abrdn European Logistics Income plc

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

Annual Report 31 December 2023

eurologisticsincome.co.uk

Gavilanes, Madrid

Contents

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

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

Visit our Website

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

Any Questions?

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

Company Overview

abrdn European Logistics Income plc (the "Company" or "ASLI") is an investment trust investing in quality European logistics real estate to achieve its objective of providing its shareholders with a regular and attractive level of income and capital growth. The Company along with its subsidiaries (the "Group") invests in a portfolio of mid-box and urban logistics warehouses diversified by both geography and tenant throughout Europe, targeting well located assets in established distribution hubs and within population centres. On 27 November 2023, the Company announced that it was undertaking a strategic review of all options available to the Company that could offer maximum value for its shareholders. The review is ongoing at the date of this Annual Report.

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

- A diverse portfolio of assets across five countries
- A strong focus on ESG
- Investment predominantly in the more liquid mid-box and urban logistics segment of the real estate market
- Modest gearing parameters
- Durable inflation-linked rental income
- Local abrdn asset managers across European offices

Highlights as at 31 December 2023

Measure	2022	2023
Net asset value total return (EUR) (%) [1]	(3.8)	(17.1)
IFRS net asset value (€'000)	489,977	384,928
Net asset value per share (¢)[1]	118.9	93.4
Share price total return (GBP) (%)[1]	(38.3)	(3.5)
Discount to net asset value per share (%) [1]	(35.0)	(24.1)
Ordinary dividend paid per share (¢)	5.64	5.64
Ongoing charges ratio (%)[1]	1.3	1.6
IFRS earnings per share (¢)	(4.5)	(19.8)
Portfolio valuation (€'000)	758,719	633,806
Number of properties	27	26
Average lease length excl breaks (Years)	8.9	8.4
Gearing[1] (%)	34.0	38.7
Average building size (sqm)	21,374	20,940
All-in fixed interest rate (%)	2.01	2.00
EPRA net tangible assets per share (¢)[1]	123.7	95.7

[1] Alternative Performance Measurements – see glossary on pages 161 to 165.

Chairman's Statement

Dear Shareholder,

I am pleased to present the Company's sixth Annual Report in respect of the year ended 31 December 2023.

2023 continued as 2022 ended, with global macro events driving market sentiment, a continued economic slowdown and high inflation. Rapidly rising interest rates saw the cost of debt increase which led to a decline in the flow of capital into the real estate sector and a significant softening of yields.

This contrasted with the strong market fundamentals at the Company's inception in 2017, a period which saw the sector attracting considerable amounts of capital, encouraged by supportive debt markets. This underpinned falling property yields and an increase in capital values. The recent sharp rise in interest rates to combat high levels of inflation has resulted in property yields moving out to reflect the higher cost of capital, with asset values subsequently falling. Such fluctuations are a reminder that real estate markets are inherently cyclical in nature. With investors fearing continued valuation falls and seeking to lower their risk profiles, share price discounts to NAV have been persistently wide, not only in the REIT sector but also the wider investment trust sector.

Whilst the logistics sector fundamentals remain compelling, a combination of this challenging backdrop and the lack of a clear pathway to reaching full dividend cover in the near future resulted in the Board launching a strategic review in November 2023. This is allowing us to look at all sensible options to deliver shareholders' value. At the time of writing, this review is still underway. It is too early to tell whether this will lead to any corporate activity for the Company, but the Board will communicate with shareholders as soon as it feels in a position to say further. In the meantime, the Company is required under its articles to hold a continuation vote at its forthcoming AGM in June, and at this stage the Board recommends that shareholders vote in favour of this resolution to enable the Board to continue to a sensible conclusion in seeking best value for all shareholders.

Market overview

December 2023 saw the end of seven consecutive months of falling Eurozone inflation figures, resulting in the money markets adjusting their expectations. However with the deposit rate held at 4%, valuations continue to come under pressure. Looking forward, our Investment Manager believes that the most significant value correction is behind us and the negative pressure on yields, which has lagged the UK, will plateau later this year.

Future occupational demand looks set to be determined by two key trends: stabilising growth amongst eCommerce operators and a continued trend towards onshoring amongst manufacturers. The logistics market is characterised by rising occupier demand, limited supply in core markets and high barriers to developing new assets in prime locations.

The onshoring of operations should be a long-term trend over the next decade. While it could lead to a tangible boost in take-up in the near term, we do not believe it will result in the same explosive growth that the increase in online shopping led to over the last decade. Data from a European Central Bank survey points to an increasing number of firms expecting to increase their sourcing of production inputs from within the EU, compared to a declining number of firms sourcing their inputs externally.

The prime logistics markets in Germany, Netherlands, France, and Spain, where the majority of the portfolio is focused, continue to witness near-historically low vacancy rates. With speculative development expected to remain low due to increased costs and regulation, we expect vacancy rates to remain tight, which will keep upward pressure on indexed rents.

Tony Roper
Chairman

Company overview

As at 31 December 2023, the Company's property portfolio was independently valued at €633.8 million (31 December 2022: €758.7 million), and consisted of 26 assets (2022: 27 assets) located across five European countries. The like-for-like portfolio valuation (excluding the sold Leon warehouse) fell over the year by 14.4% as a result of the impact of the higher interest rate backdrop on investor sentiment and debt costs.

In May 2023, the Company announced the completion of the first sale from its portfolio, the 32,645 sqm Decathlon-leased warehouse, in Leon, Northern Spain, to SCPI Iroko Zen, for €18.5 million. The disposal price reflected a small premium to the December 2022 valuation and crystalised a 20% gross profit. It generated an attractive IRR, improved the cash position, reduced gearing and the all-in-interest rate, whilst reducing our retail related exposure to a Spanish location which the Investment Manager felt could be more challenging in the future.

Pleasingly during the year the Investment Manager agreed a number of lease regears, more detail of which can be found in the Investment Manager's Report that follows. These included

- A new 9.5 year lease with Dachser France in La Creche, Niort, with the rent 3% ahead of the previous annual rent payable and significantly ahead of ERV. Importantly for revenue generation, uncapped annual ILAT indexation was agreed.
- A new 12 year lease with Biocoop over the Avignon, France, property generating annual contracted rent of €2.5 million, equating to €86 per sqm with full annual French ILAT indexation with no cap. Both of these facilities serve as strategically important locations for our tenants.

In March 2024 we sold the vacant Meung-sur-Loire warehouse for €17.5 million, reflecting a small discount to the September 2023 valuation and in line with the December 2023 valuation. As one of the portfolio's older assets and with an eye on location and the potential capital expenditure required to improve its sustainability credentials, the Board agreed with the Investment Manager that this was a sensible sale, with the proceeds strengthening the Company's balance sheet, which was one of the key 2023 priorities.

Shareholders should be aware of the situation the Company faced over the electric vehicle company Arrival's units located in Gavilanes, Madrid. Despite lengthy negotiations and continued legal proceedings, with the limited possibility of obtaining any surrender premium or rent due to Arrival's deteriorating financial situation, following the advice of the Investment Manager, the Company deemed it sensible to negotiate a surrender of the lease and to obtain possession of the units for re-leasing as quickly as possible. It is pleasing to note that the 5,130 sqm unit was quickly leased in March to Spanish company Method Logistics, at a rent 8.7% ahead of the Arrival passing rent. The Getafe area remains attractive to many companies and there is good interest being shown for the remaining units.

The Company's 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. It has built a portfolio of assets diversified by both geography and tenant, in established distribution hubs and within close proximity of cities that have substantial labour pools and excellent transport links, all important factors and underpinning the appeal of the assets for tenants and longer term valuations and revenue earning abilities.

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 2023 the audited Net Asset Value ("NAV") per Share was 93.4 euro cents (GBp – 81.2p), a decrease of 21.5% compared with the NAV per Share of 118.9 euro cents (GBp - 105.4p) at 31 December 2022. With the interim dividends declared, this reflected a NAV total return of -17.1% for the year in euro terms (-19.0% in sterling).

The closing Ordinary Share price at 31 December 2023 was 61.6p (31 December 2022 – 68.5p), representing a discount to NAV per Share of 24.1% (31 December 2022 - 35.0%).

Dividends

First, second and third interim dividends in respect of the year ended 31 December 2023 of 1.41 euro cents per Ordinary Share were paid to Shareholders on 23 June 2023, 22 September 2023 and 29 December 2023. These equated to 1.23 pence, 1.22 pence and 1.23 pence respectively.

In light of the initial response to the previously announced Strategic Review, the Board and its advisers were keen to ensure that the Company was optimally positioned, and that it maintains maximum flexibility to allow it to advance any particular proposal. As a result, the Board took the decision, announced on 19 February 2024, to forego declaring a fourth interim distribution in respect of the quarter ended 31 December 2023. With the Strategic Review ongoing and to maintain flexibility, it is likely that the Company will also forego paying a dividend in relation to the quarter ended March 2024.

Normally distributions may be made up of both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts. Further details on this breakdown can be found on page 23 and are reflected within the Company's dividend announcements.

Financing

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 1.4 (mid-2025) and 5.1 years with all-in interest rates ranging between 1.10% and 3.11% per annum. Full details can be found in note 14 on page 125.

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, Madrid, 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. This facility sits at the parent company level and provides added flexibility. There were no drawdowns against this facility during 2023.

The year-end gearing level was 38.7% (2022 – 34.0%) with an average all-in interest rate of 2.0% (2022: 2.01%) on the total fixed term debt arrangements of €259.5 million (2022: 270.3 million).

GRESB and Asset Management

The Investment Manager continues to seek to improve the sustainability credentials of the portfolio and the results of the 2023 GRESB ('Global Real Estate Sustainability Benchmark') survey saw the Company's portfolio achieve another year-on-year increase, with a score of 89/100 representing continued improvement and an uplift on its 2022 GRESB survey score of 86/100. It also compares favourably versus the 81/100 average peer score and 75/100 overall average 2023 GRESB score.

The Company was awarded a maximum five stars in the 2023 GRESB awards, achieving a welcome first place in its peer group of diversified funds investing across Europe (European industrial: distribution warehouse).

In addition, the Company attained the top-rated gold level awarded by EPRA for compliance with its 'Best Practice Recommendations' in financial reporting.

The latest GRESB scoring continues to recognise the fundamental importance that 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.

The Company has executed several sustainability-led initiatives during the period, building on the significant progress made improving the credentials of our portfolio of Grade-A, modern properties. These included:

- High tenant data coverage which has helped to inform carbon performance and feed into our net zero plans
- Ongoing assessment of the operational performance of the portfolio, through BREEAM In-Use assessments and sustainability audits identifying actions to improve performance
- A portfolio-wide occupier engagement programme
- 100% of landlord energy procured from renewable sources
- 34% of the portfolio by floor area with solar PV with ongoing reviews across the estate for further additions
- 96% of assets by floor area with EPC's A-B

The Company has set a net zero carbon target of 2050 across all emissions (Scopes 1, 2 and 3), and the Company's strategy for achieving net zero carbon is fully detailed on page 65 of this report. ESG is embedded within the Investment Manager's investment and asset management processes and although many of our assets were new when purchased, a programme of works continues to enhance areas where improvements can be made. The ESG section gives further clarity on these processes.

Governance and Board Change

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 offer to meet with our substantial shareholders during the year to hear their views on the Company and its performance. Following the announcement of the Strategic Review, Directors together with the Company's advisers have met with many of our larger shareholders to understand their views on the Company and how they would like to see it positioned. The Directors may be contacted through the Company Secretary.

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 German assets helping to better understand their locations, site layouts and meeting with abrdn's local well-resourced Frankfurt-based real estate team which has a focus on managing these assets for us.

With the Company having been launched in December 2017, the Directors have been considering succession planning. With this in mind, Diane Wilde has confirmed that she will retire and not stand for re-election at the AGM in June. I would like to thank Diane for all her efforts since joining the Board. Following best practice, the remaining three Directors will stand for re-election at the forthcoming AGM and further details on each Director may be found on pages 80 and 81 of the Annual Report and financial statements for the year ended 31 December 2023. No decision on a replacement Board member will be taken until the Strategic Review has been concluded and the direction of the Company is known.

Strategic Review

As at the date of this report, the Board is continuing to undertake a Strategic Review of the options available to the Company, and is being advised on this by the Company's broker, Investec, and by Savills, who have been retained to give strategic property advice. The Board is considering all options available that offer maximum value for shareholders including, but not limited to, continuing with the current investment objective, selling the entire issued share capital of the Company or a managed wind-down of the Company's portfolio and returning monies to shareholders.

The Company has received a number of indicative non-binding proposals. However, there can be no certainty at this stage that the final terms of any proposal will prove to be sufficiently attractive to merit a Board recommendation to the Company's shareholders.

All proposals received will be analysed and considered in the light of feedback received from shareholders and the value that could be best achieved when looking at current and forecast market conditions. The Board welcomes the support shown by shareholders, both before and during this process, and will update shareholders on the progress or the outcome of the Strategic Review as soon as the process allows.

Annual General Meeting and Continuation Vote

The Company's Annual General Meeting will be held in London on Monday, 24 June 2024 at 09:00 am at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street, London EC1A 4HD.

The formal Notice of AGM may be found on page 182 of the Annual Report and financial statements for the year ended 31 December 2023.

This year the Company is required by its Articles to hold a continuation vote. With the Strategic Review still ongoing, the Board recommends that shareholders vote in favour of the Company's continuation to ensure that the review can be completed properly and the optimal outcome for shareholders delivered. It is the Board's current expectation that the result of the Strategic Review will be announced ahead of the AGM, so shareholders should have the benefit of a clear picture of the proposed way forward by the time that they are asked to vote. Should the Board not be in a position to communicate the outcome (or likely outcome) of the Strategic Review ahead of the AGM, the Board would ensure that shareholders were provided with the opportunity to vote on the future direction of the Company as and when the Review was completed (unless the proposed course of action arising from the Strategic Review in and of itself required a shareholder vote).

Outlook

While the market looks set to improve in H2 2024 and into 2025, and the post period transactions and letting activity achieved by the Investment Manager supports this, challenges will remain for the real estate sector, primarily as a result of higher-for-longer interest rates. Crucially for us, the logistics market remains well-positioned in terms of its fundamentals. While vacancy rose across the sector in Europe in the last year, we believe that vacancy levels have settled with speculative development pipelines contracting.

Several factors are driving an increased focus among occupiers on the type of prime, modern and sustainable warehouses that our portfolio contains. Many occupiers have put a greater focus on more energy-efficient space following the energy price shock and modern warehouses are more suitable for implementing automation processes, whereas older warehouses often have specifications which are unsuitable for the machinery needed. In addition, they are more flexible and thoughtfully designed, built around integrating new supply chain management technologies like RFID (radio frequency identification technology).

The portfolio remains well diversified by property, tenant and geography and our tenants' businesses are generally well positioned in areas which remain essential to the everyday operation of the modern economy. A strong commitment to sustainability, demonstrated by the Company's increased GRESB rating with five Green stars awarded for 2023, together with the inflation-linked nature of the portfolio's leases, has provided a counterbalance to the yield expansion witnessed.

Positive tailwinds from structural demand drivers should continue to benefit the portfolio. The impact of increasing online shopping penetration, the need to build greater resilience into supply chains, and the aim of reducing the environmental impact of distribution operations will continue to generate strong demand for high-quality, sustainable warehouse space and the portfolio remains well positioned to benefit from these trends.

In parallel to the abovementioned Strategic Review process, the near-term focus for the Investment Manager is to continue improving the earnings position, principally through letting up the vacant space in Spain and capturing the portfolio's attractive indexation characteristics.

Whilst this has been a hugely frustrating period, the Board reiterates its thanks for the support shown by shareholders, both before and during this process. It hopes to update shareholders on the outcome as soon as a conclusion has been reached, which should be in advance of the Company's AGM.

Tony Roper

Chairman
25 April 2024

Strategic Report

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

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

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.

As indicated in the Chairman's Statement on page 8, on 27 November 2023, the Board announced that it was undertaking a strategic review of the options available to the Company (the "**Strategic Review**"). The Board is considering all options available to the Company that offer maximum value for the shareholders including, but not limited to, undertaking some form of consolidation, combination, merger or comparable corporate action, selling the entire issued share capital of the Company (which would be conducted under the framework of a "formal sale process" in accordance with the City Code on Takeovers and Mergers (the "**Code**")), and selling the Company's portfolio and returning monies to shareholders. There is no certainty that any changes will result from the Strategic Review and, for the avoidance of doubt, a continuation of the Company's current investment strategy with a rebased target dividend level is a potential outcome of the Strategic Review.

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 seeking to enhance investment returns.

Diversification of Risk

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

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

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

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

Borrowing and Gearing

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

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

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

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

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

Comparative Index

The Company does not have a benchmark.

Duration

Although the Company does not have a fixed life, under the Company's articles of association the Directors are required to propose an ordinary resolution for the continuation of the Company at the Annual General Meeting to be held in 2024 and then every third year thereafter. While the Board continues to evaluate the options resulting from the ongoing strategic review, a resolution proposing that the Company continue as an investment trust is included in the Notice for the Annual General Meeting scheduled to be held on 24 June 2024. Please also refer to the Going Concern section within the Directors' Report on page 85.

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
Net asset value total return (EUR)[1]	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 24. 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).
Share price total return (GBP)[1]	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 24.
Premium/ (Discount)[1]	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 24.
Dividends per Share	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 23. 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).
Ongoing charges ratio ("OCR")[1]	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 23.

[1] Alternative Performance Measure – see glossary on pages 161 to 165.

Manager

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

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

Dividend Policy

Subject to compliance with all legal requirements the Company normally 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. With the strategic review still underway, the Company announced the suspension of the fourth interim dividend for 2023 to maintain the maximum flexibility to allow it to advance any particular proposal.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of the principal risks as set out below, ordered by category of risk, together with a description of the mitigating actions taken by the Board. The Board confirms that it has a process in place for regularly reviewing emerging risks that may affect the Company in the future. The Board collectively discusses with the Manager areas where there may be emerging risk themes and maintains a register of these. Such risks may include, but are not limited to, future pandemics, the use of AI, 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 continues to be very mindful of ongoing geopolitical events which have caused significant market volatility across Europe and the World. There has been no discernible impact to date on our tenants across the wider region. The indicators below show how the Board's views on the stated risks have evolved over the last year.

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Strategic Risk: Strategic Objectives and Performance – The Company's strategic objectives and performance, both absolute and relative, become unattractive to investors leading to a widening of the discount, potential hostile shareholder actions and the Board fails to adapt the strategy and/or respond to investor demand.	• The Company's strategy and objectives are regularly reviewed by the Board to ensure they remain appropriate and effective. The Company announced in November 2023 a strategic review and this remains ongoing at the date of this report. • 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.	• abrdn has real estate research and strategy teams which provide performance forecasts for different sectors and regions. • There is a team of experienced portfolio managers who have detailed knowledge of the markets in which they operate. • abrdn has a detailed investment process for both acquisitions and disposals that require to be signed off internally before the Board reviews any final decision. • The Board is very experienced with Directors having a knowledge of property markets.	→

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Investment and Asset Management Risk: Developing and refurbishing property – Increased construction costs, construction defects, delays, contractor failure, lack of development permits, environmental and third party damage can all impact the resulting capital value and income from investments.	• 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 and safety issues or to react effectively to an event leading to injury, loss of life, litigation and any ensuing financial and reputational impact.	• 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 and 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.	• 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 has worked on a roadmap for the Company to reach a net zero emissions target date of 2050.	→

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
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.	• 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.	→
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.	• 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.	↗
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.	• The diversified portfolio is geared towards an attractive sector. • A cash buffer is maintained and an overdraft facility is currently in place. • Investment is focused on mid-sized properties which is considered the more liquid part of the sector. • The assets of the Company are denominated in a non-sterling currency, predominantly the Euro. No currency hedging is planned for the capital, but the Board periodically reviews the hedging of dividend payments having regard to availability and cost.	↗

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Financial Risks: Credit Risk – Credit Risk – the risk that the tenant/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.	• The property portfolio has a balanced mix of investment grade tenants and reflects diversity across business sectors. • Rigorous due diligence is performed on all prospective tenants and their financial performance continues to be monitored during their lease. • Rent collection from tenants is closely monitored so that early warning signs might be detected. • Deposits are spread across various abrdn approved banks and AAA rated liquidity funds.	↗
Financial Risks: Insufficient Income Generation – Insufficient income generation due to macro-economic factors, and/or due to inadequate asset management resulting in long voids or rent arrears or insufficient return on cash; dividend cover falls to a level whereby the dividend needs to be cut and/or the Company becomes unattractive to investors. Level of ongoing charges becomes excessive.	• 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. The Investment Manager through its teams on the ground seeks to manage voids and any non-payment of rent. • At regular Board meetings forecast dividend cover is considered. There is regular contact with the broker and shareholders to ascertain, where possible, views on dividend cover.	↗
Regulatory Risks: Compliance – The regulatory, legal and tax environment in which the Company's assets are located is subject to change and could lead to a sub-optimal corporate structure and result in increased tax charges or penalties. Failure to comply with existing or new regulation.	• The Company has an experienced Company Secretary and engages lawyers who will advise on changes once any new proposals are published. There is regular contact with tax advisers in relation to tax computations and transfer pricing. • Directors have access to updates on relevant regulatory changes through the Company's professional advisers. • The highest corporate governance standards are required from all key service providers and their performance is reviewed annually by the Management Engagement Committee.	→
Operational Risks: Service Providers – Poor performance/inadequate procedures at service providers leads to error, fraud, non-compliance with contractual agreements and/or with relevant legislation or the production of inaccurate or insufficient information for the Company (NAV, Board Reports, Regulatory Reporting) or loss of regulatory authorisation. Key service providers include the AIFM, Company Secretary, the Depositary, the Custodian, the managing agents, lending banks and the Company's Registrar.	• abrdn has an experienced Investment Manager and Asset Management Team. • The Company has engaged an experienced registrar: Equiniti is a reputable worldwide organisation. • All service providers have a strong control culture that is regularly monitored. • abrdn aims to meet all service providers once a year and the Management Engagement Committee reviews all major service providers annually. • The Company has the ability to terminate contracts.	→

Description	Mitigating Action	↗ Increasing, ↘ Decreasing, → Stable Risk
Operational Risks: Business continuity – Business continuity risk to any of the Company's service providers or properties, following a catastrophic event e.g. pandemic, terrorist attack, cyber attack, power disruptions or civil unrest, leading to disruption of service, loss of data etc.	• 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 2023, there were two male Directors and two female Directors on the Board.

The Board commenced detailed discussions on succession planning in October 2023 before the announcement of the strategic review. The Board expects to consider succession planning fully once again when the result of the strategic review is known.

Sustainable and Responsible Investment Policy and Approach

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

Environmental, Social and Human Rights Issues

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

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

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

The bulk of emissions relating to properties owned by the Company are the responsibility of the tenants and any emissions relating to the Company's registered office are the responsibility of abrdn plc. The Company has no direct greenhouse gas emissions to report from the operations of its business, although it is responsible for low emissions generated at certain properties within its portfolio reportable under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, see page 75.

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 focusing upon the following factors:

- The status of the ongoing Strategic Review;
- 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 the proceeds from the disposal of the asset in France and refinancing of loans in 2025.

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 2026 with the worst case scenario modelling to an overall 40% reduction of rental income per annum over that period.

The Board and Manager regularly monitor the permitted and 'hard breach' loan-to-value covenants on the Company's eight loan facilities. Further details on loan covenants are provided in Note 1(a) to the financial statements on page 110. There were no breaches of the loan-to-value covenants based upon the valuations adopted at year end. The Directors believe that the liquidity in the Group and £70m revolving credit facility could be used for partial repayment of a loan in the event of any future breaches.

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 the material uncertainty and outcome of Strategic Review as outlined in note 1(a) and 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

A 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 meetings or 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 them on the portfolio and valuations and also on plans for new acquisitions or disposals.

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

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

The Investment Manager's Report on page 30 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. The Company aims to maintain gearing at asset level at or around 35% over the longer term. abrdn's dedicated treasury team has negotiated the debt facilities at competitive market rates, resulting in the Company's blended all-in interest rate across all its debt being 2.00% 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 which expires in October 2024. 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 57 onwards.

The Company is just over six 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

With exception of the Strategic Review, many of the non-performance related matters likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles, geopolitical tensions and the impact of regulatory changes. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in my Chairman's Statement on page 9 whilst the Investment Manager's views on the outlook for the portfolio are included on page 37.

Tony Roper

Chairman
25 April 2024

The ways we engage with our shareholders include:

Annual General Meeting (AGM)
The AGM provides an opportunity for Directors to engage with shareholders, answer their questions and meet them informally. The 2024 AGM is scheduled to take place on 24 June 2024 in London. The Board is looking forward to meeting as many shareholders as possible at the AGM.

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

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

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

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

Results

Financial Highlights

	31 December 2023	31 December 2022
Total assets (€'000)	693,892	817,783
Total equity shareholders' funds (net assets) (€'000)	384,928	489,977
Net asset value per share (cents)[1]	93.4	118.9
Net asset value per share (pence)[1]	81.2	105.4
Share price – (mid market) (pence)	61.6	68.5
Market capitalisation (£'000)	253,899	282,339
Discount to net asset value per share (%)[1]	(24.1)	(35.0)
Dividends and earnings		
Net asset value total return per share (EUR) (%)[1]	(17.1)	(3.8)
Dividends declared per share	4.23c (3.68p)	5.64c (4.80p)
Revenue reserves (€'000)	22,766	20,083
Loss (€'000)	(81,801)	(18,442)
Operating costs		
Ongoing charges ratio (excluding property costs) (%)[1]	1.6	1.3
Ongoing charges ratio (including property costs) (%)[1]	2.4	1.7

Performance (total return)

	Year ended 31 December 2023 %	Year ended 31 December 2022 %	Since Launch %
Share price (GBP)[1]	(3.5)	(38.3)	(18.1)
Net asset value (EUR)[1]	(17.1)	(3.8)	7.2

Dividends declared in respect of the Financial Year to 31 December 2023

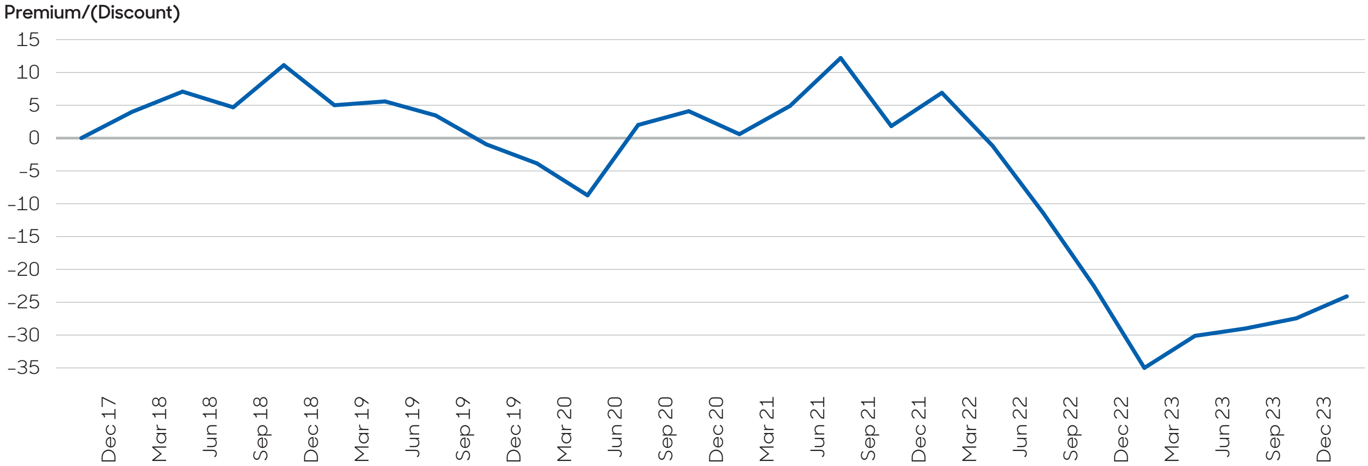
	Dividend distribution GBP pence	Dividend distribution Euro cents equivalent[2]	Qualifying interest GBP pence	Qualifying interest Euro cents equivalent[2]	ex-dividend date	Record date	Pay date
First interim	0.94	1.08	0.29	0.33	01/06/2023	02/06/2023	23/06/2023
Second interim	1.11	1.28	0.11	0.13	31/08/2023	01/09/2023	22/09/2023
Third interim	0.86	0.98	0.37	0.43	30/11/2023	01/12/2013	29/12/2023
Fourth interim[3]	–	–	–	–	–	–	–
Total	**2.91**	**3.34**	**0.77**	**0.89**			

[1] Considered to be an Alternative Performance Measure (see Glossary on pages 161 to 165 for more information).
[2] The interim distributions are paid in GBP to shareholders on the register. However, shareholders are able to make an election to receive distributions in euros.
[3] On 19 February 2024, the Board announced that the Company would forego the fourth interim distribution for the quarter ended 31 December 2023, which historically has been declared in February and paid in March each year. This was to give maximum flexibility during the strategic review process.

Performance

Share price Premium/(Discount) to net asset value per share

Launch to 31 December 2023[1]



Source: abrdn, Factset.

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

Share price

Launch to 31 December 2023 (rebased to 100 at launch)

Source: abrdn, Factset.

Our Unique Selling Points

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

Our main USPs are listed below:

1

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

The property business is a local business. You have to speak the local language and have a network with brokers, developers, investors and owner-occupiers to not only find the best opportunities at the right price but also manage properties and keep in close contact with tenants. abrdn is one of the largest real estate investors in Europe with over £43 billion of real estate under management. abrdn has local boots on the ground with eight offices across Europe - London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen - with over 300 real estate professionals with expertise in fund management, research, transactions, asset management, financing and other specialist property activities.

2

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

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

3

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

Durability of income streams will be achieved by acquiring the right warehouses in the right locations. The Company now has 26 properties in the portfolio, of which 16 were new builds when acquired, across five European countries with over 50 tenants providing good risk diversification. All buildings in the portfolio are either located alongside main transport corridors or within a short distance to dense population urban locations. Our buildings have modern specifications in terms of free height, floor load capacity, number of loading doors and yard depth, all features that are particularly important for e-commerce focused logistics operators. Average lease length is 8.4 years (excluding breaks) and all leases are index-linked, the majority with indexation uncapped.

4

A clear focus on the European Continent

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

5

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

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

6

Modest gearing with attractive all-in costs

The Company has a modest long-term target Loan-To-Value ratio (LTV) of c. 35%, with a current LTV of 38.7% (as at 31 December 2023). The maximum LTV is 50% at the time of drawdown but the level of LTV may fluctuate through the use of shorter term loan facilities and in advance of cash raises allowing the Company to commit to further opportunities as they arise. All-in costs of the current loan portfolio were 2.00% at the year end.

7

Low investment management fees

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

2023 Accomplishments

2023 was another active year. With volatile money markets, rising interest rates and challenging economic headwinds affecting capital values, the Company focus remained on managing income.

Eight significant active management initiatives were delivered through 2023, involving over 144,000 sq m of space and €8.2 million of rent.

The Company completed its first asset sale in April 2023. The property, let to Decathlon, in Leon, northern Spain sold for €18.5 million delivering a 20% profit on acquisition cost.

Once again, the Company improved it's GRESB rating year-on-year, to deliver its first 5 star rating with 89 points from 100. A significant achievement considering the high scoring achieved in 2021 and 2022.

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

GRESB REAL ESTATE sector leader 2023

Long-term gearing at attractive all-in fixed cost

38.7%	2.00%	2.3yrs
Loan-to-Value	Asset level cost of debt	Average term to maturity

Dachser France, Bordeaux

ACTIVE PORTFOLIO MANAGEMENT

8 active management initiatives across 4 countries.

6 new leasing agreements extending the unexpired lease terms, improving Company metrics and core income base.

Asset management deals covering **144,000 sq m** and involving **€8.2 million** of annual rent.

Two opportunistic sales delivering value and mitigating risk.

Leon, let to Decathlon, was sold in April 2023 for €18.5 million.

Meung sur Loire, the vacant asset in France, was sold in March 2024.

ESG

GRESB 2023 the Company achieved its first **5-star award**.

Peer Group Leader with 89 points, ahead of Sector and Global Benchmarks.

Continued **Year-on-Year improvement** in scoring.

Net Zero Carbon pathway analysis continues.

Extension project, Waddinxveen, Netherlands


Krakow, Poland


Lodz, Poland

ASSET MANAGEMENT

Six renegotiations in France, the Netherlands and Poland: our local asset management teams continue to add value across the portfolio

France: a new 9.5 year lease signed with Dachser at Niort and new 12 year lease signed with Biocoop in Avignon.

Netherlands: a 5 year lease extension with AS Watson in Ede.

Poland: 3 year lease extensions signed with Max-Fliz and Chef's Culinar in Krakow and a new 3 year lease signed with EGT in Lodz.

Post Year-End Activity

A number of initiatives have occurred post-year end into Q1, 2024.

In February 2024, the Company completed the lease surrender to Arrival at Madrid, Gavilanes, 3A/B/C.

More positively, in March 2024, the Company secured a new letting at Gavilanes, 3B to Method Logistics.

Also in March 2024, the Company completed the sale of the vacant asset in Meung sur Loire, France. This long-standing, capex-hungry void was sold as a value-add proposition.

Meung sur Loire; Dachser France, Niort; Arrival, Gavilanes, Madrid respectively top to bottom.

Investment Manager's Review

Having joined the investment management team responsible for managing the Company's portfolio in October 2022, it is my pleasure on behalf of the entire fund management team to present my second Investment Manager's Review, covering the financial year ending in December 2023.

2023 Market Overview

Short-term fundamentals

The European logistics sector experienced a tougher year in terms of occupier fundamentals and leasing activity, while capital markets also remained quiet. Although inflation cooled to 2.6% in the Eurozone in February 2024, the higher interest rate environment and fiscal drag in the economy have weighed on economic growth and investor sentiment.

Borrowing costs remain high for investors and tenants are taking a more cautious approach to leasing. This has meant the market has been slower than anticipated in rebuilding momentum.

Logistics leasing demand, which has been strong in recent years, cooled in 2023, with total take up of 29 million square metres representing a 24% year on year decrease. Although this indicates a deceleration in the market in-line with slower economic growth, take up was still 9% above the long-term average. 2023 quarter-on-quarter take up did gather some momentum, however, with over 8 million square metres of take up recorded in Q4, which was just a 7% reduction on the same quarter in 2022. With 2022 delivering the second highest take up volume on record, the Q4 2023 outcome can be considered a positive sign for the leasing market. With H2 coming in 17% above the first half of 2023, the occupier market is carrying improving momentum into 2024.

Regionally, there was a clear trend with more mature and larger logistics markets seeing the sharpest slowdowns in 2023, while smaller, less mature markets such as Belgium, Ireland and Italy saw the most resilient leasing activity. However, this hides the fact that the largest markets typically had very strong years in 2021 and 2022, so some of the slowdown can be considered a natural transition back to more typical levels of long-term demand. The UK, Germany, Netherlands and Spain all saw take up drop year-on-year by more than 20%.

The type of demand is also shifting. In most markets, newer entrants such as Amazon have established their bulk inbound distribution hubs and regional fulfilment centres and are now switching to focus on efficiencies in their Local or "last mile" delivery stations in city fringe locations. This has also contributed to a lower level of overall take up, as demand has switched to smaller 10,000 to 40,000 square metre mid-box units, from the larger units in high demand in previous years. The largest deal ever recorded in Poland was signed in 2023, with a Chinese e-commerce operator taking 265,000 square metres of space.

A lack of modern, fit for purpose stock also remains a limiting factor for take up in good locations. With rents continuing to rise, leasing tensions in Europe's logistics hotspots are still evident. While vacancy rates increased over the course of 2023, rising by 205 basis points to an average of 5.4%, there is clear evidence that a slowdown in construction activity is having a stabilising influence, evidenced by an 11 basis points decline in Q4 2023, significantly below the average for the year.

The highest vacancy rates are in Poland, Spain and the UK, where rates are all in excess of 6%, while the tightest supply situations are found in Ireland, Denmark, Czech Republic

Troels Andersen
Fund Manager

and Netherlands. However, at the city level and in the most desirable fringe city locations, supply of good quality and modern logistics properties remains very low and competition between tenants is pushing up rents.

We can see this relationship when comparing rental growth with vacancy rates. As vacancy declined through the pandemic, rents gradually increased at a faster pace with a strong correlation between the two. However, during 2023, prime rental growth has continued to exceed inflation and at the same time vacancy rates have increased. This is because competition for modern best-in-class logistics facilities remains strong, while secondary buildings in weaker locations typically represent the bulk of the increasing supply in the market. It is important to differentiate between the vacancy of increasingly obsolete older warehousing stock and modern logistics facilities in high demand.

According to data from Savills, prime rents increased by 11% in 2023 on average, sustaining the same rate seen in 2022. However, there was a slowdown in Q4 2023 when rents increased by 1.5% during the quarter.

Looking ahead, 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.

Long-term fundamentals

Supply chains continue to move through a period of exceptional structural change, backed by four key demand drivers.

- 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.
- 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.
- On-shoring has been an incrementally more important driver of demand over the last decade, but this has recently accelerated as a result of supply chain disruption through the Gulf of Aden and the Suez Canal. Rising tensions in the Middle East doubled international shipping costs in late 2023, resulting in supply chains re-routing goods. Volatility in variable costs, rising fixed costs and increased supply chain risks as well as broader de-globalisation pressures, are increasing supply chain diversification and the need to be closer to end users.
- 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.

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 2023 is expected to slow to c.4% p.a. in 2024 and likely level off 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. 2023 saw 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 carbon 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.

Values and capital flows

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 this has been partially offset by rental growth or rent indexation built into many European lease contracts. 2023 gradually saw a stabilisation in logistics yields in Continental Europe, with the sector experiencing more resilience than other sectors such as offices and the lagging residential sector.

Investment values have declined as interest rates increased. 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 roughly 20% of total investment, up from 10% in 2013. The volume of transactions closed in 2023 was unsurprisingly down from the record set in 2021, and 50% below the level reached in 2022. The largest markets continue to be Germany, France, The Netherlands and Spain. Where markets have seen the sharpest repricing (the UK, Netherlands, Germany and Nordics) we are starting to see investor demand return and values stabilise. In the UK, yields have shown some signs of tightening under increased investor competition, although it is too early to tell if this is the start of a new phase in the cycle.

Well diversified, liquid portfolio with strong urban profile

Fully aligned with 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 10,000 – 50,000 square metres in size and for urban logistics, often called the 'final touch in the supply chain', building sizes are generally smaller and located in close proximity to dense population centres for speedier deliveries.

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, which provides 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 earlier stage on the Continent with strong growth forecast, creating an attractive investment backdrop. Statista also forecasts 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 those assets located in dominant cities that have warehousing supply constraints and where demand is coming 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 50% 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, 16 out of the 26 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 and spread across five different countries. As at 31 December 2023, the Netherlands represented the largest geographic exposure in the portfolio by value (30.2%), followed by Spain (29.8%), France (15.7%), Poland (14.3%) and Germany (10.0%).

Asset Management Initiatives

2023 was a hugely challenging year with valuation declines witnessed across all geographies and sub-sectors. Despite sector re-pricing and a weakening of investor sentiment, the markets remained active for the right stock.

In all for the Company, we completed eight transactions covering 144,000 square metres of space, involving €8.2 million in annualised rent. This comprised six lease extensions, one sale, and agreeing terms committing to another which was completed post year end.

During the first quarter the Company agreed a 9.5 year lease renewal with Dachser France in La Creche, Niort. The new rent achieved a 3% uplift on the previous annual rent payable and significantly ahead of ERV, reflecting the tenant-critical nature of the asset. The strategic significance of the location and the continued upward pressure on real rents also supported the tenant agreeing to uncapped annual ILAT indexation, with the next uplift effective January 2025.

Also in Q1, the Company secured a new 12 year lease re-gear with Biocoop at its Avignon property, generating annual contracted rent of €2.5 million, again with full annual French ILAT indexation with no cap. The 'HQE Excellent' climate-controlled facility 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 asset also generates €165,000 per annum of additional income from rooftop solar panels.

In May, the Company completed a 5-year lease extension at its single-tenant warehouse in Ede, the Netherlands. The new extended lease with pharmaceutical retailer AS Watson (trading as Kruidvat) moved the expiry out from 2028 to July 2033 and provides for future upward-only indexation capped at 4% per annum.

There was steady leasing activity in Poland, with two lease extensions agreed in Krakow. A lease extension for 3 years was agreed with MaxFliz home interiors at their 8,842 sq m facility, moves the expiry out to July 2027, reflecting their ongoing commitment to the strong location supporting their future operations. Also in Krakow, Chef's Culinar agreed to a 3-year extension moving the expiry at their 1,339 sq m unit out to November 2026.

In Lodz, Poland, a lease extension was agreed, with EGT Logistics, moving the lease expiry at their 1,634 sq m facility out to March 2027.

In May, the Company announced the sale of its 32,645 sqm warehouse, in Leon, northern Spain for €18.5 million. The price reflected a premium to the Q4 2022 valuation and crystalised a 20% gross profit. The Company had acquired the asset, let previously to Decathlon, in 2018 for €15.3 million.

Post year-end 2023 the Company sold its vacant French asset at Meung sur Loire, which completed on 25 March 2024. The price represented a modest discount to the Q3 2023 valuation, with the proceeds being used to further strengthen the Company's balance sheet.

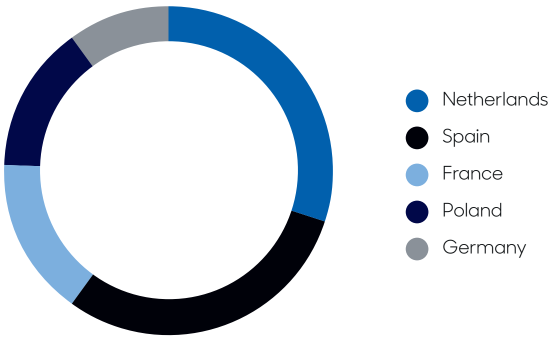
This was a good result in exiting an asset that would require substantial capex, especially with an eye to our net zero emissions target.

In Madrid, the Company is now carrying 7% of the portfolio void at Phase 1B Gavilanes (which was vacated in August 2023) as well as accounting for the void following the surrender of the units occupied by Arrival.

Despite continued efforts to secure both a surrender premium, which had previously been agreed with Arrival, and the outstanding rental payments for 2023, we were unable to reach a satisfactory conclusion. The Company previously noted Arrival's announcement and SEC filing regarding bridge financing and in the continued absence of a satisfactory conclusion, legal proceedings to recoup monies owed continued. Off the back of good occupier interest in the properties, the Company has secured the surrender of the lease agreement with Arrival to take full possession of the units. Whilst it is extremely disappointing, the Company took the decision to take full control of the assets in order to maximise revenue going forward. Reflecting the ongoing demand for Grade-A, highly sustainable logistics space in Spain, a new lease has been agreed for 5,131 sqm of the space, at a rent 8.7% above the previous passing rent, with Spanish transportation company METHOD Advanced Logistics.

In October 2023 the Company announced that it had been awarded a maximum five stars in the 2023 Global Real Estate Sustainability Benchmark ('GRESB') awards, achieving first place in its peer group of diversified funds investing across Europe (European industrial: distribution warehouse). This was a welcome achievement and progressively increased scoring over 2021 and 2022.

Country allocation, Q4 2023 (by portfolio value)



Property portfolio as at 31 December 2023

Country	Location	Built	WAULT incl breaks (years)	WAULT excl breaks (years)	2023 % of Portfolio
France	Avignon	2018	10.7	10.7	7.9
France	Meung sur Loire	2004	–	–	2.8
France	Bordeaux	2005	5.1	8.1	1.8
France	Dijon	2004	6.0	9.0	1.4
France	Niort	2014	8.0	11.0	1.8
Germany	Erlensee	2018	4.2	4.2	6.0
Germany	Florsheim	2015	4.3	4.3	4.0
Netherlands	Den Hoorn	2020	6.3	6.3	7.2
Netherlands	Ede	1999/ 2005	9.7	9.7	4.1
Netherlands	Horst	2005	8.7	8.7	1.4
Netherlands	Oss	2019	10.5	10.5	2.4
Netherlands	's Heerenberg	2009/ 2011	8.0	8.0	4.4
Netherlands	Waddinxveen	1983/ 1994/ 2002/ 2018 /2022	9.9	9.9	6.2
Netherlands	Zeewolde	2019	10.5	10.5	4.5
Poland	Krakow	2018	2.6	2.6	4.8
Poland	Lodz	2020	4.5	4.5	4.8
Poland	Warsaw	2019	4.2	4.2	4.7
Spain	Barcelona	2019	2.5	5.5	2.7
Spain	Madrid – Coslada	1999	3.0	7.0	1.6
Spain	Madrid – Gavilanes 1A	2019	6.1	6.1	4.4
Spain	Madrid – Gavilanes 1B	2019	–	–	2.1
Spain	Madrid – Gavilanes 2A	2020	2.6	12.6	2.0
Spain	Madrid – Gavilanes 2B	2020	1.5	1.5	1.5
Spain	Madrid – Gavilanes 2C	2020	1.5	3.5	1.5
Spain	Madrid – Gavilanes 3A/B/C	2019	–	–	5.0
Spain	Madrid – Gavilanes 4	2022	13.3	23.3	9.0
TOTAL			**7.0**	**8.4**	**100.0**

A strong tenant base with inflation linked income

Our key objective remains the generation of long-term sustainable income streams in order to pay an attractive quarterly dividend.

2023 saw the Company collect 95% of total expected rent, with the shortfall attributable to Arrival. With more than 50 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.

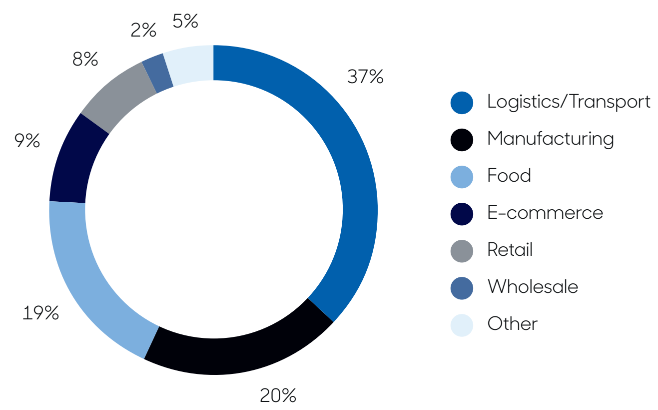
In terms of exposure by segment, third party logistics providers ("3PLs") represent the largest at 37% of total portfolio rent. The 3PL market continues to be buoyant, particularly those businesses specialising in parcel deliveries; our exposure comprises DHL, which occupies our assets in Madrid and Warsaw and Dachser occupying three assets in Niort, Dijon and Bordeaux, France.

The combination of both DHL and Dachser France accounts for 9.4% of rental income in aggregate, across 5 units and 3 countries. Manufacturers (20%) and companies related to the food industry (19%) complete the top three. Food related companies such as supermarkets like Biocoop or Carrefour and traders in food such as Combilo and Limax all performed well during the pandemic. The retail exposure (8.3% of total rent) is accounted for by Netherlands based drugstore Kruidvat (part of the A.S Watson group) operating its e-commerce platform. The direct exposure to e-commerce (9.1% of total rent) is accounted for by the holding of the state-of-the-art, last mile Amazon facility at Gavilanes, Madrid. This is the largest asset in the portfolio by value.

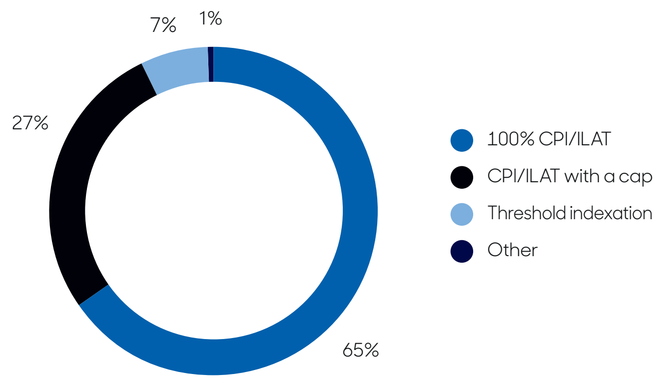
Standard lease agreements on the Continent typically have annual CPI indexation of rent. This is not the standard in the UK. Having this annual inflation protection has proved beneficial with rising energy prices and supply chain issues driving inflation well into double digits in the Eurozone towards the end of 2022 and throughout 2023. 65% of the portfolio's current income has full CPI or ILAT indexation, which undoubtedly helped to grow 2023 income.

The Company's existing leases have an average length of 7.0 years including break options and 8.4 years excluding breaks to lease expiry.

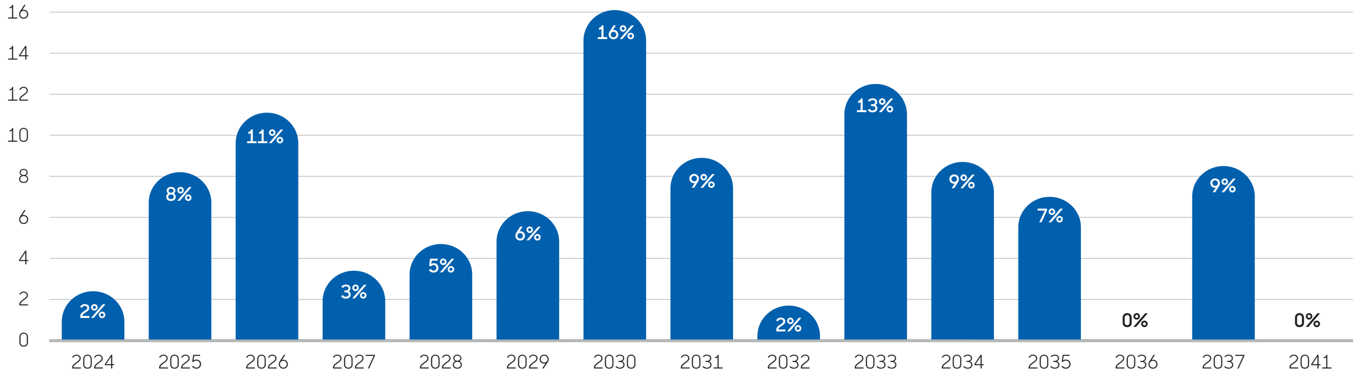
Exposure by sector (% of total rent) as at 31 December 2023



Indexation of rental income (% of total rent) as at 31 December 2023



Lease expiry profile (% of total rent)



Top 10 tenants based on current rents

	Tenant	Property	Contracted rent (€000 p.a.)	Contracted rent (%)	WAULT incl. breaks (years)	WAULT excl. breaks (years)
1	A.G. van der Helm	Den Hoorn	3,435	10.7%	6.3	6.3
2	Amazon	Madrid – Gavilanes 4	2,647	8.2%	13.3	23.3
3	Combilo International B.V.	Waddinxveen	2,228	6.9%	9.9	9.9
4	Biocoop	Avignon	2,177	6.8%	10.7	10.7
5	JCL Logistics Benelux B.V.	's Heerenberg	1,744	5.4%	8.0	8.0
7	Aalberts integrated piping systems B.V.	Zeewolde	1,706	5.3%	10.5	10.5
6	A.S. Watson	Ede	1,664	5.2%	9.7	9.7
8	DHL	Madrid – Coslada; Warsaw	1,558	4.8%	3.7	4.4
9	DACHSER France	Bordeaux; Niort; Dijon	1,481	4.6%	6.5	9.5
10	Primera Línea Logística, S.L.	Madrid – Gavilanes 1A	1,361	4.2%	6.1	6.1
	Subtotal		**20,001**	**62.1%**		
	Other tenants		12,177	37.9%		
	Portfolio as at 31 December 2023		**32,178**	**100.0%**	**7.0**	**8.4**

Excludes income from Arrival in Madrid 3 where lease was surrendered in February 2024.

Loan portfolio 31 December 2023

Country	Property	Lender	Loan (€million)	End date	Duration (years)	Fixed interest rate (incl margin)
Germany	Erlensee	DZ Hyp	17.8	January 2029	10	1.62%
Germany	Florsheim	DZ Hyp	12.4	January 2026	7	1.54%
France	Avignon + Meung sur Loire	BayernLB	33.0	February 2026	7	1.57%
Netherlands	Ede + Oss + Waddinxveen	Berlin Hyp	44.2	June 2025	6	1.35%
Netherlands	's Heerenberg	Berlin Hyp	11.0	June 2025	6	1.10%
Netherlands	Den Hoorn + Zeewolde	Berlin Hyp	43.2	January 2028	8	1.38%
Spain	Madrid Gavilanes 4 + Madrid Coslada + Barcelona	ING Bank	53.9	September 2025	3	3.11%
Spain	Madrid Gavilanes 1 + 2 + 3	ING Bank	44.0	July 2025	3	2.72%
Total			**259.5**			**2.00%**

Well diversified debt portfolio

During 2023 interest rates have remained high across the continent. The Company's debt from its European partner banks remains fixed in nature and secured on certain assets or groups of assets within the portfolio. These non-recourse loans, which include no parent company guarantees, range in maturities between 1.4 and 5.1 years with all-in interest rates ranging between 1.10% and 3.11% per annum. During the year €10.8 million was repaid following the sale of Leon in April 2023.

At the end of 2023, the Company´s fixed debt facilities totalled €259.5 million at an average all-in rate of 2.0% and with a loan-to-value of 38.7%, slightly above 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. 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.

The Company also benefits from its revolving credit facility agreement with Investec Bank for 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 2023 the revolving credit facility agreement with Investec Bank was undrawn. 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. This facility sits at the parent company level and provides added flexibility.

Outlook

We believe Continental European logistics real estate is well placed to recover from a difficult market position due to the robust market fundamentals. Backed by the tailwinds of low vacancies and structural demand drivers, rental growth is expected to outperform historic averages and beat inflation 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 builds over the last ten years and low construction activity going forwards. The development pipeline is also constrained by rapidly rising financing costs, together with high construction and labour costs, planning difficulties and more stringent controls over sustainability and efficiency ratings of new schemes.

The immediate focus for us is to continue improving the earnings position, principally through letting up the vacant space in Spain and capturing the portfolio's attractive indexation characteristics.

abrdn's large and established local network and reputation provides a competitive advantage when sourcing deals and implementing initiatives. abrdn is one of Europe's largest real estate investors, managing approximately £43 billion of real estate, with over £15 billion of logistics assets across 12 countries. Its eight offices across Europe – London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen – employ over 300 abrdn real estate colleagues including portfolio managers, local transaction and asset managers and researchers.

We are starting to see 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 UK and the Netherlands. Various successful capital raises targeting the sector exclusively, or as part of multi-sector strategies, have recently been announced providing evidence in the longer-term conviction for the sector.

Troels Andersen

Fund Manager, abrdn
25 April 2024

Property Portfolio

Property portfolio as at 31 December 2023

	Property	Tenure	Principal Tenant	2023 valuation (€m)
1	France, Avignon	Freehold	Biocoop	50.4
2	France, Meung sur Loire	Freehold	Vacant	17.5
3	France, Dijon	Freehold	Dachser	8.7
4	France, Niort	Freehold	Dachser	11.4
5	France, Bordeaux	Freehold	Dachser	11.5
6	Germany, Erlensee	Freehold	Bergler	38.1
7	Germany, Flörsheim	Freehold	Ernst Schmitz	25.1
8	Poland, Krakow	Freehold	Lynka	30.2
9	Poland, Lodz	Freehold	Compal	30.5
10	Poland, Warsaw	Freehold	DHL	29.7
11	Spain, Barcelona	Freehold	Mediapost	16.8
12	Spain, Madrid – Coslada	Freehold	DHL	10.0
13	Spain, Madrid – Gavilanes 1A	Freehold	Talentum	28.4
14	Spain, Madrid – Gavilanes 1B	Freehold	Vacant	13.3
15	Spain, Madrid – Gavilanes 2A	Freehold	Carrefour	12.5
16	Spain, Madrid – Gavilanes 2B	Freehold	MCR	9.8
17	Spain, Madrid – Gavilanes 2C	Freehold	Servicios Empresariales Ader	9.6
18	Spain, Madrid – Gavilanes 3A/B/C	Freehold	Arrival[2]	31.5
19	Spain, Madrid – Gavilanes 4 (2 buildings)	Freehold	Amazon	57.1
20	Netherlands, Den Hoorn	Leasehold	Van der Helm	45.5
21	Netherlands, Ede	Freehold	AS Watson (Kruidvat)	25.9
22	Netherlands, Horst	Freehold	Limax	8.8
23	Netherlands, Oss	Freehold	Orangeworks	15.4
24	Netherlands, 's Heerenberg	Freehold	JCL Logistics	28.0
25	Netherlands, Waddinxveen	Freehold	Combilo International	39.5
26	Netherlands, Zeewolde	Freehold	VSH Fittings	28.6
Market Value as at 31 December 2023				**633.8**
Less operating lease incentives				**(4.5)**
Total market value less operating lease incentive debtor				**629.3**
Add IFRS 16 leasehold asset[1]				**24.4**
Total per Balance Sheet (Investment properties & Investment property held-for-sale)				**653.7**

[1] Ground lease on warehouse in Den Hoorn detailed in note 12.
[2] Arrival lease was surrendered in February 2024.

FRANCE

AVIGNON

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

SPA signed/ closing	Jul 18 / Oct 18
Year of construction	2018
Net leasable area	28,469 sqm
Main tenants	Biocoop
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	10.7 / 10.7 years
Property specifications	Free height of 10.5m, floor load capacity of 5 t/sqm, 24 loading doors, sprinklers, HQE Excellent certificate, 11% office space, LED, solar panels

MEUNG SUR LOIRE

- The property which was sold post year end in March 2024 is in the centre of France 27 km southwest of Orleans (115,000 inhabitants). The unit serves Paris, Central and the South of France for both national and international distribution
- Established and growing logistics location, for DHL, ID Logistics, XPO and Rexel. Former tenant Office Depot went into liquidation, paying rent until Summer 2022. Former tenant installations have been removed, with new LED lighting installed
- Good specification and low site cover of 29% allowing expansion

SPA signed/ closing	Nov 18 / Feb 19
Year of construction	2004
Net leasable area	30,180 sqm
Main tenants	Vacant - Sold in March 2024
Indexation	n/a
WAULT (incl/ excl breaks)	n/a
Property specifications	Free height of 12-17m, 28 loading doors, floor load capacity of 5-7 t/sqm, sprinklers, site cover of 29%, 6% office space, LED (partial)

BORDEAUX

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

SPA signed/ closing	Dec 21 / Sep 22
Year of construction	2005
Net leasable area	6,504 sqm
Main tenants	Dachser France
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	5.1 / 8.1 years
Property specifications	Traditional, lower-eaves, cross-docked facility. 89 loading bays, low site cover. Full circulation

DIJON

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

SPA signed/ closing	Dec 21 / Sep 22
Year of construction	2004
Net leasable area	5,069 sqm
Main tenants	Dachser France
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	6.0 / 9.0 years
Property specifications	Traditional, lower-eaves, cross-docked facility. 80 loading bays, low site cover. Full circulation

NIORT

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

SPA signed/ closing	Dec 21 / Sep 22
Year of construction	2014
Net leasable area	3,939 sqm
Main tenants	Dachser France
Indexation	100% ILAT (annual)
WAULT[1] (incl/ excl breaks)	8.0 / 11.0 years
Property specifications	Traditional, lower-eaves, cross-docked facility. 34 loading bays, low site cover. Full circulation

GERMANY

ERLENSEE

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

SPA signed/ closing	Jun 18 / Feb 19
Year of construction	2018
Net leasable area	26,700 sqm
Main tenants	Bergler, DS Smith, MSG Frucht, Raben
Indexation	Threshold indexations with combination of 5%/80% and 10%/80%
WAULT (incl/ excl breaks)	4.2 / 4.2 years
Property specifications	Free height of 10.5m, 50 loading doors, sprinklers, floor load capacity of 5 t/sqm, 10% office space, LED

FLÖRSHEIM

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

SPA signed/ closing	Dec 17 / Feb 18
Year of construction	2015
Net leasable area	17,809 sqm
Main tenants	Ernst Schmitz, Maintrans, Duhome, Hangcha, Horiba
Indexation	100% CPI (annual) and 1 lease with threshold indexation (5%/80%)
WAULT (incl/ excl breaks)	4.3 / 4.3 years
Property specifications	Free height of 10m, 22 loading doors, floor load capacity of 5 t/sqm, sprinklers, 11% office space, LED (partial)

THE NETHERLANDS

EDE

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

SPA signed/ closing	Aug 18 / Aug 18
Year of construction	1999 / 2005
Net leasable area	39,569 sqm
Main tenants	Kruidvat
Indexation	100% CPI (annual) cap at 4%
WAULT (incl/ excl breaks)	9.7 / 9.7 years
Property specifications	Free height of 12.2m, 23 loading doors, floor load capacity of 2.5-10.0 t/sqm, sprinklers, 8% office space, LED

DEN HOORN

	• Den Hoorn is in the most densely populated area in the Netherlands in the Rotterdam/ the Hague metropolitan area (2.7 million inhabitants) and easily accessible by motorway • Modern, flexible warehouse with excellent specifications and full solar PV coverage
SPA signed/ closing	Dec 19 / Jan 20
Year of construction	2020
Net leasable area	42,570 sqm
Main tenants	Van der Helm
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	6.3 / 6.3 years
Property specifications	Free height of 12.2 meters, 36 loading doors, floor load capacity of 5t/ sqm, 11% office space, LED, sprinklers, solar panels

OSS

	• Oss (86,000 inhabitants) is strategically located between port of Rotterdam and Ruhr area and ranked as number 7 logistics hotspot in the Netherlands • Established logistics location with large companies such as Montea Logistics, Vos Logistics, Heineken, Vetipak, Movianto and Mediq • Forward funded project
SPA signed/ closing	Oct 18 / Jul 19
Year of construction	2019
Net leasable area	12,383 sqm
Main tenants	Orangeworks
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	10.5 / 10.5 years
Property specifications	Free height of 10m, 5 loading doors with option to create 10 more, floor load capacity of 5 t/sqm, sprinklers, 14% office space, LED

'S HEERENBERG

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

SPA signed/ closing	Jun 19 / Jul 19
Year of construction	2009/ 2011
Net leasable area	23,031 sqm
Main tenants	JCL Logistics
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	8.0 / 8.0 years
Property specifications	Warehouse free height 12m, cross-dock 5.5m. 40 loading doors, floor-load capacity 3.0-4.0 t/sqm, LED (partial), sprinklers

WADDINXVEEN

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

SPA signed/ closing	Nov 18 / Nov 18
Year of construction	1983/ 1994/ 2002/ 2018 / 2022
Net leasable area	31,631 sqm
Main tenants	Combilo International
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	9.9 / 9.9 years
Property specifications	Cross-dock with 51 loading doors, free height 7-11m, sprinklers, floor load capacity 1.0 - 3.5 t/sqm, 6% office space, LED (partial), solar panels (partial)

ZEEWOLDE

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

SPA signed/ closing	Nov 18 / Jun 19
Year of construction	2019
Net leasable area	35,898 sqm
Main tenants	Aalberts Integrated Piping Services
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	10.5 / 10.5 years
Property specifications	Free height of 12.2m, 37 loading doors, floor load capacity of 5 t/sqm, BREAAM Very Good, sprinklers, 4% office space, LED

HORST

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

SPA signed/ closing	Sep 22 / Sep 22
Year of construction	2005
Net leasable area	6,904 sqm
Main tenants	Limax
Indexation	100% CPI (annual, cap 100% to 2%, and 50% at 2-3%)
WAULT (incl/ excl breaks)	8.7 / 8.7 years
Property specifications	Free height of 9m, 12 loading doors, floor load capacity of 30 kN/sqm

POLAND

KRAKOW

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

SPA signed/ closing	Feb 19 / Feb 19
Year of construction	2018
Net leasable area	34,932 sqm
Main tenants	Agata, Lynka, Max Fliz, DS Smith, Gebrüder Weiss, BRB, Chefs Culinar, IDC
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	2.6 / 2.6 years
Property specifications	Free height of 12m, 70 loading doors, floor load capacity of 5 t/sqm, sprinklers, 11% office space, LED

WARSAW

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

SPA signed/ closing	Oct 19
Year of construction	2019
Net leasable area	24,690 sqm
Main tenants	DHL, ICS, DBK, Spedimex
Indexation	100% Euro CPI (annual)
WAULT (incl/ excl breaks)	4.2 / 4.2 years
Property specifications	Free height of 10m in warehouse and 7.5m in cross-dock, 60 loading doors, floor load capacity of 5 t/sqm, LED, 9% office space, solar panels (partial)

LODZ

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

SPA signed/ closing	April 2021
Year of construction	2020
Net leasable area	31,512
Main tenants	Bilplast, Compal, EGT, Kan, Mecalit, Tabiplast, Alfa Laval
Indexation	100% EU CPI (annual)
WAULT (incl/ excl breaks)	4.5 / 4.5 years
Property specifications	10.0m clear height, 5T floor load, LEDs, sprinklers, 56 loading doors, yard depth of 35m, 6% office space, solar panels

SPAIN

BARCELONA

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

SPA signed/ closing	July 2021
Year of construction	2019
Net leasable area	13,907 sqm
Main tenants	Mediapost
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	2.5 / 5.5 years
Property specifications	11.0m clear height, 5T floor load, LEDs, sprinklers, 10 loading doors, yard depth of 35m, 6% office space, solar panels

MADRID - COSLADA

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

SPA signed/ closing	December 2021
Year of construction	1999
Net leasable area	6,805 sqm
Main tenants	DHL
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	3.0 / 7.0 years
Property specifications	Free height of 10.5m, cross-dock with 12 loading bays at the front and 25 doors at the back, floor load capacity of 5 t/sqm, 20% office space

MADRID - GAVILANES 1A

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

SPA signed/ closing	December 2021
Year of construction	2019
Net leasable area	21,713 sqm
Main tenants	Talentum
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	6.1 / 6.1 years
Property specifications	11.2m clear height, LEDs, sprinklers, 5T floor load, yard depth >33m and 9% office space, LEED Silver rating

MADRID – GAVILANES 1B

- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's main north-south motorway)
- Amazon relocated from Gavilanes 1B to phase 4

SPA signed/ closing	December 2021
Year of construction	2019
Net leasable area	11,264 sqm
Main tenants	Vacant (since Aug 2023)
Indexation	n/a
WAULT (incl/ excl breaks)	n/a
Property specifications	11.2m clear height, LEDs, sprinklers, 5T floor load, yard depth >33m and 8% office space, LEED Silver rating

MADRID – GAVILANES 2A

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

SPA signed/ closing	December 2021
Year of construction	2020
Net leasable area	9,512 sqm
Main tenants	Carrefour
Indexation	100% CPI (annual, capped at 2%)
WAULT (incl/ excl breaks)	2.6 / 12.6 years
Property specifications	11.2m clear height, 5T floor load, LEDs, sprinklers, yard depth of 55m and 13.6% office space, LEED silver rating

MADRID – GAVILANES 2B

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

SPA signed/ closing	December 2021
Year of construction	2020
Net leasable area	7,718 sqm
Main tenants	MCR
Indexation	100% CPI (annual, uncapped)
WAULT (incl/ excl breaks)	1.5 / 1.5 years
Property specifications	11.2m clear height, 5T floor load, LEDs, sprinklers, yard depth of 55m and 13.6% office space, LEED silver rated

MADRID – GAVILANES 2C

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

SPA signed/ closing	December 2021
Year of construction	2020
Net leasable area	7,375 sqm
Main tenants	ADER
Indexation	100% CPI (annual, uncapped)
WAULT (incl/ excl breaks)	1.5 / 3.5 years
Property specifications	11.2m clear height, 5T floor load, LEDS, sprinklers, yard depth of 55m and 13.6% office space, LEED silver rated

MADRID – GAVILANES 3A/B/C

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

SPA signed/ closing	December 2021
Year of construction	2019
Net leasable area	27,165 sqm
Main tenants	Arrival (Lease surrendered in February 2024)[1]
Indexation	n/a
WAULT (incl/ excl breaks)	n/a
Property specifications	11.2m clear height, 5T floor load, LEDs, sprinklers, yard depth of 31 - 45m and 11% office space, LEED Gold rating

[1] Reflecting the ongoing demand for Grade-A, highly sustainable logistics space in Spain, the Company agreed a new lease for 5,131 sqm of the space, at a rent 8.7% above the previous passing rent, with Spanish transportation company METHOD Advanced Logistics.

MADRID – GAVILANES 4

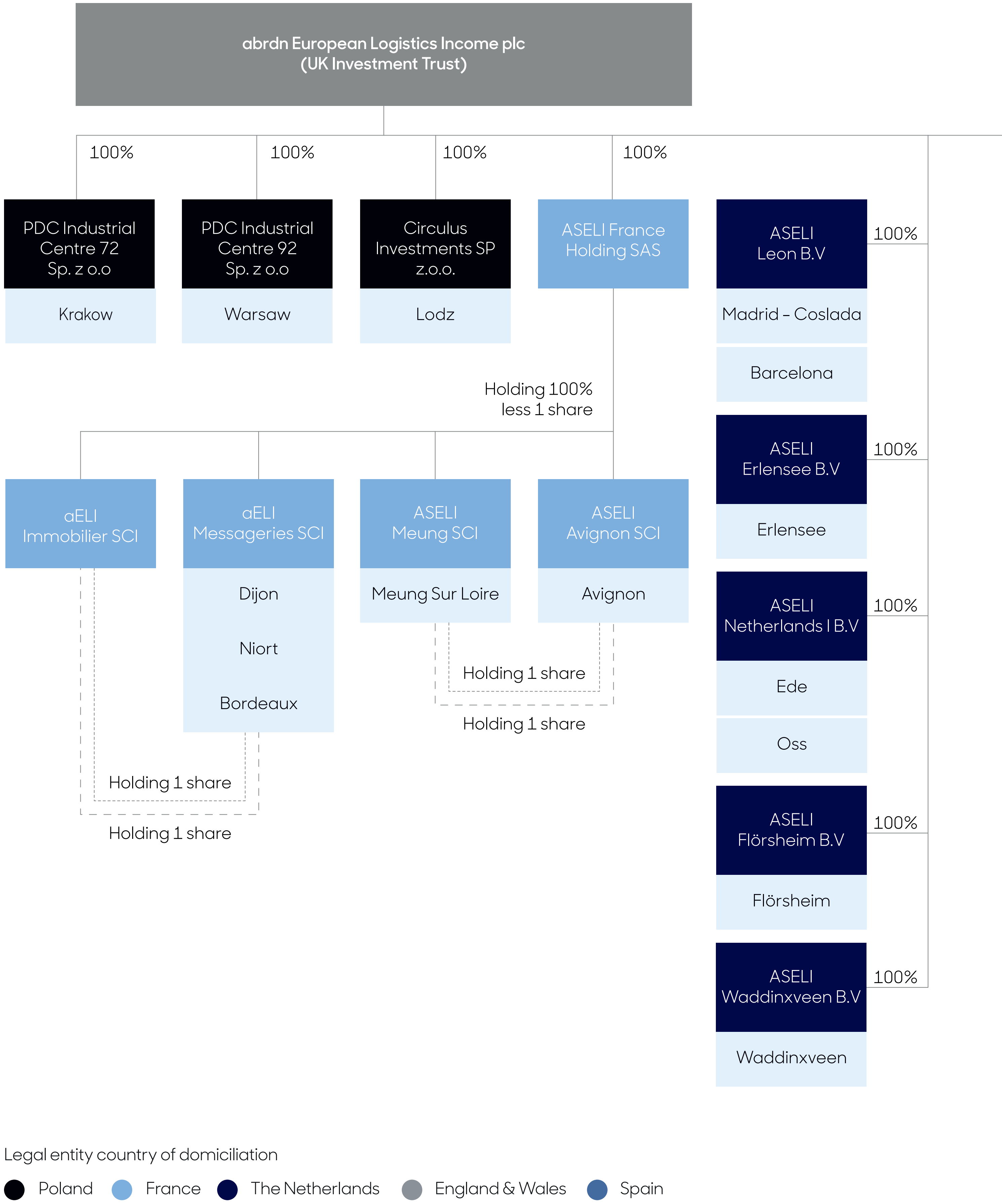
- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's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

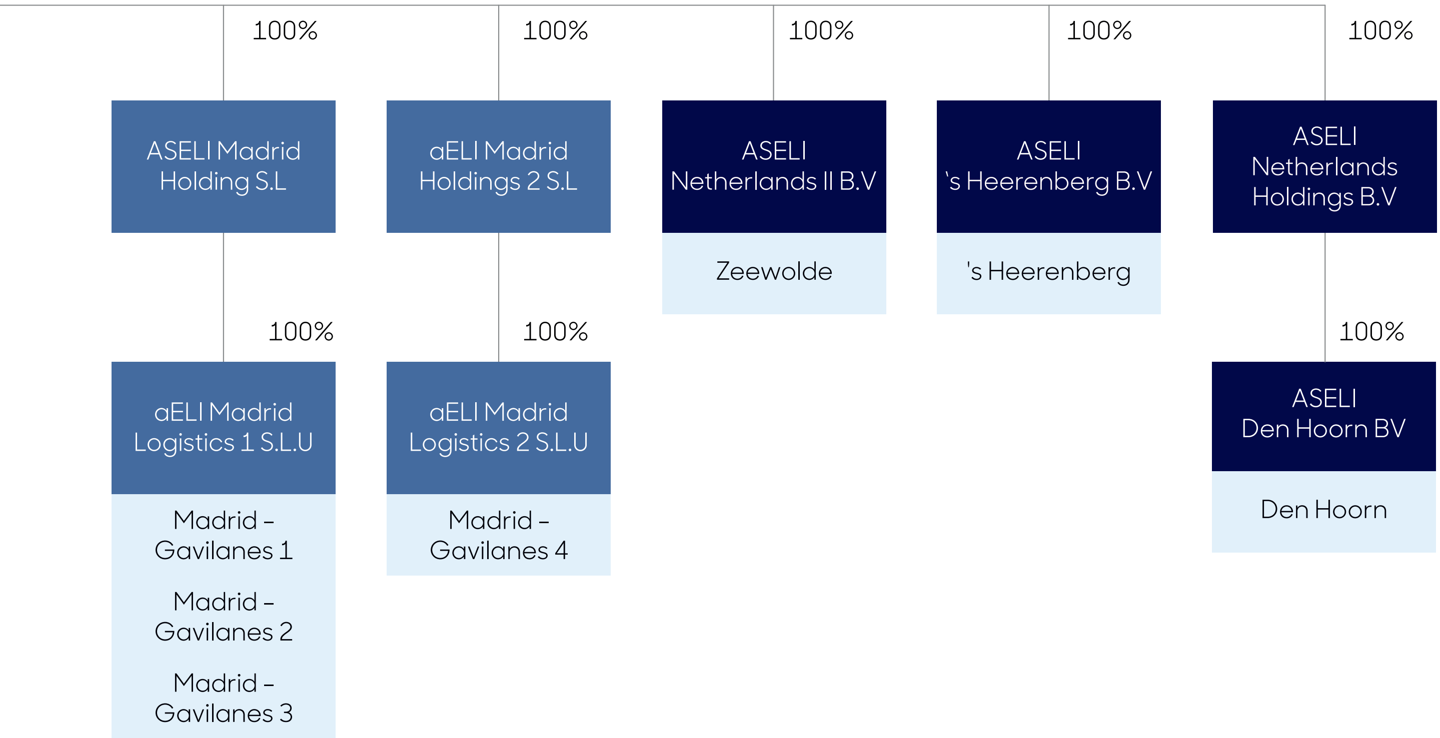
SPA signed/ closing	December 2021
Year of construction	2022
Net leasable area	16,467 sqm + 20,748 sqm parking deck
Main tenants	Amazon
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	13.3 / 23.3 years
Property specifications	11.0m clear height, 7.5T floor load, LEDs, sprinklers, yard depth of 41m and 19% office space, BREEAM Very Good rating expected

Group Structure

Group Structure

As at 31 December 2023




100%
ASELI Madrid Holding S.L
100%
aELI Madrid Logistics 1 S.L.U
Madrid – Gavilanes 1
Madrid – Gavilanes 2
Madrid – Gavilanes 3
100%
aELI Madrid Holdings 2 S.L
100%
aELI Madrid Logistics 2 S.L.U
Madrid – Gavilanes 4
100%
ASELI Netherlands II B.V
Zeewolde
100%
ASELI 's Heerenberg B.V
's Heerenberg
100%
ASELI Netherlands Holdings B.V
100%
ASELI Den Hoorn BV
Den Hoorn

Environment, Social and Governance (ESG)

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

Sustainability, Impact and Futureproofing – company approach

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

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

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

Under principle 3, of particular focus to the Company is climate change, which represents one of the most material ESG issues, both in terms of physical climate risk, and reducing the emissions from the Company's activities (i.e. addressing transition risks). The Company has set a Net Zero Carbon target of 2050 across all emissions (Scopes 1, 2 and 3), and the Company's strategy for achieving Net Zero Carbon is fully detailed on page 75.

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

Transparency, Integrity and Reporting

This section discloses the Company's commitments and obligations to disclose ESG performance information in line with both voluntary and regulatory reporting frameworks. It includes:

Voluntary reporting:

- EPRA Sustainability Best Practice Recommendations
- Global Real Estate Sustainability (GRESB) Benchmark performance

Regulatory reporting:

- Streamlined Energy and Carbon Reporting (SECR)
- Sustainable Finance Disclosure Regulation (SFDR)
- Taskforce for Climate-related Financial Disclosure (TCFD)

Sustainability Performance

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

EPRA Sustainability Best Practice Recommendations

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

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

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

The portfolio comprises predominantly tenant-controlled assets, where the vast majority is outwith the Company's direct control. Where the Company does have control, it has full coverage of data, which is disclosed in the EPRA tables below. The GHG emissions have been calculated, in line with the guidance from the GHG Protocol, by multiplying the energy consumption for each asset with the carbon emissions factor for the national grid relevant to the asset. The emissions factors have been provided by the International Energy Agency (IEA).

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

Explanatory notes on methodology

Reporting period

The Company was launched in December 2017 with the first asset acquired in February 2018. Sustainability data in this report covers the calendar years of 2022 and 2023.

Changes to disclosure methodology vs last year

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

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

Organisational boundary and data coverage

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

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

- The annual carbon footprint relates to the reporting year of 2022 (whereas the data disclosed in this section relates to 2022 and 2023); and,
- The annual carbon footprint includes estimates in order to fill gaps in occupier data, to allow us to obtain a fuller understanding of the Company carbon footprint across all emissions scopes.

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

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

Normalisation

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

Auditing and assurance

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

Materiality

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

Code	Performance measure	Review outcome
Environmental		
Elec-Abs	Total electricity consumption	Material (for the electricity procured for the assets by the landlord only)
Elec-LfL	Like-for-like total electricity consumption	Material (for the electricity procured for the assets by the landlord only)
DH&C-Abs	Total district heating & cooling consumption	Not material – none of the Company's assets are connected to district heat supplies
DH&C-LfL	Like-for-like total district heating & cooling consumption	
Fuels-Abs	Total fuel consumption	Material (for the fuel (e.g. gas) procured for the assets by the landlord only)
Fuels-LfL	Like-for-like total fuel consumption	Material (for the fuel (e.g. gas) procured for the assets by the landlord only)
Energy-Int	Building energy intensity	Material (for the energy procured for the assets by the landlord only)
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Material (for Scope 1 and 2 GHGs only, associated with utility consumption under landlord control/procurement)
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Material (for Scope 1 and 2 GHGs only, associated with utility consumption under landlord control/procurement)
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Material (for Scope 1 and 2 GHGs only, associated with utility consumption under landlord control/procurement)

Code	Performance measure	Review outcome
Water-Abs	Total water consumption	Material (for the water procured for the assets by the landlord only)
Water-LfL	Like-for-like total water consumption	Material (for the water procured for the assets by the landlord only)
Water-Int	Building water intensity	Material (for the water procured for the assets by the landlord only)
Waste-Abs	Total weight of waste by disposal route	Not material – all waste management is under the direct control of the building occupiers, and there are no landlord managed waste contracts.
Waste-LfL	Like-for-like total weight of waste by disposal route	Not material – all waste management is under the direct control of the building occupiers, and there are no landlord managed waste contracts.
Cert-Tot	Type and number of sustainably certified assets	Material
Social		
Diversity-Emp	Employee gender diversity	Not material – the Company has no employees. There are 2 male and 2 female directors on the board
Diversity-Pay	Gender pay ratio	Material – the gender pay ratio is 53/47 male to female. Of the two male and two female board members, one male is the company Chair with greater responsibilities and consequently higher remuneration.
Emp-Training	Employee training and development	Not material (there are no company employees)
Emp-Dev	Employee performance appraisals	Not material (there are no company employees)
Emp-Turnover	New hires and turnover	Not material (there are no company employees)
H&S-Emp	Employee health and safety	Not material (there are no company employees)
H&S-Asset	Asset health and safety assessments	Material
H&S-Comp	Asset health and safety compliance	Material
Comty-Eng	Community engagement, impact assessments and development programs	Not Material
Governance		
Gov-Board	Composition of the highest governance body	Material – see main body of report (page 79 onwards for content related to Governance)
Gov-Selec	Process for nominating and selecting the highest governance body	
Gov-Col	Process for managing conflicts of interest	

ESG Indicators

This section provides a wide range of metrics to track ESG performance and also includes those metrics listed as material in the EPRA materiality table.

Please note that some of the 2022 data listed below has been updated from what was reported in the last annual report due to additional data becoming available which wasn't available last year.

Absolute Energy Consumption

Due to the nature of the portfolio, the landlord energy data disclosed in this table is typically associated with common parts at multi-let assets (except for Poland where the landlord procures energy for the whole asset). Whilst the coverage figure states that there is data for 12 of 27 assets owned during the year, there is 100% data coverage for landlord data, it is just that there is only landlord procured energy for 12 of the assets. The energy consumption tables do not include any tenant procured energy.

Absolute landlord electricity consumption increased by 2% year-on-year, primarily driven by the vacancy at Meung Sur Loire which meant that the landlord now procures the energy for this site whereas the tenant did so previously, alongside additional increases at Warsaw and Erlensee. These increases were offset by reductions in electricity consumption at Ede, Madrid 3 S.L Getafe Phase I and Madrid 4 S.L Getafe Phase II.

Landlord gas consumption decreased by 31% due to decreases in consumption at all assets with the exception of Meung Sur Loire where the landlord wasn't previously responsible for energy procurement.

Absolute energy intensity decreased by 35% year-on-year.

			Landlord Electricity (kWh)			Landlord-obtained Gas (kWh)			Total Energy (kWh)			Energy Intensity (kWh/ sqm)		
Indicator references			Elec-Abs			Fuels-Abs			Fuels-Abs			Energy-Int		
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
Industrial, Distribution warehouse	10 of 27	12 of 27	11,294,621	11,490,690	2%	7,090,657	4,883,648	-31%	18,385,278	16,374,337	-11%	95	62	-35%

Absolute Greenhouse Gas Emissions

Scope 1 emissions reduced by 31% year on year, driven by reductions in gas consumption outlined above. Scope 2 emissions decreased by 6% year-on-year, as a result of lower carbon emissions factors for 2023 for the national grids where the assets are situated. Absolute emissions intensity decreased by 34% between 2022 and 2023.

			Scope 1 Emissions (tCO^2_e)			Scope 2 Emissions (tCO^2_e)			Total Emissions (tCO^2_e)			Emissions Intensity - Scopes 1 & 2 ($kgCO^2_e/m^2$)		
Indicator references			GHG-Dir-Abs			GHG-Indir-Abs			GHG-Abs			GHG-Int		
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
Industrial, Business Parks	10 of 27	12 of 27	1,294	893	-31%	6,252	5,846	-6%	7,546	6,739	-11%	39.1	25.6	-34%

SECR table - GHGs

Data Type	2022	2023	% Change 2023 vs 2022
Total Scope 1/2 GHG Emissions (tCO^2_e)	7102	6837	-4%
Emissions Intensity ($kgCO^2_e/m^2$ NLA)	36.8	26.0	-29%
Total Landlord Energy Consumption (kWh)	18,385,278	16,374,337	-11%

Like-for-like Energy Consumption

The trends seen in the landlord like-for-like energy consumption are the same as in the absolute energy consumption, as all assets with landlord procured energy supplies have been in the portfolio for two or more years. The like-for-like energy intensity decreased by 11% which is significantly lower than the absolute energy intensity as the floor area for 2022 in the like-for-like calculations includes Meung Sur Loire, where as the absolute 2022 floor area does not. This difference means that the 2022 energy intensity for the like-for-like calculation is lower so the difference between 2022 and 2023 is also lower.

		Landlord Electricity (kWh)			Landlord-obtained Gas (kWh)			Total Energy (kWh)			Energy Intensity (kWh/ sqm)		
Indicator references		Elec-Like for Like			Fuels-Like for Like			Fuels-Like for Like			Energy-Int Like for Like		
Sector	Coverage (assets)	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
Industrial, Distribution warehouse	12 of 22	11,294,621	11,490,690	2%	7,090,657	4,883,648	-31%	18,385,278	16,374,338	-11%	70	62	-11%

Like-for-like GHG Emissions

The trends seen in the scope 1 & 2 like-for-like emissions are the same as in the absolute emissions, as all assets with associated scope 1 and 2 have been in the portfolio for two or more years. The like-for-like emissions intensity decreased by 5% which is significantly lower than the absolute energy intensity as the floor area for 2022 in the like-for-like calculations includes Meung Sur Loire, where as the absolute 2022 floor area does not. This difference means that the 2022 energy intensity for the like-for-like calculation is lower so the difference between 2022 and 2023 is also lower.

		Scope 1 Emissions (tCO^2_e)			Scope 2 Emissions (tCO^2_e)			Total Emissions (tCO^2_e)			Emissions Intensity - Scopes 1 & 2 ($kgCO^2_e/m^2$)		
Indicator references		GHG-Dir-Like for Like			GHG-Indir-Like for Like			GHG-Like for Like			GHG-Int-Like for Like		
Sector	Coverage (assets)	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change	2022	2023	% Change
Industrial, Business Parks	12 of 22	1294	893	-31%	5808	5846	1%	7103	6739	-5%	27.0	25.6	-5%

Absolute Water Consumption

			Absolute Water Consumption (m^3)				
Indicator reference			Water-Abs; Water-Int				
Sector	Coverage 2022 (assets)	Coverage 2023 (assets)	2022 (m^3)	2022 intensity (litres/m^2)	2023 (m^3)	2023 intensity (litres/m^2)	% Change
Industrial, Distribution Warehouse	11 of 23	11 of 27	34,434	164	25,460	113	-31%

Like-for-like Water Consumption

		Like-for-like Water Consumption (m^3)				
Indicator reference		Water-Lfl; Water-Int				
Sector	Coverage (assets)	2022 (m^3)	2022 intensity (litres/m^2)	2023 (m^3)	2023 intensity (litres/m^2)	% Change (Intensity)
Industrial, Distribution Warehouse	10 of 22	33,697	162	23,543	113	-30%

Absolute and Like-for-Like Waste Generation

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

Renewable energy

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

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

Sustainability Certifications

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

	2018	2019	2020	2021	2022	2023
% assets under management	17	39	40	55	69	68

Certified properties

Property	Unit	Certificate type	Rating
Flörsheim	Whole	DGNB	Gold
Avignon	Whole	HQE	Excellent
Oss	Whole	BREEAM	Very Good
Ede	Whole	BREEAM	Good
Zeewolde	Whole	BREEAM	Very Good
Waddinxveen	Whole	BREEAM	Pass
Den Hoorn	Whole	BREEAM	Good
Lodz	Whole	BREEAM	Good
Madrid 3 S.L Gavilanes A	Whole	LEED	Silver
Madrid 3 S.L Gavilanes B	Whole	LEED	Silver
Madrid 4 S.L Gavilanes 1	Whole	LEED	Silver
Madrid 4 S.L Gavilanes 2	Whole	LEED	Silver
Madrid 4 S.L Gavilanes 3	Whole	LEED	Silver

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

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

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

Social Indicators

Diversity

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

Health & Safety

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

Streamlined Energy and Carbon Reporting

The reporting against the EPRA sBPR indicators included on pages 61 to 62 also includes disclosures required under Streamlined Energy and Carbon Reporting (SECR) Regulation.

SECR table - GHGs			
Data Type	**2022**	**2023**	**% Change 2023 vs 2022**
Total Scope 1 & 2 GHG Emissions ($tCO2_e$)	7,102	6,837	-4%
Emissions Intensity ($kgCO2_e/m^2$ NLA)	36.8	24.4	-34%
Total Landlord Energy Consumption (kWh)	18,385,278	16,308,479	-11%

Sustainable Finance Disclosure Regulation (SFDR)

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

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

2023 GRESB Assessment

The GRESB Assessment is the leading global sustainability benchmark for real estate vehicles. The Company was reviewed by GRESB in 2023 and achieved a score of 89 out of 100 points and placed 1st out of 6 within its peer group (achieving a 5-star rating). The Company is in a strong position to further build on this performance in 2024.

Taskforce for Climate-related Financial Disclosure

TCFD was established to provide a standardised way to disclose and assess climate-related risks and opportunities. Recommendations are structured around four key topics: Governance, Strategy, Risk Management and Metrics & Targets. The Company is committed to implementing the recommendations of the TCFD to provide investors with information on climate risks and opportunities that are relevant to the business. TCFD covers risks and opportunities associated with two overarching categories of climate risk; transition and physical:

- **Transition risks** are those that relate to an asset, portfolio or company's ability to decarbonise. An entity can be exposed to risks as a result of carbon pricing, regulation, technological change and shifts in demand related to the transition.
- **Physical risks** are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs or supply chain disruption.

There is still significant uncertainty and methodological immaturity in assessing climate risks and opportunities and there is not yet a widely-recognised net zero carbon standard. Nonetheless, the Company has progressed already with work to model the implications of decarbonising the portfolio in line with a 1.5°C scenario (using the 'Carbon Risk Real Estate Monitor' (CRREM) as a real-estate specific framework to measure against) and undertaken analysis to understand potential future physical climate risks.

There are different regulations in place that require companies to disclose against various levels of TCFD recommendations. Whilst the company does not fall in scope of the 'Companies (Strategic Report) (related Finanical Disclosure) Regulations 2022', the company still voluntarily follows this framework, as best practice, to provide an overview of the Company's approach to all 11 TCFD recommendations. The below disclosure outlines how the Company aligns with all 11 recommendations. Note that this disclosure against the TCFD recommendations is entirely voluntary. The company does, however, fall under the regulatory framework created by the Financial Conduct Authority (FCA) in Policy Statement 21/24, for asset managers, life insurers and FCA-regulated pension providers to make climate-related disclosures consistent with the recommendations of the TCFD. In order to meet this requirement, the Company is required to publish a standalone TCFD report no later than June each year. Please see the 2023 TCFD report for the Company at **invtrusts.co.uk/en-gb/prices-and-literature/company-literature**. Updated TCFD metrics are also included on pages 66 to 71.

TCFD Recommendation	Company Approach	Further Information
Governance		
Board oversight of climate-related risks and opportunities	Climate-related risks and opportunities are considered and assessed by the Board as a whole on a quarterly basis, as advised by the Investment Manager and appointed consultants. The Company has identified its most material potential risks, one of which relates to its investment and asset management activity, and how ill-judged property investment decisions could expose the Company to risk, including those associated with climate change. The Board, alongside the Investment Manager, considers climate related risks and opportunities relating to transitional and physical climate risk, as an integral part of the Investment and Asset Management Process. This includes review of such risks and opportunities during acquisition ESG due diligence (at the pre-bid and exclusivity phase), and during annual Company strategic planning, which is the process by which risks and opportunities against various ESG indicators (including climate indicators) are identified across the portfolio, and strategic goals are set.	Risk Management section on page 57.
Management's role in assessing and managing climate-related risks and opportunities	The Investment Manager's ESG approach groups material sustainability indicators into four main categories: (i) Environment & Climate, (ii) Demographics; (iii) Governance & Engagement; and (iv) Technology & Infrastructure. This approach allows the identification and promotion (where relevant) of material ESG risks and opportunities relevant to a fund's investment strategy, sector and geography. These guide the prioritisation and integration of ESG factors at the fund and asset level, whilst providing a structure for engagement with, and reporting to stakeholders. Of these ESG factors, climate change represents one of the most material ESG risks and opportunities that the Company's real estate portfolio considers as part of its investment process. The Investment Manager's 'Blueprint for addressing climate change', which details its approach to climate risk, is available on the website **here https://www.abrdn.com/docs?editionId=42ec6ae7-d171-4a81-a0ac-1f06106c86b4**. At an operational level, the Investment Manager is responsible for integrating consideration of climate risks and opportunities into the investment and asset management process. The Company adopts the Investment Manager's approach to integrating ESG in the investment process, and climate related risks and opportunities are considered the most material ESG topic relating to the Company. As such, climate risk and opportunities are considered throughout the investment process, including during acquisitions, asset/property management, refurbishment/development and fund strategic planning. A range of governance mechanisms exist which are used to ensure that (a) the Investment Manager's approach and house-view on climate risk approaches is cascaded down from the senior leadership team to the real estate and Company level; and (b) to ensure the climate related factors are considered during investment decisions. These governance bodies include (but are not limited to): • **abrdn Investments-level Climate Change Strategy Group:** this is led by abrdn's Head of Sustainability Insights and Climate Strategy, attended by the Real Estate Head of ESG. This group meets quarterly and is the decision-making forum for climate related risks and opportunities in the investments vector, and ensures compliance with TCFD reporting obligations. • **Investment Strategy Committee (ISC):** this committee is the decision-making and approval body for the Company's annual strategic plan, which includes several sections on ESG risks/opportunities (including relating to climate risks), and strategic goals. This committee is also the approval body for ESG/climate-related changes to the investment process, developed in the 'ESG Strategy Working Group'. • **Investment Committee (IC):** this is the approval body for acquisitions, fundings and large development proposals, during which a climate related risks and opportunities are considered. • **ESG Strategy Working Group:** this group is led by the Head of Real Estate ESG, and is used to develop new processes and procedures with respect to ESG (including climate related processes and procedures), to ensure that the Investment Manager stays in line with best practice and emergent legislation. There is an organisational chart which represents this governance structure within the Investment Manager's 'Blueprint for addressing climate change' document. The Investment Manager reports a number of KPIs to the Board on a quarterly and annual basis, including data coverage and portfolio carbon emissions. More details of the KPIs reported to the Board can be found in the 'Metrics and Targets' section on page 72.	The Company's approach is set out in the Environmental, Social & Governance (ESG) section on pages 56-78.

TCFD Recommendation	Company Approach	Further Information
Strategy		
Climate -related risks and opportunities the organisation has identified over the short, medium, and long term	As part of the investment and asset management process climate-related risks and opportunities are considered over a range of timescales and scenarios, also taking into account the type and geographical location of our assets. A summary of our initial assessment over the short, medium and long term is as follows. The time horizons used below are considered to be appropriate umbrellas under which to identify climate risks and opportunities and are informed by the timescales against which the Company expects the impacts of transitional/policy related and physical climate risks to be felt, based on our understanding of local regulation, and the outputs of climate scenario analysis completed on our portfolio to-date. **Short-term (0-5 years):** · **Transition: Policy and Legal:** in the short term it is anticipated that regulations affecting the energy performance and emissions of buildings to continue to tighten to align more closely with Government targets for economy-wide decarbonisation. Whilst this will provide clarity of direction to the sector, the risk is likely to take the form of increased development and refurbishment costs, which could start to affect valuations. · **Transition: Market and Reputational:** the above trends will also create opportunities to benefit from shifting occupier and investor demand for low-carbon, future-fit assets. · **Physical: Acute:** it is anticipated that the frequency and severity of acute/extreme weather events will continue to increase, even in the short-term. **Medium-term (5-15 years):** · **Policy and Legal:** the aforementioned policy and legal related trends will continue and the Company expects regulations and market sentiment to further drive energy efficiency and decarbonisation towards alignment with science-based decarbonisation pathways (such as CRREM), representing the same risks as outlined above (increased costs). · **Market and Reputational:** as with the short-term risks, it is anticipated that addressing policy and legal related risks will create market and reputational opportunities arising from shifting investor demand. · **Technology:** The Company anticipates significant technological change in this period particularly in relation to heat pump solutions which will improve the technical and financial feasibility of decarbonising heat in buildings. In addition, grid decarbonisation will continue to contribute to the required carbon emissions reductions from the built environment sector. **Long-term (15+ years):** · **Physical: Acute and Chronic:** over the long term (15+ years), in terms of risk it is likely that climate-related extreme/acute weather events increase in frequency and severity which may impact built environment assets depending on their location and characteristics. In addition, we are also likely to see how the impact of chronic physical climate risks, such as the influence that changing weather will have on heating and cooling costs, along with energy consumption. This is an example where increased cooling costs associated with heat stress could also have a negative impact on the asset's alignment with net-zero carbon benchmarks, due to the increased energy consumed. However, there will remain opportunities to enhance the resilience of our assets through resilience planning/interventions, creating market and reputational opportunities.	An overview of the Company's approach to addressing physical climate risks is on page 78.

TCFD Recommendation	Company Approach	Further Information
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material	The Company sees physical and transition risk as potential material risks to its investments. This is evidenced by the policy backdrop which supports reduction of risk in the form of improvement of EPC ratings over time. In addition, global weather events are becoming increasingly frequent and of increasing severity. As a result of the above, costs could be occurred in the form of, for example, energy efficiency improvements, or climate adaptation solutions and the cost of these interventions could constitute a material risk. **Transition Climate Risks:** In recognition of the importance of decarbonisation, and in order to support the Company's alignment with tightening policy around carbon reduction, the Company has set a net zero carbon target of 2050 for all emissions scopes. The Company also established a baseline operational carbon footprint of 2020, against which progress has been measured in 2021 and 2022. Operational energy consumption data is used to support the calculation of the portfolio's operational carbon footprint, with industry accepted benchmarks used to estimate the remainder. For the latest analysis, 73% of the data (by portfolio floor area) used in the carbon footprint was 'actual' data, with the remainder estimated. **On an absolute carbon emissions basis,** the portfolio emissions increased by 41% between 2020 and 2022, however, within the same time period 13 new assets have been added to the portfolio, increasing the total floor area by 44%. On a like-for-like basis the portfolio emissions decreased by 18% between 2020 and 2022. The actual data coverage (by floor area) has reduced slightly with data coverage being 82% in 2020 and 73% in 2022. **On an emissions intensity basis:** in 2020, the energy intensity at the portfolio level was 104 kWh/m^2 and the operational emissions intensity was 32 $CO2_e/m^2$ across Scopes 1, 2 and 3. In 2022 the net zero analysis yielded a portfolio energy intensity of 79 kWh and an operational emissions intensity of 33 $CO2_e/m^2$ across Scopes 1, 2 and 3. This represents a 24% reduction in energy intensity and a 3% increase in emissions intensity. The main reason for the emissions intensity increase despite the reduction in energy intensity is the in the carbon intensity of the national grids for some of the countries where the assets are situated, particularly Spain and Poland. Such analysis has supported the identification of opportunities to reduce the carbon intensity of poor performing assets. The Company uses the Carbon Risk Real Estate Monitor (CRREM) tool to analyse the net-zero performance of its assets. CRREM is a real estate specific net-zero assessment framework, widely used across the real estate industry, and recommended under the Institutional Investors Group on Climate Change (IIGCC) (under which the Investment Manager is a member) net-zero investment framework implementation guide. Company will use such analysis to compare its assets against 1.5°C science-based decarbonisation pathways (CRREM), to support the prioritisation of assets to take forward for more detailed net-zero carbon audits. While the Company is already including decarbonisation-related capital expenditure (CAPEX) figures into its asset cash flow calculations, such detailed audits will support the refinement of these CAPEX figures and support our asset managers in programming in net-zero interventions into wider asset management plans.	The EPC profile of the Company's properties is set out on page 64. The Company's approach to net-zero is set out on pages 74 to 77.

TCFD Recommendation	Company Approach	Further Information
	Physical Climate Risks: The Company continues to participate in physical climate risk scenario analysis (using a third-party data provider) to understand future risks and opportunities based on asset type/nature and geographical location of its assets. The analysis uses climate data relating to various hazards (e.g. cyclones, windstorm, wildfire, inland/coastal flood) along with company exposure data (e.g. asset type, location, insurance costs, replacement value, floor area and market value). This data is modelled out under varying time horizons (out to 2080) under different climate scenarios outlined in Section X). The outputs of the analysis support the understanding of future cost and value impact relating to the portfolio. The round of analysis which was concluded in 2023 identified a very low portfolio-level physical climate value impact of less than -21% by 2050 (under a worst-case scenario), and yielded the following other key takeaways: • **Acute physical climate risks:** the analysis did not identify any significant value impacts (>5%) at any asset screened against the key acute weather risks of coastal flooding, river flooding, tropical cyclone, windstorm, wildfire, surface water flooding, right from the short-term (<5 years) out to 2050. • **Chronic physical climate risks:** the analysis identified that heating costs will decrease out to 2050, while cooling costs will increase over the same period; the net effect of such costs translating to a negligible effect on total value impact by 2050. It should be noted that data quality and methodologies in the physical climate risk space are continually evolving, and the Company continues to work with an external third-party data provider to analyse such risks, and their materiality. Importantly, no significant risks to the Company's assets have been identified at this stage. In the event significant risks are identified by any subsequent physical climate risk analysis, the Company will take appropriate action to limit its exposure to such risks, including integrating the cost of resilience planning into asset cash flows.	
The resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2C or lower scenario	A full outline of how the Company has considered the climate related risks and opportunities under chosen future scenarios has been outlined above. The Company has set out its long term aim to be a net zero carbon Company by 2050 across all emissions (Scopes 1, 2 and 3). The Investment Manager tracking progress against our long-term aim at the Company level and asset level, using key KPIs including carbon data coverage, total energy/carbon emissions and energy/carbon intensity metrics. With regard to resilience against science-based decarbonisation pathways, the Company's work to establish a net zero pathway is informed by industry benchmarks including the Carbon Risk Real Estate Monitor (CRREM) 1.5°C Paris-aligned emissions trajectories. Sensitivity analysis has not been completed for transition risk as it is considered best practice in the real estate industry to target a 1.5 degree future. Going forward, the Company will use such analysis to compare its assets against 1.5°C science-based decarbonisation pathways (CRREM), to support the prioritisation of assets to take forward for more detailed net-zero carbon audits. While the Company is already including decarbonisation-related capital expenditure (CAPEX) figures into its asset cash flow calculations, such detailed audits will support the refinement of these CAPEX figures, and support our asset managers in programming in net-zero interventions into wider asset management plans. The Investment Manager considers consider that the portfolio and Company strategy is well-positioned to decarbonise in line with this trajectory assuming national energy and climate policy is also supportive of this goal. The Investment Manager will continue to engage with industry bodies such as the Better Building Partnership to standardise net zero definitions across the industry. It is recognised that the Company cannot act in isolation and that achieving this level of decarbonisation will require supportive climate policy and the cooperation of our occupiers and suppliers. The recent work on understanding value at risk as a result of physical climate risk has highlighted the importance of considering changes in wind speeds and flood risk over time as well as the implications of rising temperatures on cooling loads. Our initial assessment of these results is that in general under the RCP8.5 scenario a worst-case climate scenario, physical climate risks do not become material to the Company's portfolio until after 2050, and that until after 2040 and that most potential cost is associated with additional cooling demand due to rising temperatures. The Investment Manager considers that our existing portfolio and Company strategy is resilient to physical climate risks in the short to medium term. This will be kept under regular review as methodologies for physical risk assessment improve.	Our delivery strategy is set out on page 75.

TCFD Recommendation	Company Approach	Further Information
Risk Management		
The Company's processes for identifying and assessing climate-related risks	The Company's processes for assessing the size and extent of transition and physical climate risk are outlined in detail above under "The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material." Climate -related risks and opportunities are considered and assessed by the Board as a whole as advised by the Investment Manager and appointed consultants. The Company employs the Investment Manager's approach to addressing climate risks and opportunities as part of the investment process. This includes assessment of transition and physical climate risks during acquisition due diligence, asset management, refurbishment/development and portfolio-level strategic planning. The Company considers transition climate risks via net-zero carbon analysis, to determine the extent to which the portfolio aligns with the defined net-zero targets, and to define indicative high-level CAPEX figures to decarbonise the portfolio in line with a net-zero pathway. The Company also uses a third-party data provider to assess value at risk (amongst other indicators) associated with several climate hazards, over multiple time horizons and climate scenarios.	Risk Management section on page 57, which includes information on environmental risk mitigation. Company approach to integration/ assessment of ESG factors, including climate risks, is available on pages 74-78.
The Company's processes for managing climate-related risks	The Company follows the Investment Manager's approach to managing climate related risk. The approach to such risks is embedded into the investment process for acquisitions, refurbishments/developments and standing investments. This approach is outlined below. **On acquisition:** Transition risks: The ESG DD process involves the assessment of transition risks at both the pre-bid and post-bid stage, with the aim of reducing exposure to transitional climate risks going forward. At the pre-bid stage, the Manager uses use all available information about the asset, its context and regulatory backdrop, alongside the in-house decarbonisation guidance and ESG priorities of the Company, to form a view of anticipated decarbonisation costs over the next 10-year period. Where appropriate, such decarbonisation CAPEX is captured as part of the pre-bid screen and meeting; which subsequently feeds into the Investment Manager's Investment Committee paper for review. When detailed DD is completed during exclusivity, the assumptions around decarbonisation for compliance and net-zero alignment (using a 1.5°C CRREM pathway) are refined by an external consultant. This allows the Company to better understand the costs that it may be responsible for in the future for decarbonisation. Such findings are included in our pre-signing checklist prior to deal completion. Physical risks: As part of any pre-bid ESG screen/meeting, a mapping tool, made available by a physical climate risk data provider, is used to screen assets (based on their geographical location) against up to 8 different physical climate risks across different time horizons (current, 2030, 2050, 2100) under different climate scenarios including Low (RCP2.6), Intermediate (RCP4.5) and High (RCP8.5) scenarios. This tool is used alongside available online mapping provided by environmental regulators/authorities in the given country (where/if available). Such risks are considered at pre-bid stage in a "go/no-go" context. During exclusivity, as a minimum, flood risk will be assessed in more detail by an external third-party, alongside any other physical climate risks identified during the pre-bid screen.	An overview of the findings of the latest net-zero and physical climate risk analysis is provide above on pages 74-78.

TCFD Recommendation	Company Approach	Further Information
	On development/refurbishment: abrdn has established a set of ESG guidelines and standards (which include a focus on climate related aspects) that apply to all new construction, major renovations and forward funded developments. These standards ensure new developments are future fit and resilient to future transition and physical climate risks. This sets out the standards that are used as a benchmark during the design and appraisal of development schemes and outlines the process to be followed by the internal and external teams when undertaking major development work. This covers, for example, requirements for EPC ratings, CRREM alignment and physical climate resilience. Approval for major development must be sought through the Investment Committee in the same way as for asset acquisitions. The process can also be flexible to account for any separate Investment Committee processes outlined by client requirements. For smaller refurbishment activity an ESG checklist is available to teams to support the identification of ESG opportunities (which include climate related risks and opportunities) that contribute to Company goals that can be included in project specification. Approval for landlord refurbishment works is through a Capital Expenditure Approval Form (CEAF) which requires description of ESG measures incorporate in the works. Overall, the approach to development seeks to deliver high quality assets that meet the needs of tenants and ultimately support investment returns. **On standing investments:** The Company completes an annual ESG risk and performance dashboard as part of their strategic plan which flags priority assets for action against both transition risks (looking at levels of energy data collection, carbon performance against net-zero pathways where data available and energy performance ratings) and physical risks (looking at modelled acute weather risks out to 2050 as a result of climate change). The Company's strategic plan is approved via the Investment Manager's Investment Strategy Committee (ISC). All assets have an ESG and climate related component integrated into their asset management plan. These are set to enable the assets to contribute to the fund level strategic ESG ambition/goals set in the annual strategic plan. An example of this would be installing solar panels onto the roof of a property; enabling the Company to sell the generated electricity to the tenant and in turn generating additional income from the asset. In addition to the annual ESG risk and performance dashboard, The Company completes an annual carbon footprinting exercise to review progress against its 2019 baseline, and to review asset level performance against CRREM 1.5°C benchmarks, to help determines next steps and priorities for the Company with regards to priority assets for focus and specific initiatives to roll out with more detailed analysis. The Company also undertakes analysis with an external consultant to assess the assets within the Company against various hazards which are expected to impact real estate due to climate change under multiple different scenarios, including a worst-case scenario (RCP8.5).	
The Company's processes for identifying, assessing and managing climate-related risks into the organisation's overall risk management.	The Company's overall risk management process is underpinned by the Investment Manager's investment process described above. Climate related risks and opportunities are assessed at all stages of the investment process, which are in turn supported by robust governance bodies including the Investment Manager's Investment and Investment Strategy Committees.	

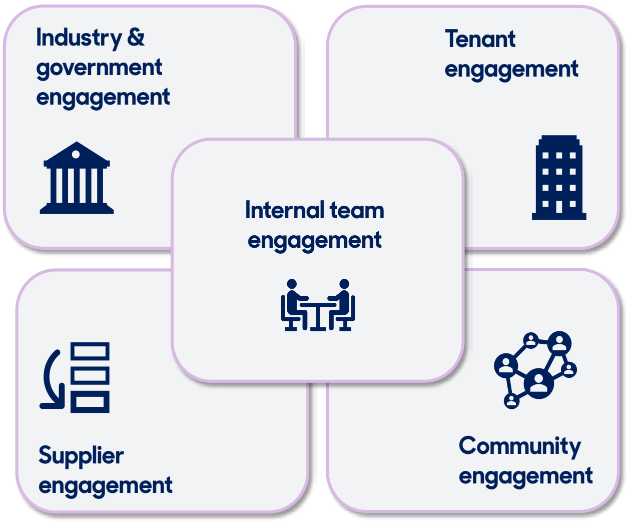
TCFD Recommendation	Company Approach	Further Information
Metrics and Targets		
The metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process	The Company discloses greenhouse gas emissions (alongside other related ESG performance metrics on energy and water consumption, waste generation and disposal routes) in line with EPRA Sustainability Best Practices Recommendations. In addition, the following carbon and climate metrics are also disclosed in line with TCFD requirements: • Scope 1, 2 and 3 emissions (tCO^2_e) • Scope 1, 2 and 3 emissions data coverage (%) • Year-on-year change in carbon emissions (%) • Portfolio carbon intensity by floor area (tCO^2_e/m^2) • Weighted Average Carbon Intensity (WACI) (tCO^2_e/m^2 weighted by value) • Economic Emissions Intensity (tCO^2_e/Gross Asset Value) • Climate Value at Risk (%) As part of the decarbonisation strategy progress against the baseline carbon footprint from 2020 is also tracked. Information on year-on-year performance is included in the net zero pathway section above (on pages 74-78) and in the EPRA disclosures on pages 61 to 65. There is not currently an standard industry definition for Net Zero Carbon, however the Investment Manager is using the CRREM framework and annual targets to model the decarbonisation pathway at the Company and asset level. At present, the Company does not have sufficient reliable data to report a specific percentage of total assets that have associated climate related 'risks' vs 'opportunities'. However, based on the findings of the net zero carbon and climate scenario analysis completed to date there are several assets which are performing worse than the CRREM benchmark for the asset type and location. As part of the Investment Manager's approach these assets are prioritised for Net Zero carbon audits so that the recommendations and associated costs can be included in the cash flows for each asset. CRREM is a voluntary industry tool, and the assets flagged as performing worse than the CRREM benchmark are still compliant from a regulatory perspective. The Company accounts for the cost of decarbonising its assets in line with regulation and recognised industry pathways (e.g. CRREM), by factoring in such cost into cash flows (and deploying capital where necessary). The Company does not apply a specific carbon price (e.g. £ per tonne of carbon), rather assets are assessed to understand what the interventions to decarbonise assets may cost, and where necessary use the Investment Manager's house-level decarbonisation cost guidance. In addition, it should be noted that ESG goals (which include climate relate goals) are included in investment teams' performance targets. The metrics from the 2023 calendar year included in the EPRA disclosures will in part be used to inform future progress updates relating to the Company's net-zero pathway (alongside any additional Scope 3 data collected for the 2023 calendar year throughout the first half of 2024). This net zero pathway analysis supports the analysis of assets against CRREM 1.5°C net zero pathways, to better understand risk, and likely decarbonisation related CAPEX to include in cash flow calculations. In addition, the metrics outlined above also support with investment decision making at all touch-points of the investment process. As part of the Investment Manager's ESG policy and approach, ESG goals (including those related to climate aspects) are embedded in investment teams' performance targets. Metrics related to ESG performance contribute to overall evaluations. Our 2022 carbon footprint is presented on page 75 and the 2023 scope 1 and 2 emissions are disclosed on page 65.	The EPRA disclosures included on pages 61-65 include the relevant climate-related performance data, including GHG emissions. Further information on our net-zero pathway are included above in pages 74-77.
Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	The Company discloses emissions in line with EPRA Sustainability Best Practices Recommendations (see pages 61-65). This covers Scope 1 and 2 emissions associated with landlord-procured energy as well as Scope 3 emissions from energy sub-metered to occupiers. Scope 3 emissions are considered material to the Company, especially given that they contributed to around 91% of the Company's total operational carbon footprint in 2022. The 2020 baseline is presented on page 75.	Data on emissions is set out on pages 61-65.
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets	An outline of the Company's climate related targets are outlined above in section "The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where material". The Company has set its long-term aim to be net zero carbon by 2050 across all emissions (Scopes 1, 2 and 3). Whilst the Company has not yet established specific targets around other climate related elements, the Company continually looks to improve the portfolio's performance through implementation of the Investment Manager's investment process and will look to set specific targets in the future where appropriate. The Company also looks to maintain or improve its GRESB score year-on-year.	Our delivery strategy is set out on page 75.

Capability and Collaboration

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

There are multiple ways that capability and collaboration is addressed by the Company outlined below.

- The first is by advocating for sustainability best practice across the real estate industry through government and industry collaboration
- The second is to encourage good collaboration internally to ensure sustainability is fully integrated into the Company ethos
- The third is to ensure sustainability is address through supplier engagement
- The final two aspects are specifically in relation to the real estate investments the Company holds in ensuring that its tenants and the surrounding communities are engaged where appropriate.



Investment Process and Asset Management

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

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

Company approach to Climate Change

Further to the TCFD section above, this section highlights specific progress on climate change risks and opportunities including the company's carbon performance, initiatives and asset case studies.

Transition Risks

The Company's net zero carbon target

In 2023 the company committed to achieve Net Zero Carbon across all portfolio emissions (Scopes 1, 2 & 3) by 2050.

The following provides an overview of the different emissions scopes:

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

Why has 2050 been set as the target date?

- 2050 is a challenging yet realistic date– this date aligns with the Paris agreement and so will likely align with future regulations when they are introduced, however, given the types of assets, degree of operational control and geographical location of the buildings, it will still be challenging to deliver on.
- To ensure that any target set is meaningful and robust, and setting an earlier target date would likely mean that the Company would need to rely more heavily on offsets which would divert funds from being used on decarbonisation works which the Company considers to be priority.
- Over 70% of the portfolio is single let, meaning that there is very little under Landlord operational control, so the main opportunities to carry out decarbonisation works are during vacancy periods, or when a tenant is looking to carry out refits.
- The portfolio has assets throughout Europe, and the national grids in the different countries are expected to decarbonise at varying rates. Some countries (for example Poland) are expected to require the period right up to 2050 to do this.

The Company's net zero principles

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

Practical:

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

Realistic:

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

Measurable:

- Clear key performance indicators at the asset and portfolio level.

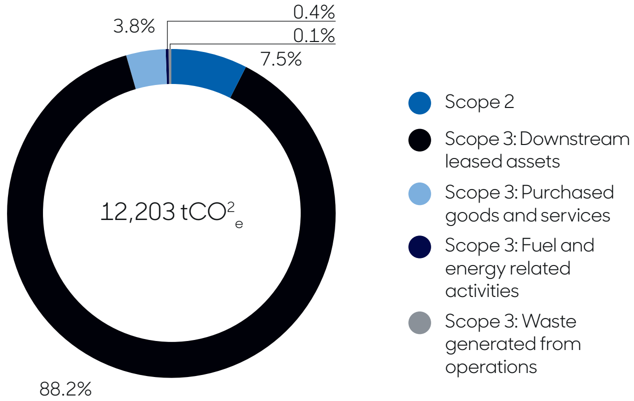
Company Baseline and Net Zero Carbon Pathway Annual update

In last year's annual report the operational carbon footprint baseline for the year of 2020 was disclosed, against which the Company has committed to measuring progress. In 2023 an annual update of the net zero carbon pathway was completed, the results of the analysis are disclosed below. Note that the analysis completed in 2023 uses data for the calendar year of 2022, due to this being the latest data available at the time of the analysis.

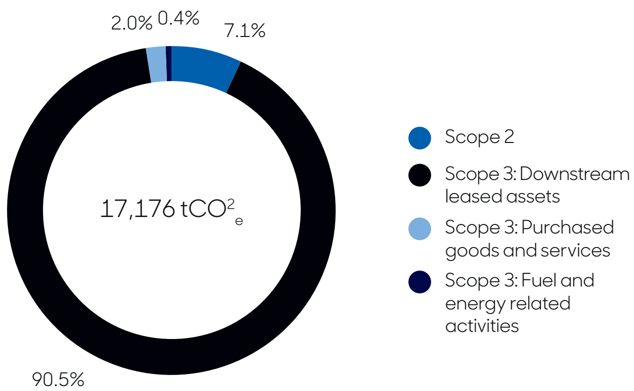
ESG data for 2023 is included in this report in the EPRA tables on pages 61 - 62, but is not considered below as part of the net zero carbon analysis.

Carbon Footprint

2020



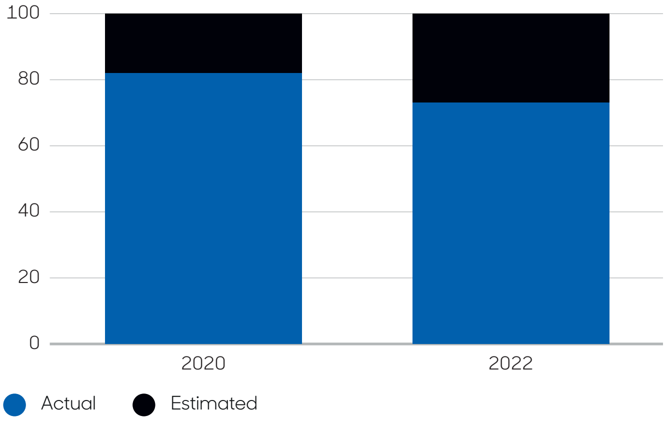
2022



Of the 2020 emissions, approximately 8% are associated with Scope 1 and 2 emissions that are in direct control of the Company, and the remaining 92% are Scope 3 emissions from tenant procured energy. This is in comparison with 2022, where the total operational carbon footprint was 17,176 tCO^2_e of which 7% was associated with Scope 1 and 2 emissions, while 93% was associated with Scope 3 emissions from tenant procured energy.

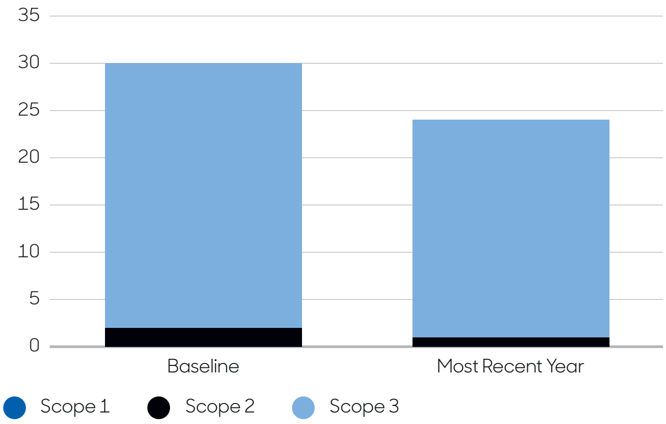
It should also be noted that for 2020, there was actual energy consumption data for 82% of the portfolio by floor area, with representative industry standard benchmarks used to estimate the rest. For 2022 the actual energy consumption data coverage was 73%. The bar chart below provides an overview of how data coverage has changed between 2020 and 2022.

Data coverage by Floor Area (%) 2020 vs 2022



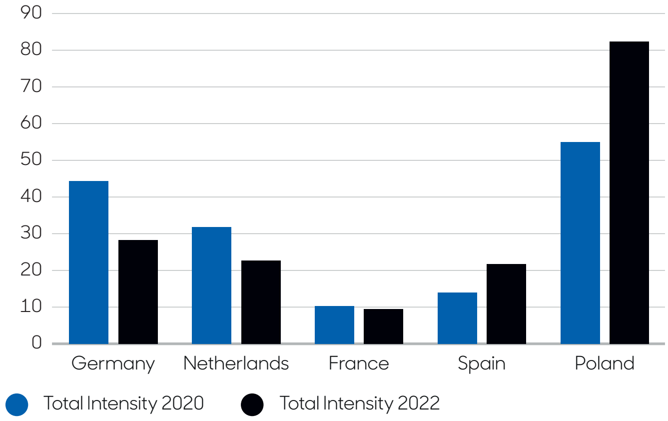
The 2020 energy intensity at the portfolio level was 104 kWh/m^2 and the operational emissions intensity was 32 kgCO^2_e/m^2 across Scopes 1, 2 and 3.

Portfolio Carbon Intensity (kgCO^2_e/m^2)



In comparison the latest net zero carbon analysis using 2022 data yielded an energy intensity of 79 kWh/m^2 and an operational emissions intensity of 33 kgCO^2_e/m^2 across all emissions scopes. This represents an 24% reduction in the energy intensity of the portfolio, and a 3% increase in carbon intensity. It is important to note that the 2022 carbon intensity figure includes fugitive emissions, which weren't included in the 2020 baseline which is part of the reason for this increase. However, in addition to this, the carbon intensity of the national grids in some of the countries where the assets are located, particularly Poland, increased which also contributed to the rise in portfolio carbon intensity.

National Grids Carbon Intensity (kgCO^2_e/m^2)



Overall, the Company is on track in terms of progress towards its net zero carbon target of 2050. Progress will continue to be monitored against the net zero carbon pathway annually and work to deliver on the actions outlined in the delivery strategy above, supported by the Investment Manager's investment process, which ensures that net zero carbon thinking is integrated into all investment decisions.

The table below summarises the Company's commitments to improve net-zero carbon performance, it's current performance and next steps

Theme	Commitment	Current Status	Next Steps
Carbon Reduction and Energy Efficiency	Net Zero Carbon	Carbon baseline established which supports the Company's Net Zero Carbon target of 2050 for all portfolio emissions. The Company has since completed an annual net zero carbon pathway analysis to review progress against the baseline, and the findings of this analysis are included in page 74 of this report.	Continue to fully embed Net Zero Carbon across asset management, acquisition and development/refurbishment processes.
	Improve tenant energy data coverage	73% data coverage in 2022 which was a decrease from 82% in 2020.	Seek to increase data coverage through continued tenant engagement. In addition the Investment Manager will continue to include green lease clauses into new leases issued by the Company, to encourage ESG collaboration and landlord-tenant sharing of ESG data.
	Maximise solar PV capacity	2,414,117 kWh by on-site PV systems generation in 2022.	Continue to review the feasibility of PV installations across the portfolio.
	Embodied Carbon	The Company is considering how best to monitor and report on the embodied carbon of development and major refurbishment projects.	Consider embodied carbon emissions for each project on a case-by-case basis.
Resilience and physical climate risk	Undertake scenario analysis to better understand future risk		Review asset level results in detail when finalised and define appropriate next steps to improve climate resilience of portfolio.

Physical Climate Risks

Physical risks are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs or supply chain disruption. The costs of adaptation (i.e. the infrastructure required to protect from physical damage) should also be considered.

To date, the Company has engaged in 3 rounds of analysis to evaluate the acute and chronic physical risks associated with the buildings owned by the Company; the latest of which was completed in early 2023.

The results of this assessment include (but are not limited to) an overview of how asset value at risk may change over time, as a result of chronic and acute physical risks.

Results of Analysis

In the first two rounds of analysis (concluded in 2021 and 2022 respectively), the Company's assets were modelled under a "worst-case" climate change scenario (an increase of around 4 degrees Celsius, above pre-industrial levels) to identify any relevant physical risks. In the third-round of analysis, the Company's assets were compared against the following scenarios under a 2022 and 2025 scenario, then at 5 year intervals out to 2080:

- Current policies: this is a worst-case climate scenario broadly consistent with a future global temperature increase of around 4°C above pre-industrial levels, assuming that 'current policies' around climate mitigation do not tighten;
- Probability weighted: this is the most-likely scenario, which assumed a global temperature increase of 2.3°C above pre-industrial levels; and,
- Paris-weighted: this is consistent with the targeted scenarios of the Paris Agreement, which seeks to keep global temperature increases well below 2°C, with efforts to be made to limit such increases to 1.5°C.

The round of analysis which was concluded in 2023 identified a very low portfolio- level physical climate value impact of -1% by 2050 (under a worst-case scenario), and yielded the following other key takeaways:

- Acute physical climate risks: the assets are screened against key acute weather risks of: coastal flooding, river flooding, tropical cyclone, windstorm, wildfire and surface water flooding. The analysis allowed us to flag one asset as potentially at risk from surface water flooding. The analysis considers geographic location only, and does not factor in any local infrastructure designed to mitigate against these risks, or any insurance in place to cover for this kind of damage. As such the asset may not be at risk in reality, but further investigations will be required to determine this. The insurance program in place for the asset covers risk related to surface water flooding.
- Chronic physical climate risks: the analysis identified that heating costs will decrease out to 2050, while cooling costs will increase over the same period; the net effect of such costs translating to a negligible effect on total value impact by 2050.

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

Next Steps

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

More information on the Investment Manager's Approach to physical climate risks can be found on the document – 'Our Blueprint for Addressing Climate Change' – available **here https://www.abrdn.com/docs?editionId=42ec6ae7-d171-4a81-a0ac-1f06106c86b4**. At the time of writing, the updated version of this document is being published.

Governance

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

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

Governance

Your Board of Directors

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

Anthony Roper

Status: Independent Non-Executive Chairman.

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

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

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

Last re-elected to the Board: 12 June 2023.

Contribution: The Nomination Committee has reviewed the contribution of Mr Roper in light of his forthcoming re-election at the AGM to be held on 24 June 2024 and concluded that Mr Roper has continued to skilfully chair the Company through a turbulent yet successful year for the Company. Mr Roper's real estate and investment trust experience is deeply valued by his fellow Directors.

Committee membership: Management Engagement Committee and Nomination Committee.

Remuneration: £54,000 per annum.

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

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 122,812 Ordinary shares.

Caroline Gulliver

Status: Senior Independent Non-Executive Director.

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

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

Last re-elected to the Board: 12 June 2023.

Contribution: The Nomination Committee has reviewed the contribution of Ms Gulliver in light of her forthcoming re-election at the AGM to be held on 24 June 2024 and concluded that Ms Gulliver has continued to expertly chair the Audit Committee through the year drawing on her significant wealth of financial and accounting experience.

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

Remuneration: £42,000 per annum.

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

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 90,000 Ordinary shares.

John Heawood

Status: Independent Non-Executive Director.

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

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

Last re-elected to the Board: 12 June 2023.

Contribution: The Nomination Committee has reviewed the contribution of Mr Heawood in light of his forthcoming re-election at the AGM to be held on 24 June 2024 and concluded that Mr Heawood has continued to provide significant real estate experience and insight to the Board as well as expertly chairing the Management Engagement Committee.

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

Remuneration: £36,000 per annum.

All other public company directorships: None

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 60,000 Ordinary shares.

Diane Wilde

Status: Independent Non-Executive Director.

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

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

Last re-elected to the Board: 12 June 2023.

Contribution: As part of the Board's refreshment and succession planning, Ms Wilde has indicated that she will retire as a Director of the Company with effect from the conclusion of the AGM on 24 June 2024 and will not be seeking re-election. The Nomination Committee would like to reiterate its thanks to Ms Wilde for the insight provided.

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

Remuneration: £36,000 per annum.

All other public company directorships: None.

Connections with Trust or Investment Manager: None.

Shared Directorships with any other Trust Directors: None.

Shareholding in Company: 74,375 Ordinary shares.

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 December 2023.

Results and Dividends

Details of the Company's results and dividends are shown on page 23 of this Annual Report. The dividend policy is disclosed in the Strategic Report on page 14.

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 2023 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 2023, 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 and no Ordinary shares were issued or sold from Treasury.

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. With the exception of Ms Wilde who will be retiring from the Board at the conclusion of the Annual General Meeting, in accordance with the Articles of Association, each Director will retire from the Board at the Annual General Meeting convened for 24 June 2024 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.

Board Diversity

As indicated in the Strategic Report, 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 it to fulfil its obligations. The Board also recognises the benefits and is supportive of, and will give due regard to, the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. The Board takes account of the targets set out in the FCA's Listing Rules, which are set out below.

As an externally managed investment company, the Board employs no executive staff, and therefore does not have a chief executive officer (CEO) or a chief financial officer (CFO) - both of which are deemed senior board positions by the FCA. However, the Board considers the Chair of the Audit Committee to be a senior board position and the following disclosure is made on this basis. Other senior board positions recognised by the FCA are chair of the board and senior independent director (SID). In addition, the Board has resolved that the Company's year end date be the most appropriate date for disclosure purposes.

The following information has been voluntarily disclosed by each Director and is correct as at 31 December 2023. The Company has initiated a search for a new non executive Director although the process is currently on hold. Following completion of, and subject to the conclusions of, the Strategic Review which is currently ongoing, the Board expects that, the Company will aim to be in compliance with the recommendations of the Parker Review on diversity in the UK boardroom by June 2025.

Board as at 31 December 2023

	Number of Board Members	Percentage of the Board	Number of Senior Positions on the Board[3]
Men	2	50%	1
Women[1]	2	50%	2
Prefer not to say	–		–
White British or other White (including minority-white groups)	4	100%	3
Minority Ethnic[2]	–	–	0
Prefer not to say	–	–	–

[1] Meets target that at least 40% of Directors are women as set out in LR 9.8.6R (9)(a)(i).
[2] Does not currently meet target that at least one Director is from a minority ethnic background as set out in LR 9.8.6R (9)(a)(iii).
[3] Senior positions defined as Chair, Audit Chair and Senior Independent Director.

The Role of the Chairman and Senior Independent Director

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

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

Corporate Governance

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

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

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

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

The UK Code includes provisions relating to:

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

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

During the year ended 31 December 2023, the Board had four scheduled meetings and over 14 other 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 two meetings 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 2023 (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)	2 (2)
C Gulliver	4 (4)	3 (3)	1 (1)	2 (2)
D Wilde	4 (4)	3 (3)	1 (1)	2 (2)
J Heawood	4 (4)	3 (3)	1 (1)	2 (2)

[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 95 to 97 of this Annual Report.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which, due to the relatively small size of the Board, comprises all of the Directors and is chaired by the Chairman of the Company. The Nomination Committee advises the Board on succession planning, bearing in mind the balance of skills, knowledge and experience existing on the Board, and will make recommendations to the Board in this regard. The Nomination Committee also advises the Board on its balance of relevant skills, experience and length of service of the Directors serving on the Board. The Board's overriding priority when appointing new Directors in the future will be to identify the candidate with the best range of skills and experience to complement existing Directors. The Board recognises the benefits of diversity and its policy on diversity is disclosed in the Strategic Report on page 19 and also on page 83 above.

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 2023 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 with the exception of Ms Wilde, will retire at the forthcoming Annual General Meeting and will offer themselves for re-election. As part of the Board's succession planning, Ms Wilde will be retiring from the Board at the conclusion of the Annual General Meeting. 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 80 and 81.

The Board has initiated the search for a new independent non executive Director but the process is on hold whilst the strategic review is concluded. Succession planning will be considered again once the result of the review is known.

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 91 to 93.

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 15 to 19 and the Viability Statement on page 20 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.

In coming to this conclusion, the Board has also considered the impact of geopolitical and economic turbulence on the Company's and its investments. 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.

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.

On 27 November 2023, the Board announced that it was undertaking a Strategic Review. The Board is considering all options available to the Company. There is no certainty that any changes will result from the Strategic Review and, for the avoidance of doubt, a continuation of the Company's current investment strategy with a rebased target dividend level is a potential outcome of the Strategic Review. The matters referred to above indicate existence of material uncertainty. Nevertheless, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Additional details about going concern are disclosed in note 1(a).

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 94 and 105 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 £nil (2022: £20,000 in respect of the production of a Supplementary Prospectus) 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 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 abrdn group 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 April 2024 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2023 by considering documentation from the AIFM and the Depositary, including the internal audit and compliance functions and taking account of events since 31 December 2023. 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 2023 (based upon 412,174,356 shares in issue):

Fund Manager	Shares at 31-Dec-2023	% at 31-Dec-2023
East Riding of Yorkshire	33,000,000	8.0
RBC Brewin Dolphin Ireland	29,494,068	7.2
Quilter Cheviot Investment Management	25,053,097	6.1
BlackRock	22,762,321	5.5
Investec Wealth & Investment	21,545,349	5.2
Hargreaves Lansdown, stockbrokers (EO)	18,562,445	4.5
RBC Brewin Dolphin, stockbrokers	16,494,252	4.0
Canaccord Genuity Wealth Management (Retail)	13,730,263	3.3
Interactive Investor (EO)	12,453,748	3.0

On 2 April 2024, Asset Value Investors Limited notified the Company that its total holding of Ordinary shares was 24,732,890 representing 6.0% of the issued class of capital. Save as disclosed, there have been no significant changes notified in respect of the above holdings between 31 December 2023 and 25 April 2024.

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 24 June 2024 at the offices of FTI Consulting, 200 Aldersgate, Aldersgate Street London, EC1A 4HD at 9:00 a.m. 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 9, 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 9 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 2025, or 30 June 2025, whichever is earlier. The Directors do not have any immediate intention to utilise this authority.

Special Business Disapplication of Pre-emption Rights

Resolution 10 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 10 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 2025 or 30 June 2025, whichever is earlier.

Special Business Purchase of the Company's Shares

Resolution 11 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 2025 or 30 June 2025, 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 10 above, may be held in treasury.

If Resolutions 9 to 11 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 12 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 2025 or 30 June 2025 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 12 in limited and time sensitive circumstances.

Special Business Continuation of Company

In accordance with Article 163.2 the Directors are required to propose an ordinary resolution that the Company continue its business as presently constituted (the "**Continuation Resolution**") at the sixth annual general meeting of the Company and every third annual general meeting thereafter. Accordingly, Resolution 13 is an ordinary resolution proposing that the Company continue its business as presently constituted. With the Strategic Review still ongoing, the Board recommends that shareholders vote in favour of the Company's continuation to ensure that the review can be completed properly and the best outcome for shareholders delivered. It is the Board's current expectation that the result of the Strategic Review will be announced ahead of the AGM, so shareholders should have the benefit of a clear picture of the proposed way forward by the time that they are asked to vote. Should the Board not be in a position to communicate the outcome (or likely outcome) of the Strategic Review ahead of the AGM, the Board would ensure that shareholders were provided with the opportunity to vote on the future direction of the Company as and when the Review was completed (unless the proposed course of action arising from the Strategic Review in and of itself required a shareholder vote).

If the Continuation Resolution is not passed, the Articles require the Directors to cease further investment, the properties in the Company's portfolio to be sold in an orderly fashion as market demand appears and the net funds, determined by the Directors as available for distribution, to be distributed to Shareholders.

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 13 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 9 to 13 to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that Shareholders should vote in favour of all Resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 347,187 Ordinary shares.

By order of the Board

abrdn Holdings Limited – Company Secretaries and Registered Office
280 Bishopsgate
London EC2M 4AG

25 April 2024

Directors' Remuneration Report

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

Remuneration Policy

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

Implementation Report

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

Annual Statement

Which confirms compliance with the regulations.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 99.

Remuneration Policy

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

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

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

Fees payable to Directors in respect of the year ended 31 December 2023 were:

	£
Chairman	54,000
Chairman of Audit Committee	42,000
Director	36,000

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Appointment

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

Performance, Service Contracts, Compensation and Loss of Office

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

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

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

Implementation Report

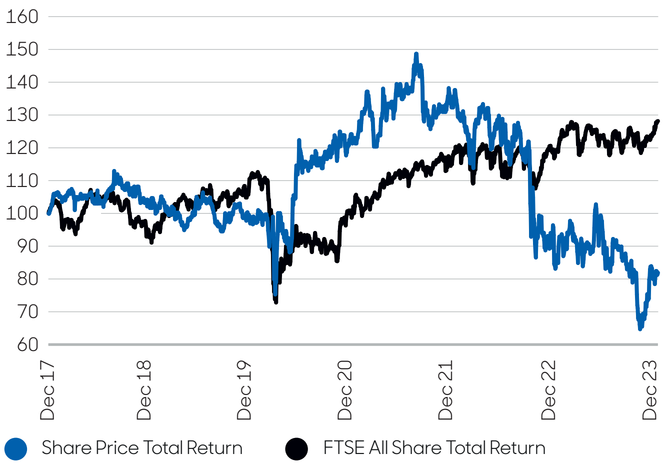
Directors' Fees

The Board has carried out an annual review of the level of fees payable to Directors including analysis of fees paid by comparable investment companies. In addition, the Board considered the need to remain competitive to attract the required calibre of experienced non executive Director as part of the forthcoming succession planning and also took into account the findings of the independent external review of fees that had been undertaken in 2022. The Board concluded that the level of fees payable should be increased from 1 July 2024, to £58,000 for the Chairman (+£4,000), £45,000 for the Audit Committee Chairman (+£3,000) and £38,000 for other Directors (+£2,000). The fees were last increased with effect from 1 January 2023. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Company Performance

The following chart illustrates the total shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the FTSE All Share Index for the period from launch to 31 December 2023 (rebased to 100 at launch). Given the absence of any meaningful index with which to compare performance, the FTSE All Share index is deemed to be the most appropriate one against which to measure the Company's performance.

Inception to 31 December 2023



Source: abrdn, Factset.

Statement of Voting at Annual General Meeting

At the Company's AGM held on 12 June 2023, Shareholders approved the Directors' Remuneration Report in respect of the year ended 31 December 2022 (other than the Directors' Remuneration Policy for the three years ending 30 June 2025 which was approved at the AGM held on 6 June 2022). The following proxy votes were received on the resolutions:

Resolution	For*	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	214.5m (99.2%)	1.6m (0.8%)	0.04m
(3) Approve Directors' Remuneration Policy	195.9m (99.9%)	0.3m (0.1%)	0.05m

* Including discretionary votes.

Spend on Pay (Audited)

Fees Payable

The Directors received the following fees which exclude employers' NI and any VAT payable for the year ended 31 December 2023 and the year ended 31 December 2022.

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

Director	2023 £'000	2022 £'000
T Roper	54	50
C Gulliver	42	40
J Heawood	36	35
D Wilde	36	35
Total	**168**	**160**

In euro terms the Directors were paid €193,000 (2022: €186,000).

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

	2023 €'000	2022 €'000
Directors' Fees paid	193	186
Dividends paid	23,248	23,248

Sums Paid to Third Parties

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

Annual Percentage Change in Directors' Remuneration

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

	Year ended 31 Dec 2023 %	Year ended 31 Dec 2022 %	Year ended 31 Dec 2021 %	Year ended 31 Dec 2020 %
T Roper[1]	8.0	2.0	4.3	32.2
C Gulliver	5.0	2.6	2.6	8.6
J Heawood	2.9	2.9	3.0	10.0
D Wilde	2.9	2.9	3.0	10.0

[1] Tony Roper was appointed Chairman on 11 June 2019.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 23 to the financial statements. The Directors (including connected persons) at 31 December 2023 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 Dec 2023 Ordinary shares	31 Dec 2022 Ordinary shares
T Roper	122,812	102,812
C Gulliver	90,000	72,500
J Heawood	60,000	60,000
D Wilde	74,375	74,375

These interests were unchanged at 25 April 2024, being the nearest practicable date prior to the signing of this Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 December 2023:

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

Tony Roper

Chairman

25 April 2024

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

25 April 2024

Report of the Audit Committee

I am pleased to present the report of the Audit Committee (the 'Committee') for the year ended 31 December 2023 which has been prepared in compliance with applicable legislation.

Committee Composition

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

Functions of the Committee

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

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

- to review and monitor the internal control systems and risk management systems (including review of non-financial and emerging risks) on which the Company is reliant;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. No non-audit fees were paid to the Auditor during 2023 (2022: £20,000 in respect of the production of a supplementary prospectus). The Audit Committee reviews and approves the provision of all non-audit services in the light of the potential for such services to impair the Auditor's independence;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to review and challenge the investment valuation process employed by the Investment Manager;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Half Yearly Report and Annual Report and Financial Statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy;
- to meet with the Auditor to review their proposed audit programme of work and the findings of the Auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to review a statement from the Manager detailing the arrangements in place within the AIFM whereby the AIFM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the Auditor and to approve the remuneration and terms of engagement of the Auditor;
- to review the Company's audit arrangements and consider the requirement for an audit tender in line with best practice;
- to monitor and review annually the Auditor's independence, objectivity, effectiveness, resources and qualification;
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required; and
- to consider the Company's correspondence with the FRC.

Performance Evaluation of the Committee

In 2023 an evaluation of the Audit Committee was conducted by the Board. The evaluation, which concluded that the Committee operated effectively, was based upon questionnaires and the results allowed the Committee members to agree priorities for future consideration.

Activities During the Year

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

Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more detail on the process of these reviews in the Directors' Report. In addition, details of the principal risks faced by the Company can be found within the Strategic Report on pages 15 to 19.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2023, the Audit Committee considered the following significant issues, including, in particular, those communicated by the Auditor as key areas of audit emphasis during their planning and reporting of the year end audit.

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

Fair Value of Group Loans Receivable – The carrying amount of the group loan balance represents 69% of the parent Company's total assets. Their measurement is not at a high risk of significant misstatement or subject to significant judgement. In structuring the group loan arrangements the Manager has received specialist advice and is therefore confident of the recoverability of these loans.

Going Concern

On 27 November 2023, the Board announced that it was undertaking a Strategic Review and considering all options available to the Company. There is no certainty that any changes will result from the Strategic Review.
The matters referred to above indicate the existence of material uncertainty. Nevertheless, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Review of Financial Statements

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

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

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and Financial Statements is fair, balanced and understandable. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 94.

Financial Reporting Council

During the year, the Company received a letter from the FRC following the review of the Company's Annual Report and Financial Statements for the year ended 31 December 2022 which requested information principally relating to valuation inputs used in property valuation. Following explanations and further details provided by the Company to the FRC, the FRC closed its inquiry. No restatement of the financial statements was required as a result of the FRC's inquiry. The Company has enhanced certain disclosures made in the financial statements in response to the points raised in the FRC's letter.

The FRC's review provides no assurance that the 2022 abrdn European Logistics Income plc Annual Report and Financial Statements are correct in all material respects. The FRC's role is not to verify the information provided but to consider compliance with reporting requirements. The FRC letters are written on the basis that the FRC (which includes the FRC's officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders.

EPRA Best Practices recommendations (BPRs) Award

The Company has attained the top-rated gold level awarded by EPRA for compliance with its 'Best Practice Recommendations' in financial reporting based on the Annual Report and Financial Statements for the year ended 31 December 2022.

Review of Auditor

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

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

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

Tenure of the Auditor

KPMG has held office as Auditor since the incorporation of the Company in 2017. In accordance with present professional guidelines the audit director will be rotated after no more than five years and the year ended 31 December 2023 is the first year for which the present director has served. The Committee considers KPMG, the Company's auditor, to be independent of the Company. Companies Act legislation requires listed companies to tender the audit every 10 years and rotate after a maximum of 20 years. The Committee therefore expects to conduct a tender for audit services by 2027 at the latest.

Caroline Gulliver
Audit Committee Chairman

25 April 2024

Financial Statements

The audited net asset value ("NAV") per share as at 31 December 2023 was 93.4c (GBp 81.2p), compared with the NAV per share of 118.9c (GBp 105.4p) at the end of 2022, reflecting, with the interim dividends paid, a NAV total return of -17.1% (2022: -3.8%) for the year in euro terms.

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

KPMG

Independent auditor's report

to the members of abrdn European Logistics Income plc

1. Our opinion is unmodified

We have audited the financial statements of abrdn European Logistics Income plc ("the Company" or "the Parent Company") and its subsidiaries (together "the Group") for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Balance Sheet, Parent Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's net return for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework;and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 14 November 2017. The period of total uninterrupted engagement is for the six financial years ended 31 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	€6.9 m (2022:€7.6m) 1.00% (2022: 0.94%) of Total Assets	
Coverage	100% (2022:100%) of group total assets	
Key audit matters		**vs 2022**
New risks	Going Concern	▲
Recurring risks	Valuation of investment properties	◄►
	Recoverability of Parent Company's loans due from Group entities.	◄►

2. Material uncertainty related to going concern

	The risk	Our response
Going Concern We draw attention to note 1 to the financial statements which indicates that following the announcement on 27th November 2023 and as at the date of approval of the annual report, the Board is undertaking a strategic review of the options available to the Company (the "Strategic Review"). The Board is considering all options that offer maximum value for the shareholders including, but not limited to, undertaking some form of consolidation, combination, merger, or comparable corporate action, selling the entire issued share capital of the Company, and selling the Company's portfolio and returning monies to shareholders. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. There is little judgement involved in the directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.	**Our procedures included:** • **Assessing transparency:** Considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern including the identified risks, dependencies, and related sensitivities. **Our assessment of the Group's going concern assessment also included:** • **Strategy review assessment:** We performed inquiries with the Group's financial adviser and directors to understand the latest status of the Strategic Review. • **Cashflow assessment review:** We obtained and inspected the Group's cashflow forecasts, including downside scenarios. We challenged assumptions used within their forecasts with our own expectations based on our knowledge of the entity and experience of the industry in which it operates. • **Covenant assessment**: We also inspected the loan agreement for covenants and recalculated the Group's position as at the year-end. Where we identified tighter headroom for some loan covenants we evaluated the Group's options to mitigate the risks of covenant breaches. **Our results** We found the going concern disclosure in note 1 with a material uncertainty to be acceptable.

KPMG

3. Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below the other key audit matters (unchanged from 2022) in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Valuation of investment properties (€653.7 million*; 2022: €776.6m) *Refer to page 95 (Report of the Audit Committee), page 114 (accounting policy) and page 121 (financial disclosures).* **includes €17.5 million of investment properties held-for-sale*	**Subjective valuation** The carrying amount of the Group's property portfolio makes up 94%* (2022: 95%) of the Group's total assets by value. Valuation of the Group's investment properties are performed by external valuation advisers. The valuation of investment property requires significant judgement and estimates by management and the external valuation advisers. As a result there is an inherent risk that the subjective assumptions used in the calculations of fair value are inappropriate. In certain periods, such as the period around 31 December 2023, real estate transactions are subdued and the judgement of the valuation advisers is magnified in that context. The effect of these matters is that, as part of our risk assessment, we have determined that the valuation of investment properties has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements a whole, and possibly many times that amount. The financial statements disclose the sensitivity of the estimate to changes in the capitalisation/discount rate/equivalent yield and Estimated Rental Value ('ERV').	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: 1. **Assessing valuation advisers' credentials:** Critically assessing the independence, professional qualifications, competence and experience of the external valuation advisers used by the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. 2. **Methodology choice:** Critically assessing the methodology used by the external valuation advisers by considering whether their valuations were prepared in accordance with market practice for the estimation of fair value and relevant accounting standards. 3. **Benchmarking assumptions:** For a sample of properties, selected using a risk based approach, challenging the key assumptions upon which the valuations were based, with the assistance of a valuation specialist. This included assumptions relating to ERV, discount rate, growth rate and yield/capitalisation rate by making a comparison to our own assumptions independently derived from market data. 4. **Input assessment:** Agreeing observable inputs used in the valuations, such as rental income, lease incentives, break clauses and lease lengths back to lease agreements for a sample of leases. 5. **Disclosure assessment:** Critically assessing the adequacy of the Group's disclosures in relation to the accounting estimate. We recognised the significance of providing appropriate sensitivity analysis disclosure to reflect the limited transactional evidence that underpins key assumptions and that the directors have reflected this appropriately in the ranges. **Our results** We found the Group's valuation of investment properties to be acceptable (2022: acceptable).

KPMG

	The risk	Our response
Recoverability of the Parent Company's loans due from Group entities (Parent Company Key Audit Matter) (€249.3m; 2022: €254.3m) *Refer to page 95 (Report of the Audit Committee), page 141 (accounting policy) and page 145 (financial disclosures).*	**Low risk, high value** The carrying amount of the parent loan balance represents 68.4% (2022: 58.6%) of the Parent Company's total assets. The parent loans are measured at amortised cost less impairment. The key risk to measurement is if the borrower could not repay them. Due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that requires the greatest effort in the Parent Company audit and is hence a Key Audit Matter.	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described: **Test of details:** • Comparing the carrying amount of the parent loan balances with the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries are profit-making. **Our results** We found the balance of the Parent Company loans to be acceptable (2022: acceptable).

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

Materiality for the Group financial statements as a whole was set at €6.9m (2022: €7.6m), determined with reference to a benchmark of total assets, of which it represents 1.00% (2022: 0.94%).

Materiality for the Parent Company financial statements as a whole was set at €3.6m (2022: €4.2m), determined with reference to a benchmark of total assets, of which it represents 1.00% (2022: 0.98%).

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

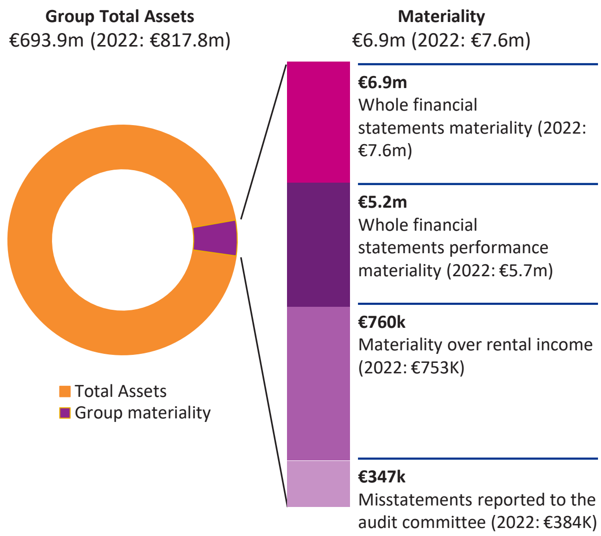
Group and Parent Company performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to €5.2m (2022: €5.7m), (Parent Company €2.7m (2022: €3.1m)). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

In addition, we applied a materiality of €760k (2022: €753k) to the rental income for which we believe misstatements of a lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the members' assessment of the financial performance of the Group. Performance materiality over rental income was set at 75% (2022: 65%) of rental income materiality, which equates to €570k (2022: €498k). We applied this percentage in our determination of performance materiality for this balances based on the level of identified misstatements during the prior period in relation to this balances.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding €347k (2022: €384k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

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



5. Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic for at least a year from the date of approval of the financial statements ("the going concern period"). As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

— we have nothing material to add or draw attention to in relation to the directors' statement in Note 1 (a) to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Group and Company's ability to continue to use that basis for the going concern period,; and

— the related statement under the Listing Rules set out on page 85 is materially consistent with the financial statements and our audit knowledge .

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

Identifying and responding to risks of material misstatement due to fraud

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

—Enquiring of the directors of whether they are aware of fraud and of the Group's high-level policies and procedures to prevent and detect fraud;

— Reading Board and Audit Committee minutes; and

— Assessing the segregation of duties in place between the directors, the administrators and the Group's and Parent Company's Investment Manager.

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

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

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

We performed procedures including:

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

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

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

Strategic report and directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of emerging and principal risks and longer-term viability

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

Based on those procedures, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- the directors' confirmation within the Viability Statement on page 20 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement, set out on page 20 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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

Corporate governance disclosures

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

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

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

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

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

KPMG

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 94, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

Matthew Humphrey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
25 April 2024

KPMG

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

		Year ended 31 December 2023			Year ended 31 December 2022		
	Notes	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
REVENUE							
Rental income	2	33,435	–	33,435	29,686	–	29,686
Property service charge income		8,095	–	8,095	6,237	–	6,237
Other operating income		540	–	540	676	–	676
Total revenue		**42,070**	**–**	**42,070**	**36,599**	**–**	**36,599**
GAINS/(LOSSES) ON INVESTMENTS							
Gains on disposal of investment properties	9	–	133	133	–	–	–
Change in fair value of investment properties	9	–	(106,878)	(106,878)	–	(40,432)	(40,432)
Total income and gains / (losses) on investments		**42,070**	**(106,745)**	**(64,675)**	**36,599**	**(40,432)**	**(3,833)**
EXPENDITURE							
Investment management fee		(3,193)	–	(3,193)	(3,953)	–	(3,953)
Direct property expenses		(3,155)	–	(3,155)	(2,276)	–	(2,276)
Property service charge expenditure		(8,095)	–	(8,095)	(6,237)	–	(6,237)
SPV property management fees		(232)	–	(232)	(255)	–	(255)
Impairment loss on trade receivables		(1,237)	–	(1,237)	(225)	–	(225)
Other expenses	3	(3,583)	–	(3,583)	(2,797)	–	(2,797)
Total expenditure		(19,495)	–	(19,495)	(15,743)	–	(15,743)
Net operating return / (loss) before finance costs		**22,575**	**(106,745)**	**(84,170)**	**20,856**	**(40,432)**	**(19,576)**
FINANCE COSTS							
Finance costs	4	(8,002)	(110)	(8,112)	(5,676)	–	(5,676)
Gains arising from the derecognition of derivative financial instruments		–	313	313	–	–	–
Effect of fair value adjustments on derivative financial instruments		–	(1,706)	(1,706)	–	3,600	3,600
Effect of foreign exchange differences		(67)	(146)	(213)	(115)	461	346
Net return before taxation		14,506	(108,394)	(93,888)	15,065	(36,371)	(21,306)
Taxation	5	(1,327)	13,414	12,087	(1,029)	3,893	2,864
Net return for the year		**13,179**	**(94,980)**	**(81,801)**	**14,036**	**(32,478)**	**(18,442)**
Total comprehensive return / (loss) for the year		**13,179**	**(94,980)**	**(81,801)**	**14,036**	**(32,478)**	**(18,442)**
Basic and diluted earnings per share	**7**	**3.2¢**	**(23.0¢)**	**(19.8¢)**	**3.4¢**	**(7.9¢)**	**(4.5¢)**

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 Company.

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

As at 31 December 2023

	Notes	As at 31 December 2023 €'000	As at 31 December 2022 €'000
NON-CURRENT ASSETS			
Investment properties	9	636,187	776,616
Deferred tax asset	5	4,896	3,754
Total non-current assets		**641,083**	**780,370**
CURRENT ASSETS			
Investment property held for sale	9	17,500	–
Trade and other receivables	10	14,682	12,570
Cash and cash equivalents	11	18,061	20,262
Other assets		876	687
Derivative financial assets	15	1,690	3,894
Total current assets		**52,809**	**37,413**
Total assets		**693,892**	**817,783**
CURRENT LIABILITIES			
Lease liability	12	659	550
Trade and other payables	13	16,353	15,006
Derivative financial instruments	15	–	185
Total current liabilities		**17,012**	**15,741**
NON-CURRENT LIABILITIES			
Bank loans	14	256,524	265,532
Lease liability	12	23,694	22,087
Deferred tax liability	5	11,734	24,446
Total non-current liabilities		**291,952**	**312,065**
Total liabilities		**308,964**	**327,806**
Net assets		**384,928**	**489,977**
SHARE CAPITAL AND RESERVES			
Share capital	16	4,717	4,717
Share premium	17	269,546	269,546
Special distributable reserve	18	152,099	164,851
Capital reserve	19	(64,200)	30,780
Revenue reserve		22,766	20,083
Equity shareholders' funds		**384,928**	**489,977**
Net asset value per share (cents)	8	**93.4**	**118.9**

The financial statements on pages 106 to 148 were approved and authorised for issue by the Board of Directors on 25 April 2024 and signed on its behalf by:

Caroline Gulliver
Independent Non-Executive Director

Company number: 11032222.
The accompanying notes are an integral part of the financial statements.

Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share capital €'000	Share premium €'000	Special distributable 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 year		–	–	–	(94,980)	13,179	(81,801)
Dividends paid	6	–	–	(12,752)	–	(10,496)	(23,248)
Balance at 31 December 2023		**4,717**	**269,546**	**152,099**	**(64,200)**	**22,766**	**384,928**

For the year ended 31 December 2022

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

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

Consolidated Statement of Cash Flows

For the period ended 31 December 2023

	Notes	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net return for the year before taxation		(93,888)	(21,306)
Adjustments for:			
Change in fair value of investment properties		106,878	40,432
Gains on disposal of investment properties		(133)	-
(Increase)/decrease in lease liability		272	267
(Increase)/Decrease in trade and other receivables		(2,300)	4,964
Increase/(Decrease) in trade and other payables		10	(1,554)
Change in fair value of derivative financial instruments		1,706	(3,600)
Result arising from the derecognition of derivative financial instruments		(313)	-
Finance costs	4	8,112	5,676
Tax paid		(1,092)	(1,070)
Cash generated by operations		19,252	23,809
Net cash inflow from operating activities		**19,252**	**23,809**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure and cost of disposal		(898)	(133,523)
Disposal of investment properties		18,500	-
Net cash inflow/ (outflow) from investing activities		**17,602**	**(133,523)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	6	(23,248)	(23,248)
Bank loans interest paid		(5,202)	(3,050)
Early termination fees		(110)	-
Bank loans drawn		-	154,547
Bank loans repaid	14	(10,808)	(65,692)
Proceeds from derivative financial instruments	14	313	-
Proceeds from share issue	16/17	-	44,898
Issue costs relating to share issue	17	-	(759)
Net cash (outflow)/ inflow from financing activities		**(39,055)**	**106,696**
Net decrease in cash and cash equivalents		**(2,201)**	**(3,018)**
Opening balance 31 December 2022		**20,262**	**23,280**
Closing cash and cash equivalents		**18,061**	**20,262**
REPRESENTED BY			
Cash at bank	**11**	**18,061**	**20,262**

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 2023 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, investment property held for sale, 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.

Going Concern

Following the announcement on 27th November 2023 and as at the date of approval of the annual report, the Board is undertaking a strategic review of the options available to the Company (the "Strategic Review"). The Board is considering all options that offer maximum value for the shareholders including, but not limited to, undertaking some form of consolidation, combination, merger, or comparable corporate action, selling the entire issued share capital of the Company, and selling the Company's portfolio and returning monies to shareholders. In addition, the Company is required under its articles to hold a continuation vote at its forthcoming AGM in June 2024. The Board has recommended that shareholders vote in favour of the continuation of the Company to enable the Board to pursue a sensible conclusion in seeking the best value for all shareholders.

The Company has received a number of indicative non-binding proposals. There can be no certainty at this stage that the final terms of any proposal will prove to be sufficiently attractive to merit a Board recommendation to the Company's shareholders. A continuation of the Company's current investment strategy with a rebased target dividend level can be a potential outcome of the Strategic Review.

The Company has prepared cash flow forecasts, including severe but plausible downside scenarios taking into account specific tenant risks. The cash flow forecasts assumed a continuation of the Company's current investment strategy with a rebased target dividend level. The scenarios model reduced rental income through to 2024 and the worst case scenario models 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.

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 €18.1 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 1.5 and 5.1 years with all-in interest rates ranging between 1.10% and 3.11% 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 2023 are between 45% and 60% (soft breach limits). 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 2023, the ratios would be between 39% and 64%. For the year ended 31 December 2023, there were no breaches of loan-to-value ratio covenants. Based on the most recent covenant submissions to lenders, there is one facility with less than 5% headroom to soft breach. The Directors believe the liquidity within the Group and €70m revolving credit facility could be used for partial repayment of the loan in the event of a breach of LTV limits on this facility.

The permitted interest coverage ratios in the debt arrangements as at 31 December 2023 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 236% and 1291%. For the year ended 31 December 2023, there were no breach of interest coverage ratios. Based on the most recent covenant submissions to lenders, there is one facility with ICR headroom of less than 50%. Due to the property being let to multiple tenants on long leases, the likelihood of further reduction in ICR on this loan is limited.

The Board recognises the 24% share price discount to NAV, as at 31 December 2023 (35% 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 ongoing Russian invasion of Ukraine has not materially impacted the Group's 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 continued to decline in 2023 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 most 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.
- 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.

While the Company cannot predict the outcome of the above matters, based on the financial forecasts prepared the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Nevertheless, the ongoing Strategic Review referred to above indicates the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern and that the Group and Company may therefore be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would be necessary if this basis were inappropriate.

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:

Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2023):

IFRS 17 Insurance Contracts – This standard replaced IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts.

IAS 1 and IFRS Practice Statement 2 – The amendments aim to help entities provide accounting policy disclosures that are more useful by:

a) Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information', and
b) adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

IAS 8 – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

IAS 12 – International tax reform. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

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

Amendment to IFRS 16 – Leases on sale and leaseback. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to IAS 1 – Non-current liabilities with covenants. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7 – Supplier finance. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendments to IAS 21 – Lack of Exchangeability. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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 2023. 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, 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.

(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 (2022: Savills), chartered surveyors, at the balance sheet date undertaken in accordance with the RICS Valuation – Global Standards 2023, (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.

Investment Property held for sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year. On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss.

(j) Distributions

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

(k) Lease contracts

Operating lease contracts – the Group as lessor

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

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

Operating and finance lease contracts – the Group as intermediate lessor

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

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

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

(l) Share issue expenses

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

(m) Segmental reporting

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

(n) Cash and cash equivalents

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

(o) Financial instruments

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

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

Financial assets

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

Financial assets at amortised cost

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

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

Impairment of financial assets

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

Such forward-looking information would include:

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

Such forward-looking information would include:

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

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

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

(p) Derivative financial instruments

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

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

(q) Reserves

Share capital

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

Share premium

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

Special distributable reserve

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

Capital reserve

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

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

Revenue reserve

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

2. Rental Income

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Rental income	33,435	29,686
Total rental income	**33,435**	**29,686**

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

3. Expenditure

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Professional fees	2,438	1,880
Audit fee for statutory services	412	317
Directors' fees	193	186
Depositary fees	122	44
Registrar fees	47	52
Stock exchange fees	37	20
Broker fees	93	54
Directors liability insurance expense	26	10
Employers NI	15	15
Other expenses	200	219
Total expenses	**3,583**	**2,797**

Audit fee for statutory services includes parent audit fee of £253,000 (2022: £220,000) and subsidiary audit fee of €24,100 (2022: €12,000).

Non-audit services fees incurred in 2023 were £ nil (2022: £20,000 included in share issue costs).

4. Finance costs

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Interest on bank loans	5,478	4,262
Amortisation of loan costs	2,129	730
Other finance charges	395	684
Early loan repayment cost	110	–
Total finance costs	**8,112**	**5,676**

The early loan repayment costs of €110,000 relate to costs for repayment of loan following the sale of a warehouse in Leon during the year. This cost is classified as capital in the Consolidated Statement of Comprehensive Income.

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. The Corporate tax rate increased from 19% to 25% on 1 April 2023.

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

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Current taxation:						
Overseas taxation	1,327	440	1,767	1,029	–	1,029
Deferred taxation:						
Overseas taxation	–	(13,854)	(13,854)	–	(3,893)	(3,893)
Total taxation	**1,327**	**(13,414)**	**(12,087)**	**1,029**	**(3,893)**	**(2,864)**

Current taxation of €440,000 relates to tax paid on disposal of investment property.

Reconciliation between the tax charge and the product of accounting profit/(loss) multiplied by the applicable tax rate for the year ended 31 December 2023.

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Net result before taxation	14,506	(108,394)	(93,888)	15,065	(36,371)	(21,306)
Theoretical tax at UK corporation tax blended rate of 23.52% (19% to 1 April 2023 and 25% from 1 April 2023)	3,413	(25,495)	(22,082)	2,862	(6,910)	(4,048)
Effect of:						
Losses where no deferred taxes have been recognised	–	13,535	13,535	–	3,171	3,171
Impact of different tax rates on foreign jurisdictions	(1,460)	(1,855)	(3,315)	(1,090)	–	(1,090)
Expenses that are not deductible / income that is not taxable	459	401	860	151	(154)	(3)
Impact of UK interest distributions from the Investment Trust	(1,085)	–	(1,085)	(894)	–	(894)
Total taxation on return	**1,327**	**(13,414)**	**(12,087)**	**1,029**	**(3,893)**	**(2,864)**

(b) Tax in the Group Balance Sheet

	2023 €'000	2022 €'000
Deferred tax assets:		
On overseas tax losses	4,740	3,384
On other temporary differences	156	370
Total taxation on return	**4,896**	**3,754**

	2023 €'000	2022 €'000
Deferred tax liabilities:		
Differences between tax and derivative valuation	422	973
Differences between tax and property valuation	11,312	23,473
Total taxation on return	**11,734**	**24,446**

The Corporate tax rate increased from 19% to 25% on 1 April 2023.

The amount of unutilised tax losses and tax credits for which no deferred tax asset is recognised in the profit and loss account was €nil (2022: €nil).

No deferred tax asset has been recognised (2022: 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.

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

	2023			2022		
	Tax losses carried forward €'000	Deferred tax asset €'000	Expiry date	Tax losses carried forward €'000	Deferred tax asset €'000	Expiry date
Expire	2,645	563	2024-2027	2,564	432	2023-2027
Never expire	16,828	4,177	–	12,130	2,952	–
Total	**19,473**	**4,740**		**14,694**	**3,384**	

6. Dividends

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
2022 Fourth Interim dividend of 1.41c /1.20p per share paid 24 March 2023 (2021 Fourth Interim: 1.41c /1.21p)	5,812	5,812
2023 First Interim dividend of 1.41c/1.23p per share paid 23 June 2023 (2022 First Interim: 1.41c /1.19p)	5,812	5,812
2023 Second Interim dividend of 1.41c/1.22p per share paid 22 September 2023 (2022 Second interim: 1.41c/1.20p)	5,812	5,812
2023 Third Interim dividend of 1.41c/1.23p per share paid 29 December 2023 (2022 Third interim: 1.41c/1.20p)	5,812	5,812
Total dividends paid	**23,248**	**23,248**

On 19 February 2024 the Board announced that the Company would forego payment of the fourth interim distribution for the quarter ended 31 December 2023, which has historically been declared in February and paid in March each year.

7. Earnings per share (Basic and Diluted)

	Year ended 31 December 2023	Year ended 31 December 2022
Revenue net return attributable to Ordinary shareholders (€'000)	13,179	14,036
Weighted average number of shares in issue during the year	412,174,356	408,956,423
Total revenue return per ordinary share	**3.2¢**	**3.4¢**
Capital return attributable to Ordinary shareholders (€'000)	(94,980)	(32,478)
Weighted average number of shares in issue during the year	412,174,356	408,956,423
Total capital return per ordinary share	**(23.0¢)**	**(7.9¢)**
Total return per ordinary share	**(19.8¢)**	**(4.5¢)**

Earnings per share is calculated on the revenue and capital loss for the year (before other comprehensive income) and is calculated using the weighted average number of shares in the period of 412,174,356 shares (2022: 408,956,423 shares).

8. Net asset value per share

	2023	2022
Net assets attributable to shareholders (€'000)	384,928	489,977
Number of shares in issue at 31 December	412,174,356	412,174,356
Net asset value per share	**93.4¢**	**118.9¢**

9. Investment properties

	2023 €'000	2022 €'000
Opening carrying value	776,616	683,878
Purchase at cost	–	128,278
Acquisition costs, disposal costs and capital expenditure	329	4,892
Proceeds from disposal of investment property	(18,500)	–
Realised gain on disposal	133	–
Right of use asset reassessment	1,988	–
Valuation losses	(106,935)	(40,304)
Movements in lease incentives	328	180
Decrease in leasehold liability	(272)	(308)
Transfer to Investment property held for sale	(17,500)	–
Total carrying value at 31 December	**636,187**	**776,616**

On 3 May 2023 the Company announced the sale of a warehouse, in Leon, Northern Spain, for €18,500,000 which generated a realised gain on disposal of €133,000.

The Meung-Sur-Loire warehouse in France was classified as held of sale as at 31 December 2023 and was valued at €17.5m (2022: €22.1m). The asset was disposed of on 25 March 2024.

Valuation methodology

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.

Valuations were performed by Savills (2022: Savills), 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 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. 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 fair value of investment property is determined using either the discounted cash flow or traditional method. Choice of methodology for a particular jurisdiction is determined by the valuers independently, based on local market practices. Both valuation methodologies are in accordance with RICS guidelines and used in determining the fair value of investment properties.

Discounted cash flow methodology is based on the future annual net cash flow over a hold period of 10 years. The calculation of fair value using this method includes:

- Present value of the cashflow generated through the future net operating income from the investment property over the hold period.
- Present value of the exit value (sale price) at the end of the 10-year hold period.

The rate used to calculate the present value of cashflow is the Discount Rate. The rate used to calculate the exit value at the end of hold period is called the Capitalisation Rate (exit cap rate). Fair value is calculated using rates that the valuer considers appropriate for the specific investment property.

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 2023 and 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 €633,806,000 (2022: €758,719,000).

The difference between the fair value and the value per the Consolidated Balance Sheet at 31 December 2023 consists of adjustments for the asset held for sale of €17.5million in Meung sur Loire, and for lease incentive assets and the Den Hoorn lease liability separately recognised in the balance sheet of €4,472,000 and €24,353,000 respectively (2022: €4,740,000 and €22,637,000). 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 2023 €'000	Fair Value 2022 €'000	Valuation techniques	Key Unobservable inputs	Range (weighted average) 2023	Range (weighted average) 2022
Netherlands – Logistics	191,700	227,800	Traditional Method	ERV	€578,180 – €3,242,079 (€2,192,655)	€561,744 – €2,942,598 (€2,014,129)
				Equivalent yield	4.58% – 5.65% (4.98%)	3.70% – 4.71% (4.15%)
Germany – Logistics	63,200	68,170	Discounted Cash Flow	Capitalisation rate	4.60% – 4.65% (4.63%)	4.10% – 4.25% (4.16%)
				Discount rate	5.60% – 6.10% (5.80%)	4.95% – 5.20% (5.05%)
				ERV	€1,486,034 – €2,088,971 (€1,849,513)	€1,282,212 – €1,874,346 (€1,644,685)
France – Logistics	99,380	107,390	Discounted Cash Flow	Capitalisation rate	4.50% – 5.25% (4.75%)	3.50% – 4.30% (4.08%)
				Discount rate	6.00% – 8.00% (6.45%)	4.65% – 7.30% (5.90%)
				ERV	€430,900 – €2,590,794 (€1,704,072)	€430,900 – €2,016,869 (€1,380,297)
Poland – Logistics	90,390	93,600	Discounted Cash Flow	Capitalisation rate	6.10% – 6.50% (6.28%)	5.30% – 5.70% (5.48%)
				Discount rate	7.65% – 8.05% (7.80%)	6.80% – 7.35% (7.03%)
				ERV	€1,843,811 – €2,099,948 (€1,955,779)	€1,620,954 – €1,852,180 (€1,709,416)
Spain – Logistics	189,136	261,759	Discounted Cash Flow	Capitalisation rate	4.75% – 5.00% (4.89%)	3.75% – 6.00% (4.11%)
				Discount rate	6.25% – 7.50% (6.78%)	4.75% – 8.50% (5.53%)
				ERV	€486,749 – €2,568,852 (€1,546,589)	€464,624 – €2,568,852 (€1,503,010)

Sensitivity analysis

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

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

Country and sector	Assumption	Movement	Effect on Valuation 2023 €'000	Effect on Valuation 2022 €'000
Netherlands – Logistics	Equivalent Yield	+100 basis points Equivalent Yield	(32,613)	(46,058)
		-100 basis points Equivalent Yield	49,116	73,665
	ERV	-10% ERV	(14,444)	(15,937)
		+10% ERV	14,571	15,691
Germany – Logistics France – Logistics Poland – Logistics Spain – Logistics	Capitalisation	+100 basis points	(46,886)	(67,483)
		-100 basis points	70,530	109,982
	Discount	+100 basis points	(32,213)	(39,516)
		-100 basis points	35,405	43,556
	ERV	-10% ERV	(25,854)	(17,454)
		+10% ERV	22,978	15,248

10. Trade and other receivables

	2023 €'000	2022 €'000
Trade debtors	11,197	8,070
Bad debt provisions	(1,821)	(634)
Lease incentives	4,472	4,740
Tax receivables	562	39
VAT receivable	270	270
Other receivables	2	85
Total receivables	**14,682**	**12,570**

Lease incentives include accrued income resulting from the spreading of lease incentives and/or minimum lease payments over the term of the lease. A proportion of this balance relates to period over 12 months.

The ageing of trade debtors is as follows:

	2023 €'000	2022 €'000
Less than 6 months	9,433	7,584
Between 6 & 12 months	1,493	486
Over 12 months	271	–
Total receivables	**11,197**	**8,070**

11. Cash and cash equivalents

	2023 €'000	2022 €'000
Cash at bank	18,061	20,262
Total cash and cash equivalents	**18,061**	**20,262**

12. Leasehold liability

	2023 €'000	2022 €'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	659	550
One to two years	659	550
Two to three years	659	550
Three to four years	659	550
Four to five years	659	550
More than five years	26,218	25,065
Total undiscounted lease liabilities	**29,513**	**27,815**
Lease liability included in the statement of financial position		
Current	659	550
Non – Current	23,694	22,087
Total lease liability included in the statement of financial position	**24,353**	**22,637**

On 15 January 2020 the Group acquired a 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 €659,000 per annum, the present value of these future payments (assuming the option to acquire the freehold is exercised) being €24,353,000 as at 31 December 2023.

13. Trade and other payables

	2023 €'000	2022 €'000
Trade payables	4,729	2,354
Tenant deposits	4,008	3,853
Rental income received in advance	3,994	4,035
VAT payable	1,172	1,221
Accruals	1,681	1,534
Management fee payable	729	1,937
Accrued acquisition and development costs	40	72
Total payables	**16,353**	**15,006**

14.Bank loans

	2023 €'000	2022 €'000
Bank borrowing drawn	259,462	270,270
Loan issue costs paid	(6,384)	(6,055)
Accumulated amortisation of loan issue costs	3,446	1,317
Total bank loans	**256,524**	**265,532**

	2023 €'000	2022 €'000
Maturity less than 1 year	–	–
Maturity above 1 year	256,524	265,532
Total receivables	**256,524**	**265,532**

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

Country	Property	Lender	Loan (€'000)	Start date	End date	Fixed interest rate (including margin)
Germany	Erlensee	DZ Hyp	17,800	20/02/2019	31/01/2029	1.62%
Germany	Flörsheim	DZ Hyp	12,400	18/02/2019	30/01/2026	1.54%
France	Avignon + Meung Sur Loire	BayernLB	33,000	12/02/2019	12/02/2026	1.57%
Netherlands	Ede + Oss + Waddinxveen	Berlin Hyp	44,200	06/06/2019	06/06/2025	1.35%
Netherlands	's Heerenberg	Berlin Hyp	11,000	27/06/2019	27/06/2025	1.10%
Netherlands	Den Hoorn + Zeewolde	Berlin Hyp	43,200	15/01/2020	14/01/2028	1.38%
Spain	Madrid Gavilanes 4 + Madrid Coslada + Barcelona	ING Bank	53,862	26/09/2022	26/09/2025	3.11%
Spain	Madrid Gavilanes 1 + 2 + 3	ING Bank	44,000	07/07/2022	07/07/2025	2.72%
			259,462			**2.00%**

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 2023	265,532	–	3,709	269,241
Cash flow from financing activities:				
Bank loans interest repaid	–	(5,202)	–	(5,202)
Bank loans repaid	(10,808)	–	–	(10,808)
Non-cash movement:				
Amortisation of capitalised borrowing costs	2,129	–	–	2,129
Capitalised borrowing costs	(329)	–	–	(329)
Termination of derivative financial instruments	–	–	(313)	(313)
Changes in fair value of financial instruments	–	–	(1,706)	(1,706)
Change in creditors for loan interest payable	–	5,218	–	5,218
Balance at 31 December 2023	**256,524**	**16**	**1,690**	**258,230**

	Bank borrowings €'000	Bank interest €'000	Financial Derivatives €'000	Total €'000
Balance at 1 January 2022	175,947	326	109	176,382
Cash flow 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 of financial instruments	–	–	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**

15. Derivative financial instruments

	2023 €'000	2022 €'000
Forward foreign exchange contracts	–	(185)
Interest rate swap	1,690	3,894
	1,690	**3,709**

In 2022 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. Such currency hedging was not used during 2023.

During the 2022 financial year AELI Leon entered into an agreement with ING Bank N.V for a loan facility of €25.35 million at an interest rate payable of EURIBOR plus 1.9%. In order to mitigate the interest rate risk, it entered a fixed floating interest rate swap for the notional amount of €23.52 million against an all-in fixed rate of 3.05% over the three year loan term expiring September 2025. The remaining €1.83 million drawn on the loan facility is capped at all-in fixed rate of 4.15%. On 3 May 2023 the Company announced the sale Leon and repayment of loan of €10.81 million. Following repayment of the loan, the company terminated €8.98 million of interest rate swaps and €1.83 million cap realising a gain on termination of €313,000.

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 expiring July 2025.The remaining €4 million drawn on the loan facility is capped at all-in fixed rate of 4.15%.

AELI Madrid Logistics 2 has an agreement with ING Bank N.V for a loan facility of €39.3 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 €36.5 million against an all-in fixed rate of 3.05% over the three year loan term expiring September 2025. The remaining €2.8 million drawn on the loan facility is capped at all-in fixed rate of 4.15%.

16. Share capital

	2023 €'000	2022 €'000
Opening balance	4,717	4,309
Ordinary shares issued	–	408
Balance as at 31 December	**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 number of Ordinary shares authorised, issued and fully paid at 31 December 2023 was 412,174,356 (2022: 412,174,356).

The nominal value of each share is £0.01.

17. Share premium

	2023 €'000	2022 €'000
Opening balance	269,546	225,792
Premium arising on issue of new shares	–	44,513
Share issue costs deducted	–	(759)
Balance as at 31 December	**269,546**	**269,546**

18. Special distributable reserve

	2023 €'000	2022 €'000
Opening balance	164,851	178,207
Dividends paid	(12,752)	(13,356)
Balance as at 31 December	**152,099**	**164,851**

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.

19. Capital reserves

	Realised capital reserve €'000	Unrealised gains/(losses) €'000	Total capital reserve €'000
Opening balance	(2)	30,782	30,780
Deferred taxation	1,124	12,730	13,854
Change in fair value of investments	1,933	(108,811)	(106,878)
Gains on disposal of investment properties	133	–	133
Taxation on disposal of investment properties	(440)	–	(440)
Early loan repayments costs	(110)	–	(110)
Movement in fair value gains on derivative financial instruments	–	(1,706)	(1,706)
Gains arising from the derecognition of derivative financial instruments	313	–	313
Currency gains during the year	–	(146)	(146)
Balance as at 31 December 2023	**2,951**	**(67,151)**	**(64,200)**

	Realised capital reserve €'000	Unrealised gains/(losses) €'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**

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.

2023	Netherlands €'000	Poland €'000	Germany €'000	Spain €'000	France €'000	Parent Company €'000	Total €'000
Total Assets	224,723	94,759	64,670	198,564	108,816	2,360	693,892
Total Liabilities	128,459	5,832	33,044	100,070	40,107	1,452	308,964
Total Comprehensive return for the year (Revenue)	3,588	1,623	182	(2,568)	197	10,157	13,179
Total Comprehensive return for the year (Capital)	(28,319)	(2,126)	(4,319)	(54,376)	(6,031)	191	(94,980)
Included in Total Comprehensive income							
Net change in fair value adjustment on investment property	(36,416)	(2,892)	(4,913)	(54,187)	(8,470)	–	(106,878)
Rental income	11,808	5,068	3,242	9,259	4,058	–	33,435

2022	Netherlands €'000	Poland €'000	Germany €'000	Spain €'000	France €'000	Parent Company €'000	Total €'000
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

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 table shows an analysis of the fair values of investment properties recognised in the balance sheet by level of the fair value hierarchy:

31 December 2023	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Investment properties	–	–	636,187	636,187
Investment property held-for-sale	–	–	17,500	17,500

31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
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.

31 December 2023	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Derivative financial asset	–	1,690	–	1,690

31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Derivative financial liability	–	(185)	–	(185)
Derivative financial asset	–	3,894	–	3,894

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.

31 December 2023	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Bank loans	–	253,667	–	253,667

31 December 2022	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Bank loans	–	257,449	–	257,449

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 2023 the estimated fair value of the Group's bank loans is €253,667,000 (2022: €257,449,000). The amortised cost is €256,524,000 (2022: €265,532,000).

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:

As at 31 December 2023	Interest rate %	Local currency '000	Foreign exchange rate	Euro equivalent €'000
Assets:				
Euro	4.00	17,457	1.00	17,457
Pound Sterling	5.25	180	0.87	207
Polish Zloty	5.25	1,723	4.35	397
Total				**18,061**

As at 31 December 2022	Interest rate %	Local currency '000	Foreign exchange rate	Euro equivalent €'000
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**

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 €180,610 (2022: €202,560). Other Comprehensive Income and Capital Reserves would have been €1,253,958 (2022: €2,480,934) higher as a result of an increase in the fair value of the derivative designated as interest rate swaps and €63,684 (2022: €156,769) 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 €180,610 (2022: €202,560). Other Comprehensive Income and the Capital Reserve would have been €1,253,952 (2022: €2,528,315) lower as a result of a decrease in the fair value of the derivative designated as interest rate swaps and €29,261 (2022: €91,392) 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 and liabilities (e.g. debtors, creditors) are not subject to interest rate risk. The rates of interest on the bank loans are fixed or hedged until the end of their term hence not subject to any interest rate risk. Further details are disclosed in Note 14.

(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:

As at 31 December 2023	Net monetary exposure €'000	Total currency exposure €'000
Pound Sterling	(680)	(680)
Polish Złoty	397	397
Total foreign currency	(283)	(283)
Euro	(268,476)	(268,476)
Total	**(268,759)**	**(268,759)**

As at 31 December 2022	Net monetary exposure €'000	Total currency exposure €'000
Pound Sterling	381	381
Polish Złoty	679	679
Total foreign currency	1,060	1,060
Euro	(287,699)	(287,699)
Total	**(286,639)**	**(286,639)**

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.

	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Polish Zloty	40	68
Pound Sterling	(68)	38

(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 2023, the decrease in total assets and return before tax would be €63m (2022: €76m). If the investment property valuation rose by 10% at 31 December 2023, the increase in total assets and return before tax would be €63m (2022: €76m). 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 2023 was €28.3m (2022: €27.7m). 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 2023 was €259,462,000 (2022: €270,270,000).

Contractual undiscounted maturities

All financial liabilities presented as current are payable within 3 months. The analysis of financial liabilities is below:

As at 31 December 2023	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
Bank loans	5,182	156,823	90,759	17,824	270,588
Lease liability	659	659	1,977	26,218	29,513
Trade liabilities	16,353	–	–	–	16,353
Total	**22,194**	**157,482**	**92,736**	**44,042**	**316,454**

As at 31 December 2022	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
Bank loans	4,836	4,836	214,634	61,337	285,643
Lease liability	550	550	1,650	25,065	27,815
Derivative financial instruments	185	–	–	–	185
Trade liabilities	9,750	–	–	–	9,750
Total	**15,321**	**5,386**	**216,284**	**86,402**	**323,393**

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 ('aIIL'). The total management fees charged to the Consolidated Statement of Comprehensive Income during the year were €3,193,000 (2022: €3,953,000), of which €729,000 (2022: €1,952,000) 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 £214,000 (2022: £175,000) 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 80 to 81.

	2023 €'000	2022 €'000
Caroline Gulliver	49	47
John Heawood	41	41
Tony Roper	62	57
Diane Wilde	41	41
Balance as at 31 December	**193**	**186**

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 2023 Ordinary shares	31 December 2022 Ordinary shares
T Roper	122,812	102,812
C Gulliver	90,000	72,500
J Heawood	60,000	60,000
D Wilde	74,375	74,375

During 2023 the Directors increased their shareholdings by: T Roper 20,000 on 24 May 2023 and C Gulliver 17,500 on 24 May 2023.

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).

	2023 €'000	2022 €'000
Less than one year	33,884	34,087
Between one and two years	32,370	32,708
Between two and three years	29,584	31,298
Between three and four years	26,086	28,985
Between four and five years	23,689	27,111
Over five years	89,742	154,893
Total cash and cash equivalents	**235,355**	**309,082**

The largest single tenant at the year end accounted for 10.7 per cent of the annualised rental income at 31 December 2023.

The Group has entered into commercial property leases on its investment property portfolio. These leases have remaining lease terms of between 1 and 18 years.

25. Post balance sheet events

On 25 March 2024, the Group sold the Meung-Sur-Loire warehouse in France for €17.5m, realising a loss of €0.4m. As at 31 December 2023, the property was valued at €17.5m (2022: €22.1m). Following completion of sale, €11m was repaid to Bayern LB reducing the total loan balance to €248.5m and LTV to 37.7%.

26. Capital commitments

As at the 31 December 2023 the Group had capital commitments of €nil (2022: €nil).

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.

Parent Company Balance Sheet

As at 31 December 2023

	Notes	2023 €'000	2022 €'000
Non-current assets			
Investment in subsidiaries	2	109,670	173,862
Group loans receivable	4	249,311	238,894
		358,981	412,756
Current assets			
Cash and cash equivalents	3	2,348	1,696
Group loan interest receivable	4	2,897	3,150
Group loans receivable	4	–	15,407
Other receivables		336	819
		5,581	21,072
Total assets		**364,562**	**433,828**
Current liabilities			
Derivative financial instruments		–	185
Trade and other payables	5	1,713	2,353
		1,713	2,538
Non-current liabilities			
Bank loans	6	(39)	(92)
Total liabilities		**1,674**	**2,446**
Net assets		**362,888**	**431,382**
Represented by:			
Share capital	7	4,717	4,717
Share premium	7	269,546	269,546
Special distributable reserve		152,099	164,851
Capital reserve		(63,474)	(7,732)
		362,888	**431,382**

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone.

The loss made by the Parent Company in the year was €45,246,000 (2022: profit of €719,000).

The financial statements on pages 138 to 148 were approved and authorised for issue by the Board of Directors on 25 April 2024 and signed on its behalf by:

Caroline Gulliver
Independent Non-Executive Director

Company number: 11032222.
The accompanying notes are an integral part of the financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share Capital €'000	Share Premium €'000	Special Distributable Reserve €'000	Revenue Reserve €'000	Capital Reserve €'000	Total €'000
As at 31 December 2022		4,717	269,546	164,851	–	(7,732)	431,382
Total comprehensive income		–	–	–	10,496	(55,742)	(45,246)
Dividends paid		–	–	(12,752)	(10,496)	–	(23,248)
As 31 December 2023		**4,717**	**269,546**	**152,099**	**–**	**(63,474)**	**362,888**

For the year ended 31 December 2022

	Notes	Share Capital €'000	Share Premium €'000	Special Distributable Reserve €'000	Revenue Reserve €'000	Capital Reserve €'000	Total €'000
As at 31 December 2021		4,309	225,792	178,207	1,529	(88)	409,749
Issue of shares	7	408	44,513	–	–	–	44,921
Share issue costs	7	–	(759)	–	–	–	(759)
Total comprehensive income		–	–	–	8,363	(7,644)	719
Dividends paid		–	–	(13,356)	(9,892)	–	(23,248)
As 31 December 2022		**4,717**	**269,546**	**164,851**	**–**	**(7,732)**	**431,382**

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

Parent Company notes to the Financial Statements

1. Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period, are set out below.

(a) Basis of accounting

Basis of preparation of financial statements

The Parent Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of UK-adopted IFRS.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, the effect of new but not yet effective IFRS's, impairment of assets, share-based payments and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The Parent Company financial statements are prepared on a going concern basis as set out in note 1a of the consolidated financial statements.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone. The loss made by the Parent Company in the year was €45,246,000 (2022: profit of €719,000).

A summary of the Company's significant accounting policies is set out below.

(b) Significant accounting judgements, estimates and assumptions

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

Key estimation uncertainties

Investments in subsidiaries are recognised at cost less any provision for impairment. The determination of impairment requires the use of estimates such as future cash flows and fair value of investment properties.

Group loans are classified based on the business model for managing the financial asset. These loans are in place to earn contractual cashflow for payment of principal and interest and therefore are measured at amortised cost using the effective interest rate method less any impairment losses. The net asset value of each borrower is reviewed to consider if there is sufficient value within the subsidiary to meet the contractual cash flows. Fundamental to the net asset value of the borrower is the fair value of the investment properties owned. The valuation uncertainty of investment properties is detailed within the consolidated group financial statement notes. Where there are expected cash shortfalls, the carrying value of the loans are impaired and losses recognised in the statement of comprehensive income.

(c) Functional and presentation currency

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

(d) Foreign currency

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

Foreign exchange movements on investments are included in the Statement of Comprehensive Income within gains on investments.

(e) Revenue recognition

Interest income is accounted for on an effective interest rate basis and included in finance income.

(f) Expenses

Expenses are accounted for on an accruals basis. The Company's investment management and administration fees, finance costs and all other expenses are charged through the Statement of Comprehensive Income.

(g) Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation are periodically evaluated and provisions established where appropriate.

(h) Distributions

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

(i) Share issue expenses

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

(j) Cash and cash equivalents

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

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment losses.

(l) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(m) Reserves

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

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

Special Distributable Reserve – The special reserve is a distributable reserve to be used for all purposes permitted, including the buyback of shares and the payment of dividends.

Capital Reserve – Is a distributable reserve subject to applicable legislation and practice and realised gains and losses on currency settlements and disposals are accounted for in this reserve.

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

(n) Investments in subsidiaries

Investments in subsidiaries are initially recognised at cost, then at the cost less any provision for impairment.

(o) Intercompany loans

The Company previously measured its intercompany loans at fair value. In the current year, this accounting treatment was reassessed. The directors believe these loans represent solely payments of principal and interest and should have been measured at amortised cost as they are held in a hold to collect business model. As the loans held in the previous period were repayable on demand the impact of this change would not have had any material impact on the prior year and therefore the comparatives have not been restated.

2. Investments in subsidiaries

Additional details of each subsidiary are noted below, all subsidiary shares are the same class:

		31 December 2023		31 December 2022		
Subsidiary	**Address**	**Share capital & premium (€'000)**	**% Shares owned**	**Share capital & premium (€'000)**	**% Shares owned**	**Activity**
ASELI Florsheim BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	5,171	100	5,171	100	Property Investment
ASELI Erlensee BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	8,373	100	8,373	100	Property Investment
ASELI Leon BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	7,123	100	15,665	100	Property Investment
ASELI Netherlands I BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	5,173	100	6,133	100	Property Investment
ASELI Netherlands II BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	2,538	100	2,957	100	Property Investment
ASELI Waddinxveen BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	5,170	100	5,170	100	Property Investment
ASELI France Holding SAS	8 Avenue Hoche, 75008 Paris, France	15,267	100	15,760	100	Property Investment
ASELI sHeerenberg BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	8,126	100	8,811	100	Property Investment
ASELI Netherlands Holdings BV	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	6,537	100	6,537	100	Property Investment
PDC Industrial 92 Sp. zo.o	Piekna 18, 00-549 Warsaw, Poland	4,658	100	4,658	100	Property Investment
PDC Industrial 72 Sp. zo.o	Piekna 18, 00-549 Warsaw, Poland	3,707	100	3,707	100	Property Investment
Circulus Investments Sp. z o.o.	Piekna 18, 00-549 Warsaw, Poland	2,867	100	2,867	100	Property Investment
ASELI Madrid Holding S.L.	Pinar 7 - 5 Izq, 28006 Madrid, Spain	14,110	100	48,068	100	Property Investment
AELI Madrid Holding 2 S.L.	Pinar 7 - 5 Izq, 28006 Madrid, Spain	20,850	100	39,985	100	Property Investment
		109,670		**173,862**		

Additional details relating to the cost of shares, share premium and net asset value of each subsidiary is noted below.

	31 December 2023			31 December 2022		
	€'000 Share capital	€'000 Share premium	€'000 Net asset value	€'000 Share capital	€'000 Share premium	€'000 Net asset value
Direct Subsidiaries						
ASELI Florsheim BV	1	5,170	8,549	1	5,170	9,535
ASELI Erlensee BV	1	8,372	12,398	1	8,372	15,549
ASELI Leon BV	1	7,122	7,123	1	15,664	19,590
ASELI Netherlands I BV	1	5,172	5,173	1	6,132	10,861
ASELI Netherlands II BV	1	2,537	2,538	1	2,956	7,464
ASELI Waddinxveen BV	1	5,169	6,023	1	5,169	9,721
ASELI France Holding SAS	15,267	–	15,267	15,760	–	21,101
ASELI sHeerenberg BV	1	8,125	8,126	1	8,810	11,675
ASELI Netherlands Holdings BV	1	6,536	7,302	1	6,536	14,172
PDC Industrial 92 Sp. zo.o	1	4,657	9,148	1	4,657	9,887
PDC Industrial 72 Sp. zo.o	88	3,619	9,470	88	3,619	9,485
Circulus Investments Sp. z o.o.	3	2,864	5,506	3	2,864	5,232
ASELI Madrid Holding S.L.	3	14,107	14,110	3	48,065	48,068
AELI Madrid Holding 2 S.L.	3	20,847	20,851	3	39,982	39,985
	15,373	**94,297**	**131,584**	**15,866**	**157,996**	**232,325**

	31 December 2023			31 December 2022		
	€'000 Share capital	€'000 Share premium	€'000 Net asset value	€'000 Share capital	€'000 Share premium	€'000 Net asset value
Indirect Subsidiaries						
ASELI France Holding						
ASELI Meung SCI	7,030	–	(2,835)	7,030	–	3,583
ASELI Avignon SCI	18,174	–	27,401	18,174	–	28,487
AELI Messageries SCI	14,215	–	10,823	14,215	–	12,588
AELI Immobiler SCI	10	–	(79)	10	–	(26)
ASELI Netherlands Holdings BV						
ASELI Caprev Den Hoorn BV	12	13,424	34,066	12	13,424	42,784
ASELI Madrid Holding S.L.						
AELI Madrid Logistics 1 SLU.	62	49,227	13,381	62	49,227	47,755
ASELI Madrid Holding 2 S.L.						
AELI Madrid Logistics 2 SLU.	3	41,876	20,820	3	43,376	39,988

Impairment analysis

Where subsidiaries have a lower net asset value than carrying amount of investment, an impairment is recognised. Due to a decrease in the value of the investment, the Company recognised an impairment of the following investments:

1) € 38,690,000 (2022: € 4,632,000) on ASELI Madrid Holding S.L.,

2) € 21,158,000 (2022: € 3,424,000) on AELI Madrid Holding 2 S.L,

3) € 494,000 (2022: € nil) on ASELI France Holding SAS,

4) € 1,221,000 (2022: € nil) on ASELI Leon BV,

5) € 961,000 (2022: € nil) on ASELI Netherlands I BV.

6) € 419,000 (2022: € nil) on ASELI Netherlands II BV,

7) € 685,000 (2022: € nil) on ASELI sHeerenberg BV.

The company's share price was a discount to NAV as at 31 December 2023 (31 December 2022: Discount). This is not considered to have any impact on the value of the Company's subsidiaries, and no impairment is recognised.

A reconciliation of opening to closing investments in subsidiaries is noted below.

	2023 €'000	2022 €'000
Opening carrying value as at 1 January	**173,862**	**101,406**
Additions	200	81,727
Loan to equity conversions	–	144,500
Capital reductions	(8,820)	(145,715)
Impairment	(55,572)	(8,056)
Total carrying value as at 31 December	**109,670**	**173,862**

The Directors estimated the recoverable amount of investments in subsidiaries. The amount was estimated based on their net asset value. As at 31 December 2023, the recoverable amount of investments in subsidiaries was as follows.

	2023 €'000	2022 €'000
Recoverable amount	131,584	232,325

3. Cash and cash equivalents

	2023 €'000	2022 €'000
Cash	2,348	1,696
	2,348	**1,696**

4. Intercompany loans

	2023 €'000	2022 €'000
Accrued interest on intercompany loan receivable in less than one year	2,897	3,150
	2,897	**3,150**
Intercompany loan receivable in greater than one year	249,311	238,894
Intercompany loan expected to be received in less than one year	–	15,407
	249,311	**254,301**

A summary of the various group loans is provided in the following table:

Borrower	Limit €'000	Balance Drawn €'000 As at 31 Dec 2023	Balance Drawn €'000 As at 31 Dec 2022	Maturity Date yrs	Loan Type	Interest Rate	Outstanding Interest €'000 As at 31 Dec 2023	Outstanding Interest €'000 As at 31 Dec 2022
ASELI Florsheim BV	6,125	3,425	3,425	Jan 28	Interest bearing Loan	3.50%	30	33
ASELI Erlensee BV	16,500	1,679	1,678	May 28	Interest bearing Loan	2.50%	–	–
ASELI Erlensee BV	10,300	5,486	5,485	May 28	Interest bearing Loan	3.50%	60	62
ASELI Leon BV (Polinya)	13,370	5,470	5,470	Jun 31	Interest bearing Loan	3.49%	48	7
ASELI Netherlands I BV (Ede)	35,584	11,808	11,808	Aug 28	Interest bearing Loan	4.80%	143	145
ASELI Netherlands II BV (Zeewolde)	23,760	9,173	9,173	Sep 28	Interest bearing Loan	4.60%	106	109
ASELI Den Hoorn BV	16,000	13,986	15,136	Jan 33	Interest bearing Loan	3.05%	108	253
ASELI France Holding SAS (Avignon)	10,905	9,394	9,394	Oct 28	Interest bearing Loan	3.13%	197	83
ASELI France Holding SAS (Meung)	6,096	4,212	4,212	Feb 29	Interest bearing Loan	3.13%	88	36
ASELI France Holding SAS	8,523	7,723	8,523	May 32	Interest bearing Loan	2.63%	139	86
ASELI Avignon SCI	27,264	1,989	2,209	Oct 28	Interest bearing Loan	3.13%	16	19
AELI Messageries SCI	21,465	20,765	21,465	May 32	Interest bearing Loan	2.63%	138	231
ASELI Waddinxveen BV	29,200	8,075	8,075	Nov 28	Interest bearing Loan	4.50%	92	103
ASELI Waddinxveen BV	5,180	5,180	5,180	Jul 32	Interest bearing Loan	3.05%	40	68
ASELI Meung SCI	15,240	8,580	8,580	Nov 28	Interest bearing Loan	3.13%	135	69
PDC Industrial 72 Sp. z o.o.	2,000	2,000	2,000	Feb 29	Interest bearing Loan	4.10%	345	–
PDC Industrial 72 Sp. z o.o.	18,807	17,157	17,407	Feb 29	Interest bearing Loan	4.20%	228	386
ASELI sHeerenberg BV	11,300	2,776	2,776	Jun 29	Interest bearing Loan	5.29%	37	40
ASELI sHeerenberg BV	8,000	8,000	8,000	Jun 29	Interest bearing Loan	5.29%	107	107
ASELI sHeerenberg BV	8,470	7,290	8,040	Sep 29	Interest bearing Loan	3.50%	64	73
ASELI Madrid Holding S.L.	71,017	–	–	Dec 23	Interest bearing Loan	3.00%	–	29
ASELI Madrid Holding S.L.	60,928	–	–	Dec 23	Interest bearing Loan	2.10%	–	18
AELI Madrid Logistics 1	78,656	50,381	50,381	Nov 33	Interest bearing Loan	3.69%	469	219
Circulus Investments Sp. z o.o.	25,780	24,772	25,073	Apr 31	Interest bearing Loan	3.39%	148	507
Circulus Investments Sp. z o.o.	–	–	271	Dec 22	Interest bearing Loan	4.10%	–	28
PDC Industrial 92 Sp. z o.o.	21,340	19,990	20,540	Oct 29	Interest bearing Loan	4.10%	159	439
	551,810	**249,311**	**254,301**				**2,897**	**3,150**
Fair value of group loans		255,491	254,301				2,897	3,150

5. Trade payables

	2023 €'000	2022 €'000
Investment management fee payable	729	1,937
Accruals and other payables	984	416
	1,713	**2,353**

6. Bank loans

The Company maintains an uncommitted master facility loan agreement with Investec Bank plc for €70 million. Under the facility, the Company may make requests for drawdowns at selected short-duration tenors as and when needed to fund acquisitions or for other liquidity requirements. Within the facility, a £3.3 million committed revolving credit facility is carved out of the total €70 million. As at 31 December 2023 the Company had no drawings against the facility (2022: €nil drawn).

In prior years the Company incurred €207,000 of capitalised financing fees, which are being spread over the four year term of the facility until October 2024. As at 31 December 2023 the remaining amortised cost of these financing fees is €39,000 (2022: €92,000).

7. Share capital and share premium

Share capital

	2023 €'000	2022 €'000
Opening balance	4,717	4,309
Ordinary shares issued	–	408
As at 31 December	**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 number of Ordinary Shares authorised, issued and fully paid at 31 December 2023 was 412,174,356 (2022: 412,174,356). The nominal value of each share is £0.01.

Share premium

	2023 €'000	2022 €'000
Opening balance	269,546	225,792
Premium arising on issue of new shares	–	44,513
Share issue costs deducted	–	(759)
Balance at 31 December	**269,546**	**269,546**

8. Dividends

To maintain status as an approved Investment Trust Company, the Company must comply with the eligibility conditions set out in section 1158 of the Corporation Tax Act 2010 as well as additional requirements outlined in The Investment Trust (Approved Company) (Tax) Regulations 2011. Regulation 19 provides that the Company must comply with an income distribution requirement and, specifically, cannot retain more than the higher of 15% of its income for the accounting year or any brought forward revenue reserve deficit. Any dividend that the Company must pay in order to satisfy this requirement must be paid within 12 months of the end of the accounting year.

On 19 February 2024 the Board announced that the Company would forego payment of the fourth interim distribution for the quarter ended 31 December 2023, which has historically been declared in February and paid in March each year.

Dividends paid in the year have been split between the Special distributable reserve and Revenue reserve as follows:

	Special distributable reserve €'000	Revenue reserve €'000	Total €'000	Accounting year applied to for income retention test
2022 Fourth interim dividend of 1.41c (1.20p) per share paid 24 March 2023	–	5,812	5,812	2022
2023 First interim dividend of 1.41c (1.23p) per share paid 23 June 2023	1,128	4,684	5,812	2023
2023 Second interim dividend of 1.41c (1.22p) per share paid 22 September 2023	5,812	–	5,812	2023
2023 Third interim dividend of 1.41c (1.23p) per share paid 29 December 2023	5,812	–	5,812	2023
Total dividends paid	**12,752**	**10,496**	**23,248**	

	Special distributable reserve €'000	Revenue reserve €'000	Total €'000	Accounting year applied to for income retention test
2021 Fourth Interim dividend of 1.41c (1.21p) per Share paid 25 March 2022	3,259	2,553	5,812	2021
2022 First Interim dividend of 1.41c (1.19p) per Share paid 24 June 2022	–	5,812	5,812	2022
2022 Second Interim dividend of 1.41c (1.20p) per Share paid 23 September 2022	4,285	1,527	5,812	2022
2022 Third Interim dividend of 1.41c (1.20p) per Share paid 30 December 2022	5,812	–	5,812	2022
Total dividends paid	**13,356**	**9,892**	**23,248**	

9. Capital commitments

As at 31 December 2023 the Company had capital commitments of €150.4 million (2022: €107.4 million) relating to undrawn intercompany loans.

10. Ultimate parent company

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

11. Fair value of financial instruments

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

Fair value hierarchy

The Company's financial instruments measured at amortised cost relate to group loans due from group entities, disclosed in Note 4. The group loans are classified as level 3 (2022: level 3) in the fair value hierarchy.

Level 3 fair value measurements

Reconciliation

The following table shows a reconciliation of the opening to closing fair value the Group Loans receivable, the fair value of which is considered to be within Level 3 of the fair value hierarchy.

	2023 €'000	2022 €'000
Opening balance	254,301	322,513
Classified to amortised cost, see note 1(o)	(254,301)	–
Issued	–	114,306
Repayments	–	(38,019)
Conversions to investments in subsidiaries	–	(144,499)
Closing balance	**–**	**254,301**

During the year, €4,990,000 (2022: €38,019,000) of group loans were repaid.

Group loans are measured at amortised cost less impairment. 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 2023 the estimated fair value of the Group loans is €255,491,000 (2022: €254,301,000). The amortised cost is €249,311,000 (2022: €254,301,000).

The fair value considers the net asset value of each borrower and whether this is sufficient value within the subsidiary to meet the contract cash flows. The net asset value of the borrower is primarily driven by the valuation of investment property, refer to the unobservable inputs into that valuation in Note 9 of the Group Consolidated Financial Statements.

Information about the Investment Manager

Information about the Investment Manager

abrdn Fund Managers Limited

abrdn Fund Managers Limited ("aFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. aFML has in turn delegated portfolio management to the Danish branch of abrdn Investments Ireland Limited ("aIIL").

abrdn

Worldwide, abrdn plc group companies had approximately £495 billion under management and administration (as at 31 December 2023) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

abrdn operates a fully integrated property investment management platform and has an extensive regional presence across the UK and Continental Europe. Its eight offices across Europe - London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen – employ over 300 real estate professionals in fund management, research, transactions, asset management, financing and other specialist property activities.

The real estate teams within these offices are responsible for sourcing and managing all the assets acquired across the region. Having teams in the key target markets in which the Company invests provides, in the Investment Manager's view, a significant competitive advantage, with improved local market knowledge, better access to potential deals, closer implementation of asset business plans and improved ability to manage and mitigate risk.

The Investment Team Senior Managers

Troels Andersen
Fund Manager, Real Estate Investment Management

Troels Andersen, who joined abrdn in April 2011 and is based in Copenhagen, assumed the role of lead fund manager for the Company in October 2022. Prior to his involvement with the Company, Troels had been Fund Manager of abrdn's €150 million multi-sector European Long Income Real Estate Fund, having successfully overseen its launch in 2019. Prior to that he was Fund Manager of abrdn's €500 million gross asset value Aberdeen Property Nordic I Fund, together with a further segregated value-add mandate. He was previously a member of abrdn´s Nordic and European Investment Committees, which approves all major decisions for investments in the region. Troels brings 25 years of real estate investment experience, including logistics asset transactions, together with knowledge of debt facility management, having spent the first part of his career working for German banks in both Germany and the UK.

Geoff Hepburn
Deputy Fund Manager, Real Estate Investment Management

Geoff Hepburn is Deputy Fund Manager of the Company based in Edinburgh. Responsibilities include developing and implementing Company strategy, client reporting, managing transactions and ensuring the delivery of the ESG strategy. Since joining abrdn in January 2012 he has had responsibility as Investment Manager and Deputy Fund Manager for several balanced UK institutional funds. He joined abrdn from a London property company as Development & Investment Manager responsible for two large Central London office projects as well as a mixed use regional investment and development portfolio. Previously, Geoff worked for Ediston Properties having begun his client-side career at Standard Life Investments as Portfolio Manager on the Pooled Pension Fund in 2001. In a varied career spanning more than 20 years, Geoff has transacted and developed over £1bn of real estate.

Geoff graduated LLB Bachelor of Scots Law, followed by a Postgraduate Diploma in Land Economy (with commendation) in 1999. Both degrees were awarded by the University of Aberdeen. Geoff qualified as a Chartered Surveyor (MRICS) with DTZ in 2001. He speaks English and French.

Attila Molnar
Deputy Fund Manager, Real Estate Investment Management

Attila is a Fund Manager based in Frankfurt. Attila joined Dresdner Bank's property fund management business (DEGI) in 2006, shortly before the business was acquired by abrdn. Attila has been involved in the planning and establishment of new product lines for institutional clients and joined the fund management teams of those funds. At present, in addition to his responsibilities for the Company, he is responsible for two institutional funds. Prior to joining DEGI Attila worked for PricewaterhouseCoopers where he was responsible for a diverse range of audit and due diligence projects in the property funds sector. Attila graduated with a MSc in Accounting and Finance from Budapest University of Economics and speaks English, German and Hungarian.

The Investment Process

The Investment Manager is responsible for sourcing and managing the transaction process for new acquisitions. The Investment Manager sources potential acquisitions through its property teams based in Europe. The teams based in the target markets have an in-depth knowledge of the local markets and a wide network of relationships for identifying and selecting the best investment opportunities. Having local teams on the ground provides for in-depth local insight and, in turn, is a significant competitive advantage that should enable the Investment Manager to implement the Company's investment policy in the key cities and regions.

Furthermore, focusing on income durability, location and propensity for rental growth, combined with the ability to carry out active asset management, enables the Investment Manager to invest in properties where the competition from other investors is weaker than for the big, long-leased properties with no asset management requirements, where competition among potential buyers is very high.

Each transaction is assessed against individual fund criteria and, if considered potentially suitable, a detailed financial and economic analysis and review is undertaken of the property, the location, quality of construction, the existing leases, the rents being paid versus market level, the tenants and the market prospects. This process is informed by a significant database of proprietary information held by the Investment Manager, experienced investment professionals, including people on the ground in the relevant markets and a dedicated research function that assists in identifying rental and capital growth prospects at country, regional, city, sub-market and sector level.

The Investment Manager operates a pan-European Investment Committee which approves all investment plans, transactions, financing decisions and material asset management activity. The Investment Committee includes senior members of the real estate team. If, following analysis, property inspections and negotiations with the owner of the property, the fund managers wish to proceed with an acquisition, Investment Committee approval is required.

An active asset management strategy (i.e. defining, implementing and regularly reviewing business plans for each property in the Portfolio) is an important element in helping to deliver investment performance. An important part of this is that the properties are managed by local asset managers in the countries where the properties are located who have better access to tenants, advisers and consultants to help generate outperformance.

Active asset management means the individual asset manager involved in acquiring the property is also responsible for implementing the business plan once acquired, resulting in carefully researched and robust assumptions and a focus on long-term performance from purchase through to any potential sale. The types of active asset management initiatives which the Investment Manager may utilise are:

- renegotiating leases to capture market rental growth and/or extend lease duration;
- managing any vacancies to maximise rental performance;
- exploiting ancillary development opportunities on or around the properties;
- assessing and effecting changes of use where this would add value;
- undertaking refurbishments to increase rents; and
- changing unit size and configuration to maximise the potential income from a property.

The majority of the Portfolio comprises properties where the main asset management activities are likely to be renegotiating leases, managing vacancies, growing rental income and undertaking light refurbishments.

Approach to ESG

The Investment Manager views ESG as a fundamental part of its business. Whilst real estate investment provides valuable economic benefits and returns for investors it has – by its nature – the potential to affect environmental and social outcomes, both positively and negatively.

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

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

Investor Information

Investors may receive information about the Company via email by registering at the foot of the homepage of the website: eurologisiticsincome.co.uk

The website also includes current and historic Annual and Half-Yearly Reports, performance data, the latest quarterly factsheet issued by the Manager together with links to the Company's share price and recent London Stock Exchange announcements.

Information about the Company, and other investment companies managed by the Manager, may also be found on social media, as follows:

'X'/(Twitter): **@abrdnTrusts**

LinkedIn: **abrdn Investment Trusts**

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager and Citibank UK Limited as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on the website eurologisticsincome.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 160.

Investor Warning: Be alert to share fraud and boiler room scams

The Company has been made aware by abrdn that some investors have received telephone calls from people purporting to work for abrdn, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided below.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: **fca.org.uk/consumers/scams**

Shareholder Enquiries

Registered Shareholders

In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited, via their website **www.shareview.co.uk** or Tel: +44 (0) 371 384 2030. Lines are open Monday to Friday (excluding public holidays in England & Wales).

General Enquiries

Any general enquiries about the Company should be directed to the Company Secretary, abrdn European Logistics Income plc, 280 Bishopsgate, London EC2M 4AG or by email at CEF.CoSec@abrdn.com.

Closure of the abrdn Investment Trust Savings Plans and transfer to interactive investor

On 8 December 2023 the abrdn Investment Trust ISA, Share Plan and Investment Plan for Children (the "Plans") were closed. All investors with a holding or cash balance in the Plans at that date were transferred to interactive investor ("ii"). ii communicated with planholders in late November 2023 to set up account security to ensure that investors can continue to access their holdings via ii as the Plans close.

Please contact ii for any ongoing support with your ii account on 0345 646 1366, or +44 113 346 2309 if you are calling from outside the UK. Lines are open 8.00am to 5.00pm Monday to Friday. Alternatively you can access the ii website at **www.ii.co.uk/abrdn-welcome**.

For all other queries relating to the former abrdn Plans, please email **trusts@abrdn.com**.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professionally advised private clients and institutional investors who are seeking exposure to European logistical real estate and who understand and are willing to accept the risks of exposure to this asset class. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that its securities can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's (FCA) rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Key Information Document ("KID")

The KID relating to the Company can be found under 'Key Documents' in the 'Literature' section of the Company's website.

How to Invest in the Company and other abrdn-managed investment trusts

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts including the shares of the Company.

Many of these platforms operate on an 'execution-only' basis. This means they can carry out your instruction to buy or sell a particular investment trust. But they may not be able to advise on suitable investments for you. If you require advice, please speak to a qualified financial adviser (see below).

Flexibility

Many investment platform providers will allow you to buy and hold abrdn Investment Trust shares within an Individual Savings Account (ISA), Junior ISA or Self Invested Personal Pension (SIPP), all of which have potential tax advantages. Most will also allow you to invest on both a lump sum and regular savings basis.

Costs and service

It is important to choose the right platform for your needs, so take time to research what each platform offers before you make your decision, as well as considering charges. When it comes to charges, some platforms have flat fee structures while others levy percentage-based charges. Typically, you will also pay a fee every time you buy and sell shares, so you need to bear in mind these transaction costs if you are trading frequently. There may also be additional charges for ISA and SIPP investments.

Can I exercise my voting rights if I hold my shares through an investment platform?

Yes, you should be able to exercise your right to vote by contacting your platform provider. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform provider will provide further guidance. Alternatively, the Association of Investment Companies has provided information on how to vote investment company shares held on some of the major platforms. This information can be found at: **www.theaic.co.uk/how-to-vote-your-shares**.

Getting advice

abrdn recommends that you seek financial advice prior to making an investment decision. If you do not currently have a financial adviser, details of authorised financial advisers in your area can be found at **pimfa.co.uk** or **unbiased.co.uk** (see below). You will pay a fee for advisory services.

Platform providers

Platforms featuring the Company, as well as other abrdn-managed investment trusts, include:

- interactive investor (owned by abrdn): **www.ii.co.uk/investment-trusts**
- AJ Bell: **www.ajbell.co.uk/markets/investment-trusts**
- Barclays Smart Investor: **www.barclays.co.uk/smart-investor**
- Charles Stanley Direct: **www.charles-stanley-direct.co.uk**
- Fidelity: **www.fidelity.co.uk**
- Halifax: **www.halifax.co.uk/investing**
- Hargreaves Lansdown: **www.hl.co.uk/shares/investment-trusts**

The companies above are shown for illustrative purposes only. Other platform providers are available. The links above direct you to external websites operated by each platform provider. abrdn is not responsible for the content and information on these third-party sites, apart from interactive investor, which is owned by abrdn.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: **pimfa.co.uk**.

Financial Advisers

To find an adviser who recommends on investment trusts, visit: **unbiased.co.uk**.

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: **0800 111 6768** or at

at **https://register.fca.org.uk**

Email: **consumerqueries@fca.org.uk**

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 153 to 155 has been issued by abrdn Investments Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. abrdn Investments Limited is entered on the Financial Services Register under registration number 121891.

Corporate Information

EPRA Financial Reporting (Unaudited)

Prepared in accordance with EPRA best practice recommendations (BPR) February 2022.

EPRA Performance Measures

	31 December 2023 Total	31 December 2022 Total
A. EPRA Earnings (€'000)	13,033	14,497
A. EPRA Earnings per share (cents)	3.2	3.5
B. EPRA Net tangible assets ("NTA") (€'000)	394,550	509,741
B. EPRA Net tangible assets per share (cents)[1]	95.7	123.7
C. EPRA Net reinstatement value ("NRV") (€'000)	430,527	546,326
C. EPRA Net reinstatement value per share (cents)	104.5	132.5
D. EPRA Net disposal value ("NDV")(€'000)	387,785	498,060
D. EPRA Net disposal value per share (cents)	94.1	120.8
E. EPRA Net initial yield (%)	4.4	4.0
E. EPRA topped-up net initial yield (%)	4.4	4.1
F. EPRA Vacancy rate (%)	6.0	3.6
G. EPRA Cost ratios – including direct vacancy costs (%)	34.1	32.0
G. EPRA Cost ratios – excluding direct vacancy costs (%)	32.4	31.0
H. EPRA Capital expenditure (€'000)	139	133,170
I. EPRA Like for like rental growth (%)	1.8	5.0
J. EPRA LTV (%)	40.0	34.6

[1] Defined as an Alternative Performance Measure.

A.	**EPRA Earnings (€000)**		
	Earnings per IFRS income statement	(81,801)	(18,442)
	Adjustments to calculate EPRA Earnings, exclude:		
	Changes in value of investment properties	106,878	40,432
	Gains on disposal of investment properties	(133)	–
	Tax on profits on disposals	440	–
	Deferred tax	(13,854)	(3,893)
	Gains on termination of financial instruments	(313)	–
	Early loan repayment cost	110	–
	Changes in fair value of financial instruments	1,706	(3,600)
	EPRA Earnings	**13,033**	**14,497**
	Weighted average basic number of shares	412,174	408,956
	EPRA Earnings per share (cents)	**3.2**	**3.5**

		31 December 2023 Total	31 December 2022 Total
B.	**EPRA Net tangible assets ("NTA") (€'000)**		
	IFRS NAV	384,928	489,977
	Exclude:		
	Fair value of financial instruments	(1,690)	(3,709)
	Deferred tax in relation to fair value gains of investment property[1]	11,312	23,473
		394,550	509,741
	Shares in issue at end of year	412,174	412,174
	EPRA Net tangible assets per share (cents)	**95.7**	**123.7***

[1] Excludes deferred tax adjustments on other temporary differences, recognised under IFRS.
* Restated following correction of treatment of fair value of financial instruments in calculation of this performance measure.

		31 December 2023 Total	31 December 2022 Total
C.	**EPRA Net reinstatement value ("NRV") (€'000)**		
	EPRA NTA	394,550	509,741
	Real estate transfer tax and other purchasers' costs	35,977	36,585
	EPRA NRV	430,527	546,326
	EPRA Net reinstatement value per share (cents)	**104.5**	**132.5***

* Restated following correction of treatment of fair value of financial instruments in calculation of this performance measure.

		31 December 2023 Total	31 December 2022 Total
D.	**EPRA Net disposal value ("NDV") (€'000)**		
	IFRS NAV	384,928	489,977
	Fair value adjustment for fixed interest debt	2,857	8,083
	EPRA NDV	387,785	498,060
	EPRA Net disposal value per share (cents)	**94.1**	**120.8**
E.	**EPRA Net initial yield and 'topped up' NIY disclosure (€'000)**		
	Investment property – wholly owned	633,806	758,719
	Less: developments	–	–
	Completed property portfolio	**633,806**	**758,719**
	Allowance for estimated purchasers' costs	35,977	36,585
	Gross up completed property portfolio valuation	**669,783**	**795,304**
	Annualised cash passing rental income[2]	34,150	33,994
	Property outgoings	(4,392)	(2,501)
	Annualised net rents	**29,758**	**31,493**
	Add: notional rent expiration of rent free periods or other lease incentives	–	778
	Topped-up net annualised rent	**29,758**	**32,271**
	EPRA NIY (%)	**4.4**	**4.0**
	EPRA "topped-up" NIY (%)	**4.4**	**4.1**

[2] Calculated based on lease agreements as at the reporting date.

		31 December 2023 Total	31 December 2022 Total
F.	**EPRA Vacancy rate (€'000)**		
	Estimated rental value of vacant space	2,231	1,270
	Estimated rental value of whole portfolio	37,420	35,176
	EPRA Vacancy Rate (%)	**6.0**	**3.6**
	EPRA vacancy rate corresponds to the vacancy rate at year-end. It is calculated as the ratio between the estimated market rental value of vacant spaces and potential rents for the operating property portfolio. EPRA vacancy rate does not include leases signed with a future effect date.		
G.	**EPRA Cost ratios (€'000)**		
	Administrative / property operating expense per IFRS income statement	19,495	15,743
	Net service charge costs / fees	(8,095)	(6,237)
	EPRA Costs (including direct vacancy costs)	11,400	9,506
	Direct vacancy costs	(558)	(315)
	EPRA Costs (excluding direct vacancy costs)	10,842	9,191
	Gross Rental income less ground rent costs	33,435	29,686
	EPRA Cost Ratio (including direct vacancy costs) (%)	**34.1**	**32.0**
	EPRA Cost Ratio (excluding direct vacancy costs) (%)	**32.4**	**31.0**
	Overhead and operating expenses capitalised	–	–
H.	**Property related capital expenditure for the Group (€'000)**		
	Acquisitions	–	132,754
	Investment properties:		
	Non incremental lettable space	139	416
	Incremental lettable space	–	–
	Total CapEx	139	133,170
	Conversion from accrual to cash basis	378	353
	Total CapEx on cash basis	517	133,523

There is no capital expenditure associated with Joint Ventures.
Capital expenditure recognised by the Group that has not resulted in increase of the lettable area.
Please see details in note 9 of consolidated financial statements.
The difference in comparison to note 9 is disposal costs on sale of assets which are not included in above table.

		31 December 2023 Total	31 December 2022 Total
I.	**Like for like rental growth**		
	Rental income growth (%):		
	Germany	2.1	10.3
	Poland	7.9	7.6
	France	1.3	4.9
	Spain	(5.2)	2.4
	Netherlands	4.5	4.2
		1.8	5.0
	Rental income total[1] (€000):		
	Germany	3,367	3,298
	Poland	5,820	5,393
	France	4,098	4,044
	Spain	8,560	9,025
	Netherlands	12,305	11,775
		34,150	33,535
	[1] 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	63,200	68,170
	Poland	90,390	93,600
	France	99,380	107,390
	Spain	189,136	243,781
	Netherlands	191,700	227,800
		633,806	740,741
J.	**EPRA LTV (€'000)**		
	Borrowings from financial institutions	259,462	270,270
	Net payables[2]	16,353	15,006
	Exclude:		
	Cash and cash equivalents	(18,061)	(20,262)
	Net debt (a)	257,754	265,014
	Investment properties at fair value[3]	633,806	758,719
	Net receivables (excluding lease incentives)[4]	10,210	7,829
	Total property value (b)	644,016	766,548
	LTV (a/b) (%)	**40.0**	**34.6**

[2] Refer to note 13 for details.
[3] Based on independent property valuation. Includes Investment property held for sale.
[4] Refer to note 10 for details.

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 September 2023.

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 153) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 31 December 2023 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 2023	164.7%	164.7%

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 issued by abrdn Investments Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. abrdn Investments Limited is entered on the Financial Services Register under registration number 121891.

Glossary of Terms and Definitions and Alternative Performance Measures

abrdn	abrdn plc
abrdn Group	the abrdn plc group of companies
AIC	Association of Investment Companies
AIFMD	The Alternative Investment Fund Managers Directive
AIFM	the alternative investment fund manager, being aFML
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The alternative performance measures that have been adopted by the Company are in line with general comparable measures used widely across the investment trust industry such as the level of discount/premium, NAV/Share price total return and ongoing charges which are each explained more fully below. The Company's applicable financial framework includes IFRS
Annual Rental Income	Rental income passing at the Balance Sheet date
aFML or AIFM or Manager	abrdn Fund Managers Limited
aIIL or the Investment Manager	abrdn Investments Ireland Limited is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security
Contracted Rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired
Covenant Strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a lease

Dividend Cover[1]	The ratio of the Company's net profit after tax (excluding the below items) to the dividends paid.

	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Earnings per IFRS income statement	(81,801)	(18,442)
Adjustments to calculate dividend cover:		
Net changes in the value of investment property	106,878	40,432
Gains on disposal of investment property	(133)	–
Gains on termination of financial instruments	(313)	–
Capitalised finance costs	110	–
Tax on disposal of investment property	440	–
Deferred taxation	(13,854)	(3,893)
Effect of fair value adjustments on derivative financial instruments	1,706	(3,600)
Effects of foreign exchange differences	213	(346)
Profits (A)	13,246	14,151
Dividend (B)	23,248	23,248
Dividend Cover (A)/(B)	**57.0%**	**60.9%**

Discount to Net asset value per share[1]	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share

	As at 31 December 2023	As at 31 December 2022
Share price (A)	61.6p	68.5 p
NAV (B)	81.2p	105.4p
Discount (A-B)/B	(24.1%)	(35.0%)

Earnings Per Share	Profit for the year attributable to shareholders divided by the weighted average number of shares in issue during the year
EPRA	European Public Real Estate Association
Europe	The member states of the European Union, the European Economic Area ("EEA") and the members of the European Free Trade Association ("EFTA") (and including always the United Kingdom, whether or not it is a member state of the European Union, the EEA or a member of EFTA)
ERV	The estimated rental value of a property, provided by the property valuers

[1] Defined as an Alternative Performance Measure.

Gearing[1]	Calculated as gross external bank borrowings divided by total assets

	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Bank loans	259,462	270,270
Gross assets[2]	669,539	795,146
Gearing (%)	**38.7%**	**34.0%**

Group	The Company and its subsidiaries
Adjusted Gross Assets and Gross Asset Value (GAV)	The aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time

	As at 31 December 2023 €'000	As at 31 December 2022 €'000
Gross asset value per Balance Sheet	693,892	817,783
Exclude IFRS 16 right of use asset	(24,353)	(22,637)
Gross assets	669,539	795,146

FRC	Financial Reporting Council
IFRS	International Financial Reporting Standards
Index Linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI), French Tertiary Activities Rent Index (ILAT)
Key Information Document or KID	The Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation requires the Manager, as the Company's PRIIP "manufacturer," to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed
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 year end actual level of leverage was 164.7% (2022: 154.8%)

[1] Defined as an Alternative Performance Measure.
[2] Excluding IFRS 16 lease liabilities.

Net asset value total return (EUR)[1]	The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the year to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs

	Year ended 31 December 2023	Year ended 31 December 2022
Opening NAV	118.9¢	129.1¢
Movement in NAV	(25.5¢)	(10.2¢)
Closing NAV	93.4¢	118.9¢
% increase in NAV	(21.4%)	(7.9%)
Impact of reinvested dividends	4.3%	4.1%
NAV total return	(17.1%)	(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[1]
Ongoing Charges Ratio[1]	Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the industry standard. A reconciliation of ongoing charges is below:

	Year ended 31 December 2023 €'000	Year ended 31 December 2022 €'000
Expenditure per Statement of comprehensive income	19,495	15,743
Less Property service charge expense	(8,095)	(6,237)
Less Bad debt provision	(1,237)	(634)
Less restructuring costs	-	(58)
Group operating costs including property costs (A)	10,163	8,814
Less Direct property expenses and property management fees excluding bad debt provision	(3,155)	(1,867)
Group operating costs (excluding property costs) (B)	7,008	6,947
Average net asset value (C)	425,210	526,085
Ongoing charges (excluding property costs) (B/C)	1.6%	1.3%
Ongoing charges (including property costs) (A/C)	2.4%	1.7%

Passing Rent	The rent payable at a particular point in time

[1] Defined as an Alternative Performance Measure.

PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company
Premium to Net asset value per share [1]	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share
Prior Charges	The name given to all borrowings including long and short-term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment
Portfolio valuation	The market value of the company's property portfolio, which is based on the external valuations provided by Savills
The Royal Institution of Chartered Surveyors (RICS)	The global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure
Share price total return (GBP)[1]	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the year to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs

	Year ended 31 December 2023	Year ended 31 December 2022
Opening share price	68.5p	117.0p
Movement in share price	(6.9p)	(48.5p)
Closing share price	61.6p	68.5p
% decrease in share price	(10.1%)	(41.5%)
Impact of reinvested dividends	6.6%	3.2%
Share price total return	(3.5%)	(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

[1] Defined as an Alternative Performance Measure.

Disclosure Concerning Sustainable Investment (Article 8) (Unaudited)

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU)2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product Name: abrdn European Logistics Income plc
Legal entity identifier: 213800I9IYIKKNRT3G50

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☑ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It promoted **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☑ It promoted E/S characteristics, but **will not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

The fund promotes environmental and social characteristics that are relevant to the real estate assets it invests in with the principal objective of supporting the fund's investment objective. Given the nature of direct investments in the physical built environment this can capture a wide range of topics depending on the characteristics of the asset and its location.

In particular, environmental and social characteristics of assets promoted by the fund include:

- **Environmental – greenhouse gas emissions:** Reductions in greenhouse gas emissions to support the decarbonization of the built environment.
- **Environmental – energy:** Improving Energy efficiency and on-site renewable energy generation
- **Environmental – water:** Improving Water efficiency
- **Environmental – waste, circular economy and raw materials:** Improving resource efficiency and best practice waste management including recycling and recovery
- **Social – other:** Social factors such as respect for human rights and anti-corruption and anti-bribery matters are considered in relation to major suppliers and tenants.
- **Environmental – other:** The mitigation and management of flood risk and future physical climate risk
- **Environmental – other:** The mitigation and management of contamination risk
- **Environmental – waste, circular economy and raw materials:** When undertaking development and refurbishment works principles of sustainable design and construction are promoted

Sustainability indicators have been created in line with the characteristics above to track performance and promotion of the E and S characteristics. These are listed in the next section. Environmental and social characteristics such as these are promoted for new investments, relevant development projects and as part of asset management activities for standing assets. No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.

How did the sustainability indicators perform?

As described above, quantitative and qualitative sustainability indicators have been established and linked to the Environmental and Social characteristics listed above. These are aggregated to fund level from asset level data and are presented in the table below.

Sustainability indicator description	Sustainability indicator metric	Fund performance (this reference period)
#1 **Environmental – energy:** Operational energy performance	#1.1 % fund value where landlord energy data collected where applicable *(see limitations section)*	[1]100%
	#1.2 % fund value with partial or full tenant energy data collected where applicable *(see limitations section)*	[1]89%
	#1.3 % fund value with whole building energy data collected	[1]82%
	#1.4 % fund value (where energy performance ratings are applicable) with energy performance ratings of A-B	94%
#2 **Environmental – greenhouse gas emissions:** Operational carbon performance against decarbonisation benchmarks	#2.1 % fund value where whole building carbon data is available which equals or is below the current year Carbon Risk Real Estate Monitor (CRREM) 1.5-degree target	[1]20%
	#2.2 % fund value where whole building carbon data is available which equals or is below the 5-year 1.5 degree CRREM target	[1]12%
#3 **Environmental – water:** Operational water consumption	#3.1 % fund value where landlord water data collected where applicable *(see limitations section)*	[1]100%
	#3.2 % fund value where partial or full tenant water data collected where applicable *(see limitations section)*	[1]81%
	#3.3 % fund value with whole building water data	[1]81%
	#3.4 % fund value where water consumption has decreased year on year where applicable *(see limitations section)*	[1]40% (2022 vs 2021)
#4 **Environmental – waste, circular economy and raw materials:** Waste management indicators including generation and treatment method	#4.1 % fund value where landlord waste data is collected where applicable *(see limitations section)*	[1]N/A
	#4.2 % fund value where recycling rate has increase year on year where applicable *(see limitations section)*	[1]N/A (2022 vs 2021)
#5 **Environmental – Other:** Future physical climate risk exposure including flood risk	#5.1 % fund value with a current flood risk rating of medium or above	29%
	#5.2 % fund value with an acute extreme weather event risk rating of medium or above in an RCP8.5[2] scenario out to 2050	19%
#6 **Environmental – Other:** Contamination risk level	#6.1 % fund value with contamination risk of medium or above	0%
#7 **Environmental – Other:** Building certifications	#7.1 % fund value with energy performance ratings of A and B	943%
	#7.2 % fund value with green building certification	68%

Sustainability indicator	Sustainability indicator metric	Fund performance
	Qualitative description as at 31st December 2023 **New investments** abrdn applies a risk-based approach in order to ensure that we focus on the actual risks of money laundering or terrorist financing within any transaction; the type of entity and country of incorporation and operations are key criterions in assessing the risk profile. Certain types of counterparts can be classed as lower risk, such as those regulated or listed in equivalent jurisdictions; conversely, other types of entities can be classed as higher risk such as Trusts or unregulated entities. For moderate and higher risk entities the ownership structure of the seller involved must be traced back through different layers to identify the ultimate beneficial owners. In order to aid us in this task, abrdn uses a Client Due Diligence (CDD) Matrix which lists the common types of legal structures to which the firm is exposed and shows what information and verification documentations is required, with increasing due diligence requirements for the higher the risk types. When a Direct Real Estate transaction is agreed with a counterparty following the agreement of Heads of Terms or LOI, the process for the Anti Money Laundering (AML) Screening and Sanction Check on the counterparty and Legal Advisor is triggered. Only once the Credit and Risk Team have confirmed they are satisfied with their checks and returned the signed form to confirm this, can a Transaction be signed.	
#8 **Social - Other:** Implementation of procedures on anti-corruption and human rights	**Existing investments** ***Checks on suppliers:*** We have protective measures to ensure we are not appointing suppliers and service providers that do not clear AML, sanctions and PEPs (Politically Exposed Persons) screening. In order to comply with abrdn's regulatory obligations and meet our own internal minimum standards of compliance, we are obligated to screen all parties we wish to enter a relationship with before the service is taken. It is part of our process to screen all our relationships at the time of onboarding to check for PEP, Relative and Close Associates (RCA), or Sanctions. This is mandated at the time of onboarding, and the establishment of a new business relationship. Doing so is vital in order to both protect our business and evidence that appropriate business controls are in place to identify any PEPs or Sanctions applied to the service provider. In addition, our property management suppliers contractually confirm that they have protective measures in place and ensure to · comply with all applicable statutes, laws, secondary legislation, regulations and codes pertaining to anti-bribery; · not offer or accept any bribe, advantage or commit any corrupt act; · not engage in any Modern Slavery Practice; · ensure that the above are not taking place in their supply chain. ***Checks on tenants:*** On any new commercial lease, we have screened our tenants to check for PEPs and sanctions. We also undertake AML checks for new tenants who have annual rent of over 10,000 EUR.	

[1] Denotes metrics reported for the current reference period but using data from the Dec-22 calendar year. Any metrics without the asterisk are reported using data in line with the current reference period (as at 31st December 2023). See 'limitations' below for an outline of the reasons behind the data-lag.
[2] RCP8.5 is the climate scenario which assumes worse case with no cut in greenhouse gas emissions

Limitations:

(1) Due to availability and frequency of certain ESG data sets, it is not always possible to report the ESG data in exact line with the reporting year. Where this is not possible, the latest period of ESG available data is used and referenced in the table above for full transparency. The consistent value used in the sustainability indicator metrics however is the fund value based on underlying asset values excluding cash Should be which is aligned with the reporting year of 31st December 2023. And for the previous period the 31st December 2022.

(2) Another limitation is the availability of data which is dictated by the party who owns the data. To fully understand the performance of the sustainability indicators listed in the table above #1 (related to energy), #3 (related to water) and #4 (related to waste) with regards to real estate, it is preferable to have data related to the whole building. However the whole building data can be comprised from two sources depending on the party that procures the energy/water/waste services. These two sources are:

  (1) The landlord. This is where the investment manager procures the services and directly has access to the data, on behalf of the fund and the tenant which occupies the building.

  (2) The tenant. This is where the tenant who occupies the building procures the services and has direct access to the data.

  Due to the complexity and availability of data from the tenant, whole building data is not always available. Therefore metrics on data coverage as listed for the sustainability indicators #1, #3 and #4 are an important starting point to understand the % of the portfolio with whole building data. It is this % of the portfolio we can therefore further measure performance of energy consumption, water consumption and waste disposal routes.

(3) With regard to on-site renewable energy generation within the 'environmental – energy' characteristic, note that sufficient data is not yet available to report a sustainability indicator.

(4) With regard to our sustainability indicators for 'environmental – greenhouse gas emissions', although GHG emissions are not explicitly disclosed, they are calculated and are part of the metrics disclosed under Sustainability Indicators #2.1 and #2.2. In addition, while the pre-contractual document makes reference to 'costs to decarbonise the asset over time', note that sufficient data is not yet available yet to report on this.

…and compared to previous periods?

Please see table above for figures for previous reference period against current reference period. The table below shows % change year on year and a description of actions which have caused those changes.

Sustainability indicator description	Sustainability indicator metric	Fund performance (previous reference period)	Comments on year on year % changes
#1 **Environmental – energy:** Operational energy performance	#1.1 % fund value where full landlord energy data collected where applicable *(see limitations section)*[3]	[1]100%	No change.
	#1.2 % fund value with partial or full tenant energy data collected where applicable *(see limitations section)*	[1]78%	The increase to 89% with partial or full tenant energy data is due to tenants providing data for additional assets in 2023 as compared to 2022. In 2023 data was provided for Meung Sur Loire, Madrid 4 SL Getafe Fase II Nave 1, Madrid 1 Getafe Fase IV, and Horst.
	#1.3 % fund value with whole building energy data collected	[1]78%	
	#1.4 % fund value (where energy performance ratings are applicable) with energy performance ratings of A-B[3]	94%	No change.
#2 **Environmental – greenhouse gas emissions:** Operational carbon performance[3]	#2.1 % fund value where whole building carbon data is available which equals or is below the current year Carbon Risk Real Estate Monitor (CRREM) 1.5-degree target	[1]63%	Decrease to 20% in current reference period driven by a greater number of assets for which comparison against CRREM was possible, of which the majority perform worse than CRREM targets.
	#2.2 % fund value where whole building carbon data is available which equals or is below the 5-year 1.5 degree CRREM target	[1]63%	Decrease to 12% in current reference period driven by a greater number of assets for which comparison against CRREM was possible, of which the majority perform worse than CRREM targets.
#3 **Environmental – water:** Operational water consumption	#3.1 % fund value where landlord water data collected where applicable *(see limitations section)*	[1]100%	No change.
	#3.2 % fund value where partial or full tenant water data collected where applicable *(see limitations section)*	[1]75%	The increase to 81% is due to tenants providing data for additional assets in 2023 as compared to 2022.
	#3.3 % fund value with whole building water data	[1]75%	
	#3.4 % fund value where water consumption has decreased year on year where applicable *(see limitations section)*	[1]20% (2021 vs 2020)	Increase to 40% in current reference period driven by a greater percentage of assets (where year on year data available) achieving a decrease in water consumption.

Sustainability indicator description	Sustainability indicator metric	Fund performance (previous reference period)	Comments on year on year % changes
#4 **Environmental – waste, circular economy and raw materials:** Waste management indicators including generation and treatment method	#4.1 % fund value where landlord waste data is collected where applicable *(see limitations section)*	[1]N/A	There are no landlord procured waste services for this portfolio.
	#4.2 % fund value where recycling rate has increase year on year where applicable *(see limitations section)*	[1]N/A (2021 vs 2020)	
#5 **Environmental – Other:** Future physical climate risk exposure including flood risk	#5.1 % fund value with a current flood risk rating of medium or above	28%	No change in the assets with flood risk rating of medium or above. The increase to 29% is likely driven by valuation change.
	#5.2 % fund value with an acute extreme weather event risk rating of medium or above in an RCP8.5[2] scenario out to 2050	19%	No change.
#6 **Environmental – Other:** Contamination risk level	#6.1 % fund value with contamination risk of medium or above		No change.
#7 **Environmental – Other:** Building certifications***	#7.1 % fund value with energy performance ratings of A and B	94%	No change.
	#7.2 % fund value with green building certification	69%	No change in the assets with green building certifications. The decrease to 68% is likely driven by valuation change.
#8 **Social – Other:** Implementation of procedures on anti-corruption and human rights			

[1] Denotes sustainability indicators that were calculated using data inconsistent with the previous reference period (i.e. using Dec-22 data).
[2] RCP8.5 is the climate scenario which assumes worse case with no cut in greenhouse gas emissions.
[3] Denotes where the wording of the sustainability indicator description or the sustainability indicator metric has been adjusted compared to the previous annual report (for the previous reference period). Any changes made to sustainability indicator descriptions/metrics are minor and only intended to simplify and provide additional clarity/transparency of the indicator/metric.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable no minimum commitment of sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable in line with precontractual document with no minimum commitment of sustainable investments.

How were the indicators for adverse impacts on sustainability factors taken into account?

Not applicable in line with precontractual document with no minimum commitment of sustainable investments.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable in line with precontractual document with no minimum commitment of sustainable investments.

How did this financial product consider principal adverse impacts on sustainability factors?

The fund committed to consider the following indicators: Exposure to fossil fuels through real estate assets and Exposure to energy-inefficient real estate assets in line with the Principle Adverse Impacts (PAI) indicators (the data on the indicators is included in the table below).

The PAI indicators are considered throughout the real estate investment process for the fund in both due diligence and asset management.

During acquisition due diligence, the PAIs (alongside a broader selection of ESG criteria) are considered at both pre-bid stage, and during post-bid detailed due diligence. During such acquisition due diligence, information (where available) relating to the asset and mandatory PAIs (including construction date, EPC rating/NZEB status and site use in the context of fossil fuel extraction, storage, transport and manufacture) is reviewed and included in pre-bid ESG screening checklist and investment committee (IC) paper. Such elements are assessed in more detail where relevant using an external consultant. The PAIs are considered with the aim of minimising the Fund's exposure to energy-inefficient real estate assets and fossil fuels through real estate assets. Data on the PAIs obtained at acquisition due diligence stage is used post-acquisition to support with ongoing reporting against the PAIs, and to support with asset management.

PAI	Sub-group	Indicator	Share in % of fund value (exc. cash)
#17: Climate and other environment-related indicators	Fossil fuels	Exposure to fossil fuels through real estate assets (extraction, storage, transport or manufacture of fossil fuels)	20%
#18: Climate and other environment-related indicators	Energy efficiency	Exposure to energy-inefficient real estate assets Energy-inefficient means: built before 31/12/2020: EPC is C or below built after 31/12/2020: PED is below NZEB in Directive 2010/31/EU	16%

From an asset management perspective, data relating to the PAIs (including construction date, EPC rating/NZEB status and site use in the context of fossil fuel extraction, storage, transport and manufacture) is held in a central database to support with ongoing reporting. The data on PAIs is also used as part of asset management and fund strategic planning decisions; to inform asset-level ESG action plans and investment decisions (e.g. disposal, refurbishment/redevelopment). This process aims to minimise the Fund's exposure to energy-inefficient real estate assets and fossil fuels through real estate assets.

PAIs are reported as at 31st December 2023.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

What were the top investments of this financial product?

Date as at 31 December 2023

Largest investments	Sector	% Assets (exc. Cash)	Country
Madrid – Gavilanes 4	Real Estate	9.0%	Spain
Avignon	Real Estate	7.9%	France
Den Hoorn	Real Estate	7.2%	Netherlands
Waddinxveen	Real Estate	6.2%	Netherlands
Erlensee	Real Estate	6.0%	Germany
Madrid – Gavilanes 3	Real Estate	5.0%	Spain
Lodz	Real Estate	4.8%	Poland
Krakow	Real Estate	4.8%	Poland
Warsaw	Real Estate	4.7%	Poland
Zeewolde	Real Estate	4.5%	Netherlands
Madrid – Gavilanes 1A	Real Estate	4.5%	Spain
's Heerenberg	Real Estate	4.4%	Netherlands
Ede	Real Estate	4.1%	Netherlands
Flörsheim	Real Estate	4.0%	Germany
Meung sur Loire	Real Estate	2.8%	France

Date as at 30 September 2023

Largest investments	Sector	% Assets (exc. Cash)	Country
Madrid – Gavilanes 4	Real Estate	9.2%	Spain
Avignon	Real Estate	7.9%	France
Den Hoorn	Real Estate	7.3%	Netherlands
Erlensee	Real Estate	6.1%	Germany
Waddinxveen	Real Estate	6.0%	Netherlands
Madrid – Gavilanes 3	Real Estate	5.6%	Spain
Lodz	Real Estate	4.6%	Poland
Warsaw	Real Estate	4.6%	Poland
Krakow	Real Estate	4.5%	Poland
Madrid – Gavilanes 1A	Real Estate	4.5%	Spain
's Heerenberg	Real Estate	4.5%	Netherlands
Zeewolde	Real Estate	4.3%	Netherlands
Ede	Real Estate	4.0%	Netherlands
Flörsheim	Real Estate	4.0%	Germany
Meung sur Loire	Real Estate	2.9%	France

Date as at 30 June 2023

Largest investments	Sector	% Assets (exc. Cash)	Country
Madrid – Gavilanes 4	Real Estate	9.9%	Spain
Avignon	Real Estate	7.6%	France
Den Hoorn	Real Estate	7.0%	Netherlands
Madrid – Gavilanes 3	Real Estate	6.0%	Spain
Waddinxveen	Real Estate	5.9%	Netherlands
Erlensee	Real Estate	5.8%	Germany
Madrid – Gavilanes 1A	Real Estate	4.8%	Spain
Lodz	Real Estate	4.4%	Poland
Warsaw	Real Estate	4.4%	Poland
Krakow	Real Estate	4.4%	Poland
's Heerenberg	Real Estate	4.4%	Netherlands
Zeewolde	Real Estate	4.3%	Netherlands
Ede	Real Estate	3.9%	Netherlands
Flörsheim	Real Estate	3.8%	Germany
Meung sur Loire	Real Estate	2.9%	France

Date as at 31 March 2023

Largest investments	Sector	% Assets (exc. Cash)	Country
Madrid – Gavilanes 4	Real Estate	10.0%	Spain
Avignon	Real Estate	7.1%	France
Den Hoorn	Real Estate	7.0%	Netherlands
Waddinxveen	Real Estate	6.0%	Netherlands
Madrid – Gavilanes 3	Real Estate	6.0%	Spain
Erlensee	Real Estate	5.8%	Germany
Madrid – Gavilanes 1A	Real Estate	4.8%	Spain
Lodz	Real Estate	4.5%	Poland
Warsaw	Real Estate	4.4%	Poland
Krakow	Real Estate	4.4%	Poland
's Heerenberg	Real Estate	4.4%	Netherlands
Zeewolde	Real Estate	4.2%	Netherlands
Ede	Real Estate	3.9%	Netherlands
Flörsheim	Real Estate	3.7%	Germany
Meung sur Loire	Real Estate	3.0%	France

What was the proportion of sustainability-related investments?

The investment strategy of the fund applies to and captures all assets it holds. Applicable environmental and social characteristics are considered and promoted for all assets and the intention is that all assets contribute to the attainment of characteristics promoted by the fund (i.e. 1B in the below chart).

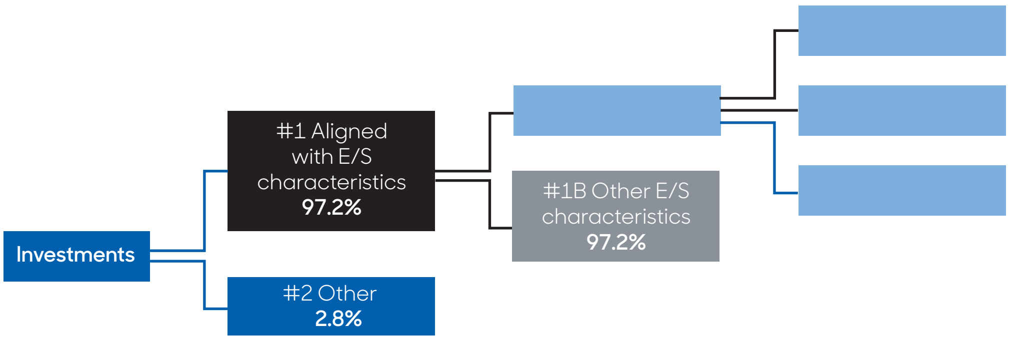
No sustainable investments, including EU Taxonomy aligned investments, were made during the reporting period.

The percentage figure in the "#1aligned with E/S characteristics" box below only includes the underlying investments and excludes cash within the fund. The figure in the "#2 Other" box represents the cash held within the Fund.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

The ambition of the fund is the pre-contractual document outlined 100% of assets to promote environmental and social characteristics. However, this did not take into account the small % of cash in the fund which fluctuates year on year. Thus 97.2% has been calculated to cover all real estate assets but excludes cash which is the remaining 2.8% as at 31 December 2023.



#1 Aligned with E/S characteristics characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics covers**:

- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

In which economic sectors were the investments made?

Economic sector: Real estate

Sub economic sectors: Property Type (aligned with GRESB) with % weighting by value.

Sub-Sector	% of Total Fund Asset Value (Exc. Cash)
Industrial: Distribution Warehouse	100%

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not currently commit to making a minimum proportion of sustainable investments. However, the fund has outlined the ambition to voluntarily assess the alignment of assets with the EU Taxonomy criteria for climate mitigation related to the acquisition and ownership of buildings. Whilst it was expected that the Fund would have a proportion of investments that meet these criteria and the extent of alignment would be reported in the periodic reports, due to certain data availability issues, the sustainable investments aligned with EU Taxonomy has been calculated at 0%.

Did the financial product invest in fossil gas and/or nuclear related activity complying with the EU Taxonomy?

☐ Yes

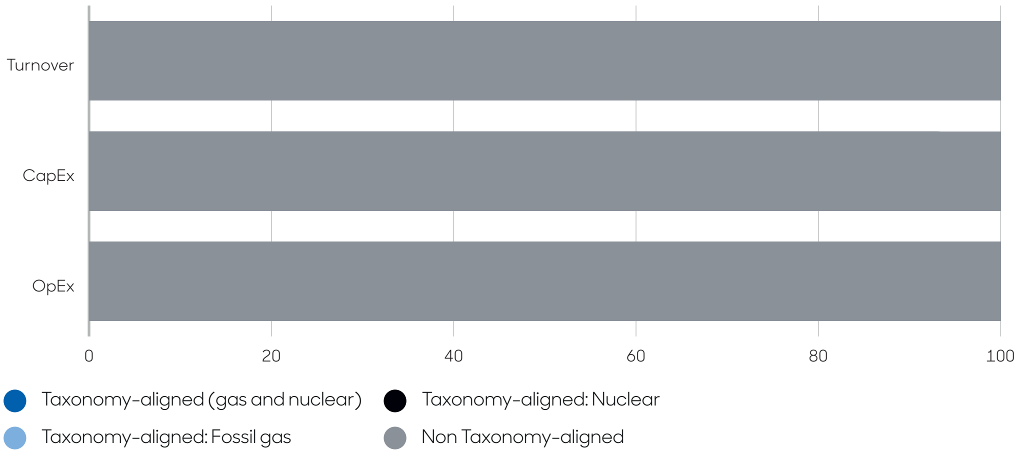
☐ In fossil gas ☐ In nuclear energy

☑ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds[1], the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

Taxonomy - alignment of investments including sovereign bonds[1]

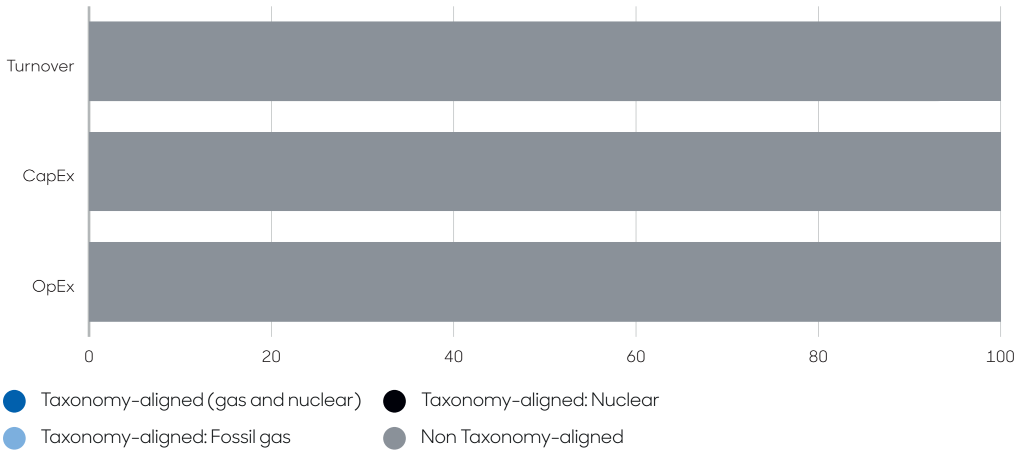
%



[1] For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

Taxonomy - alignment of investments excluding sovereign bonds[1]

%



This graph represents 100% of the total

[1] For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of investments made in transitional and enabling activities?

0%.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

The percentage of EU Taxonomy aligned investments remained at 0% during the reference period (no change from previous reference period).

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

0%

What was the share of socially sustainable investments?

0%

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The investments included under "other" are cash only. All cash held in the fund is subject Anti-Money Laundering and Sanction checks. Applicable environmental and social characteristics are considered and promoted for all assets and the intention is that all assets contribute to the attainment of characteristics promoted by the fund.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

ESG action example
ESG data collection supporting all E/S characteristics: In order to improve our ESG data collection and understand performance, property and asset managers have increased efforts to engage with tenants and increase tenant data collection resulting in a higher data collection rate compared to previous years.
Energy efficiency and greenhouse gas Emissions reductions: • Using green energy for landlord-controlled electricity supply in Germany and Poland • Installing LED lighting and a new BMS at Niort, France • New Green leases when tenant engagement supports discussion Avignon, Ede • Smart metering project underway across entire portfolio with implementation in Avignon and Waddinxveen • Exploring PV potential at Erlensee, Florsheim, Zeewolde, Oss, s'Heerenberg • Build and progress NZC strategy at Fund level • Asset level NZC analysis is instructed for the Polish portfolio
All E/S characteristics: Three asset in the Netherlands have been certified BREEAM In-Use, with each asset under review on the potential for implementing improvements
All E/S characteristics with a focus on energy efficiency, greenhouse gas emissions reductions, sustainable design in construction: Ongoing annual Net Zero Carbon Pathway analysis for the existing portfolio to benchmark its emissions and develop a strategy to reduce emissions in the individual properties to meet global climate targets.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How does the reference benchmark differ from a broad market index?

Not applicable to this fund.

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?

Not applicable to this fund.

How does this financial product perform compared with the reference benchmark?

Not applicable to this fund.

How did this financial product perform compared with the broad market index?

Not applicable to this fund.

Notice of Annual General Meeting

Notice is hereby given that the sixth annual general meeting (the "Annual General Meeting") of abrdn European Logistics Income plc (the "Company") will be held at the offices of FTI Consulting, 200 Aldersgate Street, Aldersgate, London EC1A 4HD on 24 June 2024 at 9:00 a.m. for the following purposes:

To consider and if thought fit, pass the following resolutions of which Resolutions 1 to 9 and Resolution 13 will be proposed as ordinary resolutions and Resolutions 10 to 12 as special resolutions:

Ordinary Business

1. To receive and adopt the Company's financial statements for the year ended 31 December 2023, together with the Directors' Report and the auditor's report thereon.
2. To receive and approve the Directors' Remuneration Report as set out in the Company's Annual Report and financial statements for the year ended 31 December 2023 (other than the Directors' Remuneration Policy as set out on page 91 of the Directors' Remuneration Report).
3. To authorise the Directors of the Company to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval.
4. To re-elect Ms C. Gulliver as a Director.
5. To re-elect Mr J. Heawood as a Director.
6. To re-elect Mr T. Roper as a Director.
7. To re-appoint KPMG LLP as the Company's auditor to hold office from the conclusion of this Annual General Meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
8. To authorise the Directors to determine the auditor's remuneration.

Special Business

9. THAT in substitution for all existing powers the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company:
   a. to allot shares in the Company up to an aggregate nominal amount of £1,360,175 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in sub-paragraph (b) below in excess of £1,360,175); and
   b. to grant rights ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £2,720,350 (such amount to be reduced by the nominal amount of any shares allotted pursuant to the authority in sub-paragraph (a) above) in connection with an offer made by means of a negotiable document to (i) all holders of ordinary shares of £0.01 each in the capital of the Company ("Ordinary Shares") in proportion (as nearly as may be practicable) to the respective numbers of such Ordinary Shares held by them and (ii) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions, limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);

   such authorisation to expire on 30 June 2025 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2025 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require shares to be allotted or Relevant Rights to be granted after the expiry of this authorisation and the Directors may allot shares or grant Relevant Rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

10. THAT subject to the passing of Resolution numbered 9 above and in substitution for all existing powers the Directors be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 (1), (2) and (3) of the Act) for cash either pursuant to the authorisation under section 551 of the Act as conferred by Resolution 9 above or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to:
    a. the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph (b) below) to any person up to an aggregate nominal amount of £412,174 which are, or are to be, wholly paid up in cash, at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10% of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and
    b. the allotment of equity securities in connection with an offer (but, in the case of the authority granted under Resolution 10 (b) above, by way of a rights issue only) to (i) all holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them and (ii) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions, limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and such power shall expire on 30 June 2025, or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2025 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this power make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares to be sold after the expiry of this power and the Directors may allot securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.
11. THAT, the Company be generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares and to cancel or hold in treasury such shares provided that:
    a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 14.99% of the Ordinary Shares in issue as at the date of the passing of this Resolution;
    b. the minimum price which may be paid for an Ordinary Share is £0.01;
    c. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
    d. the authority hereby conferred shall expire on 30 June 2025, or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2025 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and
    e. the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.
12. THAT a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.
13. THAT pursuant to Article 163.2 the Company continue its business as presently constituted.

By order of the Board
abrdn Holdings Limited
Secretaries

280 Bishopsgate
London EC2M 4AG

25 April 2024

Notes:

1. In accordance with section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website **eurologisticsincome.co.uk.**
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any form of proxy or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting (excluding non working days). The return of a completed form of proxy or other instrument of proxy will not prevent you attending the Annual General Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's register of members as at 6.30 p.m. on 20 June 2024 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that register of members after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at **www.euroclear.com**. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. It is possible for you to submit your proxy votes online by going to Equiniti's Shareview website, **www.shareview.co.uk**, and logging in to your Shareview Portfolio. Once you have logged in, simply click 'View' on the 'My Investments' page and then click on the link to vote and follow the on-screen instructions. If you have not yet registered for a Shareview Portfolio, go to **www.shareview.co.uk** and enter the requested information. It is important that you register for a Shareview Portfolio with enough time to complete the registration and authentication processes.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Institutional investors may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by no later than 9:30 a.m. on 20 June 2024 in order to be considered valid.

Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

12. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
13. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share. A Director, the company secretary, or some person authorised for the purpose by the company secretary, may require any representative to produce a certified copy of the resolution so authorising him or such other evidence of his authority reasonably satisfactory to such Director, company secretary or other person before permitting him to exercise his powers.
14. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
15. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
16. As at close of business on 25 April 2024 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 412,174,356 Ordinary Shares and there were no shares held in treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at close of business on 25 April 2024 is 412,174,356.
17. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
18. Under section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Annual General Meeting. Under section 338A of that Act, members may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may be properly included in the business.
19. Members should note that it is possible that, pursuant to requests made by the members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.
20. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
21. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Contact Addresses

Directors

Anthony Roper (Chairman)
Caroline Gulliver
John Heawood
Diane Wilde

Secretaries and Registered Office

abrdn Holdings Limited
280 Bishopsgate
London
EC2M 4AG

Alternative Investment Fund Manager

abrdn Fund Managers Limited
280 Bishopsgate
London
EC2M 4AG

Investment Manager

abrdn Investments Ireland Limited
2nd Floor
2-4 Merrion Row
Dublin 2

Stockbroker

Investec PLC
30 Gresham Street
London
EC2V 7QP

Solicitor

Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

Registrar

Equiniti Limited
Aspect House Spencer Road
Lancing
West Sussex BN99 6DA

Tel: UK and Overseas +44 (0) 371 384 2030
Lines open 8:30am to 5:30pm (UK time), Monday to Friday, (excluding public holidays in England and Wales)
shareview.co.uk

Depositary

Citibank UK Limited
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Independent Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Website

eurologisticsincome.co.uk

Foreign Account Tax Compliance Act ("FATCA")IRS Registration Number ("GIIN")

DF2TVL.99999.SL.826

Legal Entity Identifier (LEI)

213800I9IYIKKNRT3G50

Registered Number

Incorporated in England & Wales with number 11032222