitalise on geographic proximity, cultural similarities, and potential cost advantages while maintaining some of the benefits associated with offshoring, such as lower labour costs.		
Net Asset Value Total Return (EUR)	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested on the ex dividend date, excluding transaction costs		
		Half year ended 30 June 2023	Year ended 31 December 2022
	Opening NAV per share	118.9c	129.1c
	Movement in the period	(10.6c)	(10.2c)
	Closing NAV per share	108.3c	118.9c
	Decrease in NAV	(8.9%)	(7.9%)
	Impact of reinvested dividends	2.3%	4.1%
	Net Asset Value Total Return	(6.6%)	(3.8%)
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share		
Ongoing Charges	Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the industry standard		
Passing Rent	The rent payable at a particular point in time		
PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company		
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share. The opposite of a premium is a discount		
Prior Charges	The name given to all borrowings including long and short-term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment		
Portfolio fair value	The market value of the company's property portfolio, which is based on the external valuation provided by Savills (UK) Limited		
The Royal Institution of Chartered Surveyors (RICS)	The global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure		
Share Price Total Return (GBP)	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested on the ex dividend date, excluding transaction costs		
		Half year ended 30	Year ended 31 December 2022

June 2023		
Opening Share Price	68.5p	117.0p
Movement in share price	(2.5p)	(48.5p)
Closing share price	66.0p	68.5p
Decrease in share price	(3.7%)	(41.5%)
Impact of reinvested dividends	3.3%	3.2%
Share price total return	(0.4%)	(38.3%)

SPA	Sale and purchase agreement
SPV	Special purpose vehicle
Total Assets	Total assets less current liabilities (before deducting prior charges as defined above)
WAULT	Weighted Average Unexpired Lease Term. The average time remaining until the next lease expiry or break date

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