



## **abrdn European Logistics Income plc**

(formerly Aberdeen Standard European Logistics Income PLC)

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

Annual Report 31 December 2021

**[eurologisticsincome.co.uk](https://eurologisticsincome.co.uk)**







# Contents

## Overview

Company Overview	04
Chairman's Statement	05

## Strategic Report

Overview of Strategy	11
Results	22
Performance	23
Our Unique Selling Points	24
2021 Accomplishments	26
Investment Manager's Review	28

## Portfolio

Property Portfolio	36
Group Structure	50
Environmental, Social and Governance (ESG) (Unaudited)	53
ESG Embedded in the Investment Philosophy (Unaudited)	54
Sustainability Performance (Unaudited)	60
Materiality (Unaudited)	61
Environmental Indicators (Unaudited)	62

## Governance

Your Board of Directors	67
Directors' Report	69
Directors' Remuneration Report	77
Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements	80
Report of the Audit Committee	81

## Financial Statements

Independent Auditor's Report to the Members of abrdn European Logistics Income plc	84
Consolidated Statement of Comprehensive Income	91
Consolidated Balance Sheet	92
Consolidated Statement of Changes in Equity	93
Consolidated Statement of Cash Flows	94
Notes to the Financial Statements	95
Parent Company Balance Sheet	119
Parent Company Statement of Changes in Equity	120
Parent Company Notes to the Financial Statements	121

## Corporate Information

Information about the Investment Manager	131
Investor Information	134
EPRA Financial Reporting (Unaudited)	137
Alternative Investment Fund Managers Directive Disclosures (Unaudited)	141
Glossary of Terms and Definitions and Alternative Performance Measures	142

## Notice

Notice of Annual General Meeting	147
Contact Addresses	152

## 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](http://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](mailto:European.Logistics@abrdn.com)

## Overview

# Company Overview

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

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



**A diverse portfolio of assets  
across five countries**



**A strong focus on ESG and  
green performance**



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



**Modest gearing  
parameters**



**Durable inflation-linked  
rental income**



**abrdn asset managers  
across Europe**

## Financial Highlights as at 31 December 2021

Net asset value total return<sup>1</sup>

2020: 13.6%

**12.4%**

Share price  
total return<sup>1</sup>

2020: 26.6%

**12.4%**

Ongoing Charges<sup>1</sup>

2020: 1.3%

**1.3%**

Number of  
assets

2020: 14

**23**

Average building size (sqm)

2020: 27,710

**23,403**

Net Asset Value (€'000)

2020: 293,596

**487,505**

Premium to  
Net Asset Value<sup>1</sup>

2020: 0.5%

**6.9%**

IFRS Earnings Per Share

2020: 14.8¢

**15.4¢**

Average lease length in years  
(excl breaks)

2020: 11.0

**8.0**

Rent collection

2020: 99.7%

**100%**

Net Asset Value per share (€)

2020: 1.20

**1.29**

Ordinary dividend  
per share

2020: 5.64¢

**5.64¢**

Portfolio valuation (€'000)<sup>2</sup>

2020: 425,248

**660,973**

Loan-To-Value  
(%)

2020: 31.4%

**25.1%**

<sup>1</sup> Alternative Performance Measure – see glossary on page 142.

<sup>2</sup> Excluding IFRS 16 lease liabilities.

## Overview

# Chairman's Statement

Dear Shareholder,

It is a pleasure to present to you the Company's fourth Annual Report in respect of the year ended 31 December 2021.

2021 was a stand-out year for the Company and for the wider European logistics real estate asset class. While the onset of the pandemic in early 2020 created significant uncertainty across all sectors, this ultimately led to an acceleration of the key structural drivers impacting the logistics sector. Having been a first mover into the sector in the UK listed arena with our first investments in early 2018, the Company continued to benefit from these sector tailwinds, delivering a double digit net asset value ("NAV") total return for the second year running. The Company's 2021 sector leading GRESB rating was a further endorsement of our strategy.

It has been a difficult few months watching events unfold in Ukraine and our thoughts are with all of those affected. At a portfolio level, we are monitoring for any potential impact on our tenants and their businesses. Whilst to date there is no indication that these businesses have been impacted in any way, we stand ready to try to help wherever there may be a need.

The segment of the market that we operate in has seen extraordinarily fast growth, with little to suggest this is not a permanent shift. The €274 million of acquisitions during the year helped to further diversify the portfolio, with the landmark last-mile Madrid portfolio acquisition in particular adding further quality and a roster of high-quality tenants, including Amazon. Following completion of the Phase IV development shortly, the Company's portfolio will be 53% weighted by value to the high-growth, urban logistics sector, the part of the market which is forecast to see the strongest capital and rental growth over the medium term.

It was very pleasing to see the support shown from our existing shareholders as well as the introduction of some new names on the register as we raised additional funds to deliver on our ambition to scale the Company.

Importantly, the 8-year portfolio WAULT and CPI indexation of the majority of our tenant leases provides for a durability of income and a strong degree of inflation protection. 70% of our annual income is subject to uncapped CPI indexation and the majority of the remainder subject to capped indexation. At the same time, rent remains a small element of our occupiers' overheads.

## Overview

As at 31 December 2021, the Company's property portfolio was independently valued at €661 million (£556 million), and consisted of 23 assets located across five European countries. The like-for-like portfolio valuation increase was predominantly driven by yield compression across the entire portfolio, reflecting the continued strength of the European logistics real estate market alongside the high-quality nature of the Company's portfolio. We are pleased to report that 100% of the rent due for the financial year has been collected.

In April 2021, the Company completed the purchase of a new warehouse in Łódź, Poland, for €28 million and this was followed in July by the acquisition of an urban logistics warehouse in Barcelona, Spain, for €18.7 million.

In December 2021, the Company announced the acquisition of a portfolio of newly constructed last-mile logistics warehouses with excellent sustainability credentials, located in Gavilanes in the first ring of Madrid, Spain, for a total acquisition price of €227 million. The best-in-class portfolio comprises seven newly constructed logistics warehouses, with a further warehouse and multi-story parking station in development let to Amazon for 25 years.



**Tony Roper**  
Chairman

The Madrid portfolio is let to five tenants and expected to generate €7.7 million of annual contracted rent, with Amazon Europe accounting for 43% of this. The portfolio occupies a strategic micro location, with almost six million people accessible within a 30-minute drive time, and is near Madrid-Barajas International Airport and the Abroñigal intermodal freight terminal, providing good connectivity with the rest of Europe.

Our Investment Manager has the competitive advantage of being able to draw on the relationships and market knowledge of local abrdn teams across Europe, enabling it to originate and then execute on attractive acquisitions, as well as leveraging this insight to improve the portfolio performance. 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. Further details on the composition of the portfolio are provided in the Investment Manager's Report.

## Results

As at 31 December 2021 the audited Net Asset Value ("NAV") per Share was €1.29 (GBp – 108.5p), an increase of 7.5% compared with the NAV per Share of €1.20 (GBp – 107.9p) at 31 December 2020. With the interim dividends declared, this reflected a NAV total return of 12.4% for the year in euro terms (+5.4% in sterling).

The closing Ordinary Share price at 31 December 2021 was 116.0p (31 December 2020 – 108.5p), representing a premium to NAV per Share of 6.9%. With dividends reinvested this represented a strong share price total return over the year of 12.4%.

## Dividends

First, second and third interim dividends in respect of the year ended 31 December 2021 of 1.41 euro cents (equivalent to 1.21p) per Ordinary Share were paid to Shareholders on 25 June 2021, 24 September 2021 and 30 December 2021 respectively.

On 18 February 2022 the Board declared a fourth interim dividend of 1.41 euro cents per Ordinary Share (equivalent to 1.21p) which was paid to Shareholders on 25 March 2022, making a total of 5.64 euro cents paid in respect of the financial year under review. The equivalent sterling rate paid was 4.84p per Share (2020 – 4.96p per Share).

It is the intention to continue to pay quarterly interim dividends in line with our policy. Shareholders may elect to receive dividend payments in Euros instead of Sterling. A currency election period is effective from the record date of each dividend for approximately 10 days to permit Shareholders to make their currency choices. Once a Shareholder has elected to receive dividends in Euros,

then all future dividends will be paid in Euros unless the Shareholder elects to switch back to Sterling payments. Dividends are declared in respect of the quarters ending on the following dates: 31 March, 30 June, 30 September and 31 December in each year. The dividend target and any dividend payment may be made up of both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts. Further details on this breakdown can be found on page 22.

## Share Issuance

In March 2021 the Company announced the oversubscribed issue of 18.45 million new Ordinary shares, raising gross proceeds of £19.4 million (equivalent to approximately €22.6 million). This was followed in October with the issuance of a further 114.7 million new Ordinary shares, raising gross proceeds of £125 million (equivalent to approximately €145.9 million). This issue was also oversubscribed with strong support from both existing and new investors and a scaling back exercise was undertaken due to the strong investor demand. Following the year end, on 4 February 2022 the Company issued a further 34,545,455 new Ordinary shares at a price of 110 pence per share in a placing and retail offer. This issue raised an additional £38 million (£45.6 million), enabling the Company to continue with its near-term acquisition strategy.

At the time of writing, the total number of shares in issue and therefore with voting rights in the Company is 412,174,356 shares.

## Financing

Fixed term debt from banks is secured on certain assets or groups of assets within the portfolio. These non-recourse loans range in maturities between 3.2 and 6.7 years with all-in interest rates ranging between 1.10% and 1.62% per annum.

In December the Company increased the asset level gearing on its Dutch portfolio by a further €17 million at an all-in interest rate of 1.34%.

In November the Company increased its uncommitted master facilities loan agreement (the "Facility") with Investec Bank plc from €40 million to €70 million. Under the 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. Within the Facility, Investec also makes available a £3.3 million committed revolving credit facility ("RCF") 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.

The year-end gearing level was 25.1% (2020 – 31.4%) with an average interest rate of 1.43% on the total fixed term debt arrangements of €161.6 million.

## **GRESB and Asset Management**

The Investment Manager continues to focus on asset management initiatives, leveraging its network of locally based asset managers to enhance the value of the portfolio's assets. This includes initiatives around building extensions and improvements to sites both internally and externally for the benefit of tenants and their workforces and to enhance the future value of the assets. The planned extension to our Waddinxveen asset is a recent good example of this.

I was pleased to report that in October, the Company was awarded Sector Leader status and placed first in the Listed European Industrial – Distribution Warehouse segment, in the 2021 GRESB survey (Global Real Estate Sustainability Benchmark), reflecting the continued work that the Investment Manager has undertaken in improving the sustainability credentials of the portfolio. The portfolio maintained its four Green Stars out of a maximum of five.

The Company's 2021 GRESB score of 84/100 represented an improvement on its 2020 GRESB survey score of 79/100. It also compared favourably against the 64/100 average peer score and 73/100 overall average 2021 GRESB score.

This improved performance rewards the progress made with regards to environmental, social and governance ("ESG") factors. These include solar panel project initiatives, tenant satisfaction surveys, light sustainability audits and 100% data collection across the portfolio linked to Envizi sustainable reporting software which is used to analyse energy consumption. The Investment Manager obtains volumetric usage data on energy use, waste disposal and water consumption for reporting and possible cost savings. In addition, all buildings have LED lighting and the Investment Manager continues with plans to further enhance ESG credentials going forward.

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

Sustainability is fundamental to our ability to create long-term value for all stakeholders and the Investment Manager has defined and continues to implement a strategy to support our sustainability targets for positive environmental and socio-economic impacts.

The ESG section gives further clarity on our processes including our initial thoughts on establishing a net zero carbon pathway.

## **Governance**

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

In accordance with good governance, the Directors offered to meet with a number of our substantial Shareholders during the year to hear their views on the Company and its performance. Directors are available to meet with investors to discuss the Company in more detail throughout the year and 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.

Following best practice, the whole Board is standing for re-election at the forthcoming AGM and further details on each Director may be found on pages 67 and 68.

## **Change of Company name**

In order to align the Company's name with the name of the Manager's business, which changed to abrdn plc, the Board resolved to change the Company's name to abrdn European Logistics Income plc. This took effect on 1 January 2022 with the Company's ticker, ASLI, remaining unchanged.

## **Annual General Meeting**

It is currently the Board's intention to hold the Company's Annual General Meeting in London on Monday, 6 June 2022 at 12:30pm at the offices of abrdn plc, Bow Bells House, 1 Bread Street, London EC4M 9HH.

The formal Notice of AGM may be found on page 147.

## **Market**

Logistics remains a preferred real estate sector for investors, most recently demonstrated by the competition for Blackstone's €21 billion Mileway portfolio, a transaction that on completion will be far and away the largest ever in the European real estate sector. We are witnessing unprecedented disruption caused by systemic changes to the way global economies function. With businesses of all shapes and sizes being forced to future proof their supply chains, and as e-commerce penetration across Europe, which lags the UK, accelerates, so occupier demand has continued to strengthen with vacancy rates reaching historic lows.

Leasing 'tension' remains robust, particularly for urban logistics, with land values under pressure from competing uses and with income growth prospects stronger than for big-boxes, where risk is higher at lease maturity with a more limited potential tenant base and where replacement costs are more in line with capital costs.

## Outlook

2021 was another successful year for the Company in terms of both acquisitions and NAV performance, as we continue to benefit from our early entry into what is a fast growing and dominant subsector. The €666 million portfolio is diversified by property, tenant and geography and following the completion of Phase IV in Madrid, it will comprise 13 urban logistics warehouses and 11 mid-box logistics warehouses, with 18 of the 24 assets constructed since 2018. Our tenant base is diversified across 50 tenants, consisting predominantly of third-party logistics providers, e-commerce related businesses and grocery-focused vendors. Our tenants' businesses are generally well positioned in areas which remain essential to the everyday operation of the modern economy.

A strong commitment to sustainability, demonstrated by the Company's sector-leading GRESB rating with four out of five stars awarded for 2021, together with the inflation linked nature of the portfolio's leases, provides a strong platform for further growth.

The Investment Manager's pipeline of logistics assets is regularly reviewed for quality of location and tenants, and the ability to ensure that they are future fit. We are expecting to shortly complete on an acquisition, located in the popular Venlo-Venray agrofood-dominated region in the Netherlands and we expect to also complete in the coming month or so on the purchases of a further three well-placed assets we have under exclusivity in France. One of the Board's priorities is to grow the Company, albeit in a disciplined manner, in order to enjoy the benefits that come with increased scale and liquidity providing our shareholders with income and capital growth. We retain a strong conviction in our investment strategy, which has allowed us to reward shareholders with an attractive and stable dividend, and continue to seek to grow and diversify the portfolio. During a period of rapid inflationary pressure, the Company's portfolio should provide continued growth with a level of inflation protection from CPI linked leases.

## Tony Roper

Chairman  
21 April 2022





# 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.

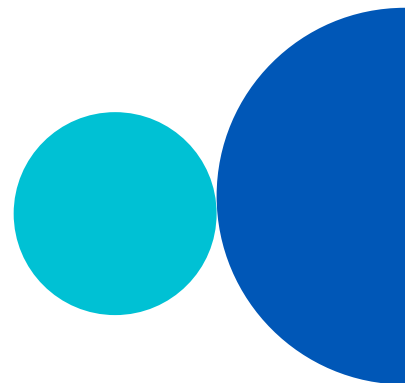
## 2017

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



# Strategic Report

## Overview of Strategy



### The Company

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

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

### Change of Company name

As indicated at the time of the half yearly results, in order to align the Company's name with the name of the Manager's business, which recently changed to abrdn plc, the Board resolved to change the Company's name to abrdn European Logistics Income plc. This took effect from 1 January 2022. The Company's ticker, ASLI, remains unchanged.

### Investment Objective

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

### Investment Policy

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

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

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

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

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

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

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

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

## Diversification of Risk

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

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

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

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

## Borrowing and Gearing

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

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

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

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

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

## Comparative Index

The Company does not have a benchmark.

## Duration

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



## Key Performance Indicators (KPIs)

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

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

<sup>1</sup> Alternative Performance Measure – see glossary on page 142.

## Manager

Under the terms of the Management Agreement, the Company has appointed Aberdeen Standard 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 Amsterdam Branch of Aberdeen Standard Investments Ireland Limited which acts as Investment Manager.

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

## Dividend Policy

Subject to compliance with all legal requirements the Company pays interim dividends on a quarterly basis. The Company declares dividends in Euros, but shareholders will receive dividend payments in

Sterling unless electing to receive payments in Euros through the Equiniti Shareview Portfolio website or via CRESTPay. If applicable, the date on which the Euro/ Sterling exchange rate is set will be announced at the time the dividend is declared. Distributions made by the Company may take the form of either dividend income or "qualifying interest income" which may be designated as interest distributions for UK tax purposes.

## Principal Risks and Uncertainties

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

changes in interest rates and 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 monitor the residual impact of the UK's departure from the EU ("Brexit"). The Board and Manager do not believe that there will be a significant impact on the Company but continues to monitor the longer term impact and associated trends.

The Board has kept the risks related to the subsiding COVID-19 pandemic under regular review throughout the year and subsequently. The impact on the

Company and its operations of the pandemic has been negligible through 2021 with rental income and services unaffected. The Board, through the Investment Manager, closely monitors all third party service arrangements and is pleased to report that it has not seen any reduction in the level of service provided to the Company.

The Board is very mindful of current events involving Russia and Ukraine which are causing significant market volatility across Europe and the World. Whilst difficult to predict the eventual outcome and naturally upsetting for all involved, there has been no discernible impact to date on our tenants located in Poland and across the wider region. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the current financial year.

Description	Mitigating Action
<b>Strategic Risk: Strategic Objectives and Performance</b> – The Company's strategic objectives and performance, both absolute and relative, become unattractive to investors leading to a widening of the discount, potential hostile shareholder actions and the Board fails to adapt the strategy and/or respond to investor demand.	<ul style="list-style-type: none"> <li>• The Company's strategy and objectives are regularly reviewed by the Board to ensure they remain appropriate and effective.</li> <li>• 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.</li> <li>• 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.</li> <li>• Board reports are prepared by the Investment Manager detailing performance, NAV return and share price analysis versus peers.</li> <li>• Cash flow projections are prepared by the Investment Manager and reviewed quarterly by the Board.</li> <li>• Shareholder/market reaction to Company announcements is monitored.</li> </ul>
<b>Investment and Asset Management Risk: Investment Strategy</b> – Poorly judged investment strategy, regional allocation, use of gearing, inability to deploy capital and the mis-timing of disposals and acquisitions, resulting in poor investment returns.	<ul style="list-style-type: none"> <li>• abrdn has real estate research teams which provide performance forecasts for different sectors and regions.</li> <li>• There is a team of experienced portfolio managers who have detailed knowledge of the markets in which they operate.</li> <li>• 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.</li> <li>• The Board is very experienced with Directors having a knowledge of property markets.</li> </ul>

Description	Mitigating Action
<p><b>Investment and Asset Management Risk: Developing and refurbishing property</b> – 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.</p>	<ul style="list-style-type: none"> <li>• abrdn has experienced investment managers with extensive development knowledge with in-depth research undertaken on each acquisition/development.</li> <li>• Development contracts are negotiated by experienced teams supported by approved lawyers.</li> <li>• Due diligence is undertaken on developers including credit checks and current pipelines.</li> <li>• Construction and risk insurance checked.</li> <li>• Post completion the developer is responsible for defects and monies are held in escrow for a period of time after handover.</li> </ul>
<p><b>Investment and Asset Management Risk: Health and Safety</b> – Failure to identify and mitigate major health &amp; safety issues or to react effectively to an event leading to injury, loss of life, litigation and any ensuing financial and reputational impact.</p>	<ul style="list-style-type: none"> <li>• For new properties health and safety is included as a key part of due diligence.</li> <li>• Asset managers visit buildings on a regular basis.</li> <li>• Property managers are appointed by abrdn to monitor health &amp; safety in each building and reports are made to the asset managers on a monthly basis.</li> <li>• Asset managers visit each building at least twice a year.</li> <li>• Tenants are responsible for day to day operations of the properties.</li> </ul>
<p><b>Investment and Asset Management Risk: Environment</b> – 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.</p>	<ul style="list-style-type: none"> <li>• The Investment Manager undertakes in depth research on each property acquisition with environmental surveys and considers its impact on the environment and local communities.</li> <li>• The Investment Manager has adopted a thorough environmental policy which is applied to all properties in the portfolio.</li> <li>• Experienced advisers on environmental, social and governance matters are consulted both internally (within the Investment Manager) and externally where required.</li> </ul>
<p><b>Financial Risks: Macroeconomic</b> – 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.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• There is a wide range of lease expiry dates within the portfolio in order to minimise re-letting risk.</li> <li>• The Company has no exposure to speculative development and forward funding is only undertaken where the development is predominantly pre-let.</li> <li>• Rigorous portfolio reviews are undertaken by the Investment Manager and presented to the Board on a regular basis.</li> <li>• Annual asset management plans are developed for each property and individual investment decisions are subject to robust risk versus return evaluation and approval.</li> </ul>



Description	Mitigating Action
<b>Financial Risks: Gearing</b> – 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.	<ul style="list-style-type: none"> <li>• Regular covenant reporting to banks is undertaken as required.</li> <li>• The gearing target is set at an indicative 35% asset level limit and an absolute Company limit of 50%.</li> <li>• 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.</li> <li>• The portfolio has attracted very competitive terms and interest rates from lenders for the Company's loan facilities.</li> <li>• The Investment Manager has relationships with multiple funders and wide access to different sources of funding on both a fixed and variable basis.</li> <li>• Financial modelling is undertaken and stress tested annually as part of the Company's viability assessment and whenever new debt facilities are being considered.</li> <li>• 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.</li> </ul>
<b>Financial Risks: Liquidity Risk and FX Risk</b> – 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.	<ul style="list-style-type: none"> <li>• The diversified portfolio is geared towards a favoured sector.</li> <li>• A cash buffer is maintained and an overdraft facility is currently in place.</li> <li>• Investment is focused on mid-sized properties which is considered the more liquid part of the sector.</li> <li>• 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.</li> </ul>
<b>Financial Risks: Credit Risk</b> – Credit Risk – the risk that the counterparty will be unable or unwilling to meet a commitment entered into by the Group: failure of a tenant to pay rent or failure of a deposit taker, future lender or a current exchange rate swap counterparty.	<ul style="list-style-type: none"> <li>• The property portfolio has a balanced mix of investment grade tenants and reflects diversity across business sectors.</li> <li>• Rigorous due diligence is performed on all prospective tenants and their financial performance continues to be monitored during their lease.</li> <li>• Rent collection from tenants is closely monitored so that early warning signs might be detected.</li> <li>• Deposits are spread across various abrdn approved banks and AAA rated liquidity funds.</li> </ul>
<b>Financial Risks: Insufficient Income Generation</b> – Insufficient income generation due to macro-economic factors including the current COVID-19 pandemic, and/or due to inadequate asset management resulting in long voids or rent arrears or insufficient return on cash; dividend cover falls to a level whereby the dividend needs to be cut and/or the Company becomes unattractive to investors. Level of ongoing charges becomes excessive.	<ul style="list-style-type: none"> <li>• 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 &amp; Bradstreet Failure Scoring method and tenant covenants are thoroughly considered before a lease is granted.</li> <li>• 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.</li> <li>• 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.</li> </ul>

Description	Mitigating Action
<p><b>Regulatory Risks: Compliance</b> – 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.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Directors have access to updates on relevant regulatory changes through the Company's professional advisers.</li> <li>• The highest corporate governance standards are required from all key service providers and their performance is reviewed annually by the Management Engagement Committee.</li> </ul>
<p><b>Operational Risks: Service Providers</b> – 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 and the Company's Registrar.</p>	<ul style="list-style-type: none"> <li>• abrdn has an experienced Investment Manager and Property Administration Team.</li> <li>• The Company has engaged an experienced registrar: Equiniti is a reputable worldwide organisation.</li> <li>• All service providers have a strong control culture that is regularly monitored.</li> <li>• abrdn aims to meet all service providers once a year and the Management Engagement Committee reviews all major service providers annually.</li> <li>• The Company has the ability to terminate contracts.</li> </ul>
<p><b>Operational Risks: Business continuity</b> – 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.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• abrdn has a dedicated Chief Information Security Officer who leads the Chief Information Security Office covering the following functions: Security Operations &amp; Delivery, Security Strategy, Architecture &amp; Engineering, Data Governance &amp; Privacy, Business Resilience, Governance &amp; Risk, Security &amp; IT.</li> <li>• Properties within the portfolio are all insured.</li> <li>• The IT environment of service providers is reviewed as part of the initial appointment and on an ongoing basis.</li> </ul>

## 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 2021, there were two male Directors and two female Directors on the Board.

## Socially Responsible Investment Policy

Further details on the socially responsible investment policies adopted by the AIFM are disclosed from page 50.

## Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated day to day management and administrative functions to Aberdeen Standard 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"). In addition the Company's turnover is below the threshold of £36 million. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

A copy of the Manager's statement in compliance with the Modern Slavery Act is available for download at [abrdn.com](https://www.abrdn.com)

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 53.

## Viability Statement

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



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

- The principal risks detailed in the Strategic Report;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's shares evidenced by the historical level of premium or discount;
- The level of income generated by the Company;
- The level of gearing including the requirement to negotiate new facilities and repay or refinance future facilities; and
- The flexibility of the Company's bank facilities and putting these facilities in place in time to meet commitments.

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

The Company has prepared cash flow forecasts which reflect the potential impact of further reductions in rental income due to a possible worsening COVID-19 situation, 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 2023 and the worst case model equates to an overall 20% reduction of rental income per annum over that period.

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. 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.

The Board recognises that this assessment makes the assumption that the resolution to continue the Company, which will be put to shareholders at the sixth AGM of the Company, which will be held in 2024, is passed and subsequent triennial continuation resolutions are also passed.

## 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.

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

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 and auditor.

The Investment Manager's Report on pages 27 to 34 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to invest the Company's assets in accordance with the mandate provided by shareholders at launch, under the oversight of the Board. In line with the increased equity base, further gearing was introduced into the portfolio with the aim of maintaining gearing at asset level at or around 35% over the longer term. abrdn's dedicated treasury team has been successful in negotiating the debt facilities at competitive market rates, resulting in the Company's blended all-in interest rate across all its debt being 1.43% which is to the benefit of all shareholders. In October 2020 the Board announced that the Company had entered into an uncommitted four year €40 million master facilities loan agreement with Investec Bank plc which was increased in 2021 to €70 million to provide additional flexibility. This facility increases the Company's ability to acquire new assets prior to any fresh equity raise and will reduce the impact of cash drag on investment returns.

Details of how the Board and Investment Manager have sought to address environmental, social and governance matters across the portfolio are disclosed on pages 50 to 63.

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

## Future

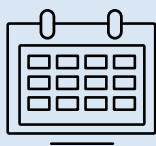
Many of the non-performance related matters likely to affect the Company in the future are common across all closed ended investment companies, such as the COVID-19 pandemic and its impact, the attractiveness of investment companies as investment vehicles, geopolitical tensions and the impact of regulatory changes. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in my Chairman's Statement on page 8 whilst the Investment Manager's views on the outlook for the portfolio are included on page 34.

**Tony Roper**

Chairman

21 April 2022

# The ways we engage with our shareholders include:



## Annual General Meeting (AGM)

The AGM normally provides an opportunity for directors to engage with shareholders, answer their questions and meet them informally. The 2022 AGM is currently scheduled to take place on 6 June 2022 in London. The Board is looking forward to meeting as many shareholders as possible at the AGM which is currently expected to be an in-person meeting.



## 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.



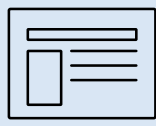
## Company Announcements

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.



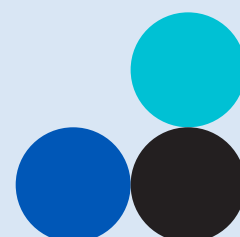
## Results Announcements

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](https://eurologisticsincome.co.uk).





# Strategic Report

## Results

### Financial Highlights

	31 December 2021	31 December 2020
Total assets (€'000)	728,386	484,104
Total equity shareholders' funds (net assets) (€'000)	487,505	293,596
Net asset value per share (euros)	1.29	1.20
Net asset value per share (pence)	108.48	107.95
Share price (mid market) (pence)	117.00	108.50
Market capitalisation (£'000)	438,050	265,283
Share price premium to sterling net asset value <sup>1</sup>	7.8%	0.5%
<b>Dividends and earnings</b>		
Net asset value total return per share (€) <sup>1</sup>	12.4%	13.6%
Dividends paid per share	5.64c (4.84p)	5.64c (4.96p)
Revenue reserves (€'000)	12,895	11,720
Gain/(Loss) (€'000)	44,443	35,389
<b>Operating costs</b>		
Ongoing charges ratio (Group only expenses) <sup>1</sup>	1.3%	1.3%
Ongoing charges ratio (Group and property expenses) <sup>1</sup>	1.8%	1.6%

### Performance (total return)

	Year ended 31 December 2021	Since Launch % return
Share price <sup>1</sup>	12.4%	37.6%
Net Asset Value (EUR) <sup>1</sup>	12.4%	34.3%

<sup>1</sup> Considered to be an Alternative Performance Measure (see Glossary on page 143 for more information).

### Dividends declared in respect of the Financial Year to 31 December 2021 (cents)

	Dividend Distribution GBP pence	Dividend Distribution EURO cents Equivalent <sup>2</sup>	Qualifying Interest GBP pence	Qualifying Interest EURO cents Equivalent <sup>2</sup>	xd Date	Record Date	Pay Date
First Interim	0.80	n/a	0.41	n/a	03/06/2021	04/06/2021	25/06/2021
Second Interim	0.95	n/a	0.26	n/a	02/09/2021	03/09/2021	24/09/2021
Third Interim	0.97	1.13	0.24	0.28	02/12/2021	03/12/2021	30/12/2021
Fourth Interim	1.01	1.18	0.20	0.23	03/03/2022	04/03/2022	25/03/2022
<b>Total</b>	<b>3.73</b>		<b>1.11</b>				

<sup>2</sup> The interim distributions are paid in GBP to shareholders on the register. However, with effect from the payment of the 3rd interim distribution, shareholders are able to make an election to receive distributions in euros.

# Strategic Report

## Performance

### Share Price Premium to Net Asset Value

Launch to 31 December 2021<sup>1</sup>

Premium/(Discount)



Source: abrdn, Factset.

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

### Share Price Total Return

Launch to 31 December 2021 (rebased to 100 at launch)



Source: abrdn, Factset.

# Our Unique Selling Points

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

Our main USPs are listed below:

1

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

The property business is a local business. You have to speak the local language and have a network with brokers, developers, investors and owner-occupiers to find the best opportunities at the right price. abrtn is one of the largest real estate investors in Europe with over £50 billion of real estate under management. abrtn has local boots on the ground with 290 real estate professionals with expertise in fund management, research, transactions, asset management, financing and other specialist property activities.

2

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

Durability of income stream is key for an income driven strategy. The Investment Manager looks beyond the length of the initial lease contract to see if a warehouse has a second life after the lease matures. The mid-box section of the market, with building sizes reaching up to a maximum of 50,000 square metres, is where most of the leasing activity takes place providing us with options in the future. This means we operate in a more liquid area of the sector than the ultra 'big-box' part of the market where leasing options are more limited. Equally from a disinvestment perspective there will be limited numbers of potential investors who can take on these larger investment volumes. Our portfolio is now 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.

3

### An increasingly 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 23 buildings in the portfolio, of which 17 were new builds, in five European countries with 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 8.0 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 high 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 a sector leading GRESB rating**

abrdn, as a management house, has the ambition to become carbon neutral by 2050. As an investment company, the Company has a clear focus on improving the green performance of our buildings with the asset and property managers working closely with our tenants. One of the key focuses is the implementation of solar panels on the roofs of our buildings which are now on nine of our warehouses. The Company, through abrdn, is in the process of taking the first steps in describing a path to zero carbon emission.

The progress being made is clearly reflected in the 2021 GRESB survey with a maintained score of 4 out of a maximum 5 green stars and the award of Regional Sector Leader status making the Company the strongest performer in the peer-group with six listed strategies focusing on pan-European (including UK) logistics.

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 25% (as at 31 December 2021). The maximum LTV is 50% at the time of drawdown but the level of LTV may fluctuate through the use of shorter term loan facilities and in advance of cash raises allowing the Company to commit to further opportunities as they arise. All-in costs of the current loan portfolio are 1.4%.

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.



# 2021 Accomplishments

In 2021 the logistics market once again showed its strength and resilience. Logistics has been growing in importance and scale thanks to changes in consumption behaviour and much needed supply chain reconfiguration. The success of the sector is also reflected in the Company's 2021 rent collection statistics, sitting at 100%. The strength of the sector and strong yield compression led to double-digit net asset value returns and strong outperformance of our targets. 2021 was also a transformational year with accelerated growth in terms of the number of assets we manage. Two successful oversubscribed capital raises generated an additional £144.4 million (£168.2 million) allowing the Investment Manager to purchase ten further warehouses for a total purchase price of €274.1 million and thus adding further diversification to our property portfolio. With the growing urban profile of the strategy and the highest ESG rating in the peer group in the annual GRESB survey, the portfolio looks future-fit and well positioned for further growth. Having local teams on the ground is crucial in managing an international logistics portfolio and a key factor in abrdn's real estate offering. With these teams based around Europe, the Investment Manager is able to find good assets with competitive pricing and liaise far more easily with tenants helping to protect value by keeping them in good condition and to add value through active management.



## ACQUISITIONS

**April 2021:** the Company finalised the acquisition of a new logistics warehouse in Lodz, Poland, for a net purchase price of €28.1 million.

**July 2021:** the Company finalised the acquisition of an urban logistics warehouse in Barcelona, Spain, for a net purchase price of €18.7 million.

**December 2021:** the Company finalised the acquisition of a portfolio of seven existing logistics warehouses with one ongoing development in Madrid, Spain (Gavilanes), for a net purchase price of €227.3 million.



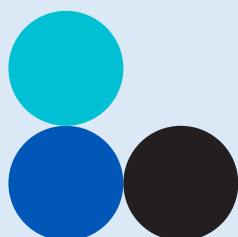
## FUNDING

**March 2021:** the Company issued 18.45 million new Ordinary shares, raising gross proceeds of £19.4 million (£22.3 million) at the issue price of 105.0 pence per share.

**September 2021:** the Company issued 114.7 million new Ordinary shares, raising gross proceeds of £125 million (£145.9 million) at the issue price of 109.0 pence per share.

**November 2021:** the Company signed a revised revolving credit facility agreement with Investec Bank, increasing the facility's capacity to €70 million, providing further flexibility in the acquisition of new properties.

**December 2021:** the Company increased by €17 million the fixed term debt on the existing Dutch portfolio at an all-in interest rate of 1.34% and with a remaining loan duration of 4.6 years.





## ESG

**February 2021:** the Investment Manager completed a tenant satisfaction survey undertaken by Keepfactor. The results of these surveys informs discussions with tenants and provides a better understanding of areas where improvements can be made.

**June and September 2021:** the Company completed the installation of rooftop solar panels on the Ede and Den Hoorn assets in the Netherlands generating annual income of €96,000 per annum, helping to reduce the carbon footprint of the building and providing clean, renewable on-site energy for the tenants.

**October 2021:** achieved BREEAM-in-Use certification for the warehouses in Den Hoorn, Ede and Waddinxveen in the Netherlands.

**November 2021:** the Company was awarded Sector Leader status in the annual GRESB survey with 84/100 points and a maintained 4 out of 5 Green Stars making the Company the strongest performer in the peer group of six listed strategies focusing on European logistics.

**December 2021:** the Investment Manager finalised its first analysis of the portfolio's carbon footprint with its appointed consultant Verco Advisory Services Limited as part of an ambition to create a detailed Net Zero Carbon strategy.



## ASSET MANAGEMENT

**Full year 2021:** the Company collected 100% of total rent for the full calendar year 2021.

**April 2021:** a lease extension was signed, expiring in December 2031, with Maintrans in Flörsheim for 5,337 square metres with an annual starting rent of €315,000.

**June 2021:** saw the completion of the solar panel project in Ede, the Netherlands, reducing the carbon footprint of the buildings and generating an annual rent of €15,000.

**September 2021:** witnessed the completion of the solar panel project in Den Hoorn, the Netherlands, reducing the carbon footprint of the building and generating an annual rent of €81,000.

**November 2021:** the Company signed a Letter Of Intent with tenant Combilo for the extension of the warehouse in Waddinxveen, the Netherlands, which requires a total investment of €4.9 million and will generate a 5% yield.



## POST PERIOD END HIGHLIGHTS

**January 2022:** to align with the Manager's parent company rebranding, the Company's name was changed to abrdn European Logistics Income plc.

**February 2022:** the Company issued an additional 34,545,455 new Ordinary shares, raising gross proceeds of £38 million (£45.6 million) at the issue price of 110.0 pence per share.

# Investment Manager's Review

### 2021 European Logistics – another strong year

Notwithstanding the unprecedented global impact of the pandemic, it is encouraging to witness economies across Europe recovering thanks to the positive impact of the mass vaccination roll-outs. While supply chains were disrupted at the start of the pandemic logistics has proven to be a very resilient asset class. Indeed, parts of the sector were beneficiaries of European lockdowns as changes in consumer behaviour accelerated, with more and more people buying online. E-commerce is the key driver behind the strong demand for logistics space, and this is further supported by the building up of inventory levels and the near-shoring, or re-siting, of manufacturing facilities away from Asia and back to Europe. Making long distance supply chains more resilient to external shocks is key within industry, as the pandemic and the recent blocking of the Suez Channel have taught us. For many years, the amount of new logistics space being developed has not been sufficient to keep up with demand resulting in a supply/demand imbalance and an average vacancy rate sitting at a historically low level of under 4%. The lack of modern warehouse stock and rising construction costs is underpinning rental growth, explaining why investors focusing on yield and growing income streams are trying to build their exposure to the sector.

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

### Portfolio with urban profile well positioned for future growth

In the four years since inception, the Company's strategy has been clear and focused on the most 'liquid' or in-demand part of the market where growth expectations are highest. Urban logistics and mid-sized ('mid-box') warehouses are the areas of the market where supply/demand dynamics are the strongest and the potential tenant base the largest. A typical mid-box warehouse sits between 20,000 – 50,000 square metres in size and for urban logistics, often called the 'final touch in the supply chain', building sizes are generally smaller and located in close proximity to dense population centres. With our focus on long-term, sustainable income, the future-proofing or 'second life' of our warehouses is an important consideration when acquiring new assets. Building specifications the Investment Manager considers important, amongst others, are the eaves' height, floor-load capacity, number of loading doors, manoeuvrability around the building 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 big-box warehouse segment, often with building sizes over 100,000 square metres, is not a focus of our investment strategy, as the number of tenants that can occupy that size of space is limited thus reducing liquidity.

The Company's focus is Continental Europe, where 75% of the investable European logistics market can be found, providing a deep pool of potential acquisition targets and strong diversification options, limiting single market risk. A standard lease agreement on the Continent often includes full annual CPI indexation of rents, thereby providing a strong hedge against inflation. Despite recent upward pressure, our investment strategy continues to benefit from lower financing costs achievable



**Evert Castelein**  
Fund Manager

from European banks. Finally, e-commerce penetration is still at an early stage on the Continent with strong forecast growth, creating an attractive investment backdrop.

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

Approximately 53% of the Company's portfolio by value comprises urban logistics warehouses with locations such as Barcelona, Madrid, Frankfurt Rhine-Main, Warsaw and Den Hoorn located in the Netherlands between the cities of The Hague and Rotterdam. In 2021, nine of the ten assets acquired were urban logistics warehouses, all located in first ring city locations. In December 2021, the Company closed a milestone transaction in Gavilanes, Madrid, acquiring a portfolio of seven income-producing urban warehouses ("Phases I-III") with a further warehouse/parking station under development, with a completion date anticipated in Q2 2022 ("Phase IV"). The total investment cost was €227.3 million with a net initial yield of 3.4%. The largest tenant within this portfolio is Amazon, accounting for approximately 43% of total rental income with other tenants including the global supermarket retailer Carrefour, operating their first grocery e-commerce platform in Spain, electric vehicle manufacturer Arrival, electronics distributor MCR which boasts Amazon as its main client and Talentum, a marketing and distribution company with 130 employees across Spain and Asia. After London and Paris, Madrid is the third largest city in Europe and continues to grow with development land scarce. This portfolio is located in Galilanes, a key last-mile logistics hub located in the first ring of Madrid, only 17 kilometres south of Madrid city centre and with a population of approximately 6 million people accessible within a 30 minute drive.

We are extremely excited to see the completion of Phase IV of the Madrid portfolio, expected in Q2 2022. This asset comprises a state-of-the-art parcel delivery hub, optimised for last-mile delivery, let to Amazon on a 25 year lease (15 years to first break). The asset includes a multi-level van parking station, offering over 500 parking spaces and electric charging for last-mile delivery vans, significantly increasing the operational efficiency of the asset. As is typical of last-mile distribution units, the property has been configured for the high volume turnover of inventory with the asset's low site cover, multi-deck parking and large canopy with numerous

van loading areas maximising the number of parcels which can be loaded and distributed. We believe this asset represents the next-generation of urban logistics warehousing and we look forward to seeing it become operational and income producing later this quarter.

In July 2021, we acquired an urban logistics warehouse located in the first ring of Barcelona for a net price of €18.7 million, yielding 3.7%. The asset is let to Mediapost and is highly reversionary, with a net reversionary yield on acquisition of 4.7%. Barcelona is supply constrained by nature due to the presence of the sea and the surrounding mountains making it very hard to replicate this building which is surrounded by residential units. This undersupply situation is clearly reflected in the low vacancy rates of 2.4% providing further confidence that this asset has strong upside potential.

An earlier transaction that the Company concluded in April 2021 was the purchase of a brand new, multi-tenanted warehouse in Lodz, Poland, for a net purchase price of €28.1 million and a net initial yield of 5.6%. Lodz is the third largest city in Poland and centrally located making it an ideal location for national distribution. The warehouse is located on the Bosch-Siemens Campus and alongside a key intermodal rail terminal for the Silk Road railway connection between Asia and Europe. Low labour costs have created a dominant manufacturing industry in Poland and Lodz, creating an attractive environment for tenants in this warehouse who work partly as subcontractors for these industries.

At the time of writing this report, the Company is in exclusive talks with regard to the purchase of a warehouse in the Netherlands. The building is located close to the German border in one of the main logistics hubs in the Netherlands. The Manager believes there is good potential for this asset as there is ample land available and the current site coverage of the building is only 16% of the plot against a market standard of around 50%. Having the flexibility to extend and possibly double the size of a building in the future is very attractive and can add value to the portfolio.

The Manager is also in exclusivity over a portfolio of three assets in France which have comparable low site coverage characteristics. It is expected that the purchase of these warehouses located across three different areas in France will complete in the coming weeks.

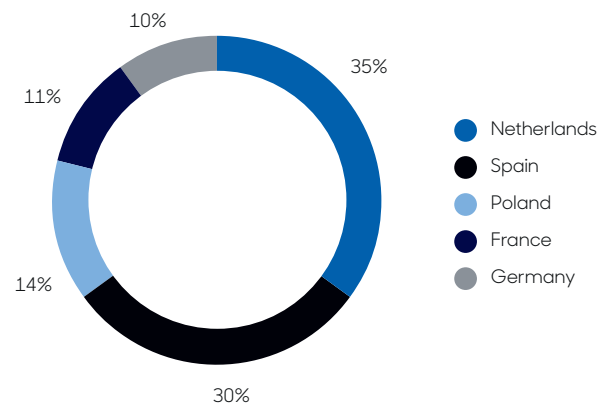
As at the Company's year-end, 17 out of the 23 warehouses held in the portfolio were newly developed at the point of purchase and have been constructed since 2018. This means specifications are very modern and in line with tenant requirements. The portfolio is well diversified with 23 buildings spread across five different countries. As at 31 December 2021,



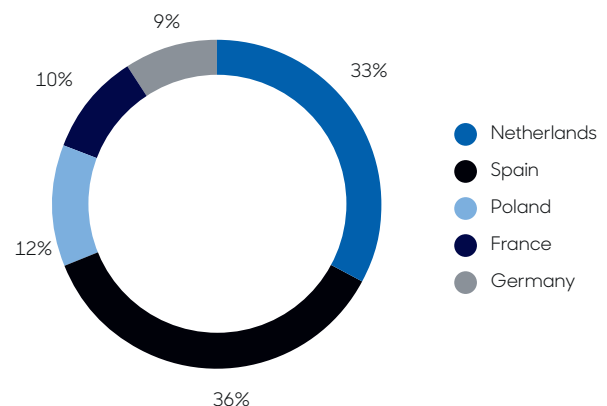


the Netherlands represented the largest geographic exposure in the portfolio by value (35%), followed by Spain (30%), Poland (14%), France (11%) and Germany (10%). Taking account of the development of the fourth phase of the recent Madrid deal, these estimated allocation percentages change to the following: Spain (36%), followed by the Netherlands (33%), Poland (12%), France (10%) and Germany (9%).

### Country allocation Q4 2021 (by % of portfolio value)



### Country allocation including 2022 Madrid acquisition (by % of portfolio value)



## Property Portfolio as at 31 December 2021

Country	Location	Built	WAULT <sup>1</sup>	WAULT <sup>2</sup>	Q4 2021 % of Portfolio Value	Estimated % of Portfolio Value on completion of outstanding acquisition
France	Avignon	2018	5.6	9.7	8.0	7.1
France	Meung sur Loire	2004	0.3	0.3	3.2	2.9
Germany	Erlensee	2018	5.9	8.2	6.5	5.8
Germany	Flörsheim	2015	3.1	6.8	4.0	3.6
Netherlands	Den Hoorn	2020	8.4	8.4	9.0	8.1
Netherlands	Ede	1999/2005	6.0	6.0	5.1	4.5
Netherlands	Oss	2019	12.5	12.5	2.8	2.5
Netherlands	's Heerenberg	2009/2011	10.0	10.0	5.1	4.5
Netherlands	Waddinxveen	1983/1994/ 2002/2018	11.9	11.9	7.4	6.6
Netherlands	Zeewolde	2019	12.5	12.5	5.8	5.2
Poland	Krakow	2018	3.0	3.0	4.4	3.9
Poland	Lodz	2020	6.1	6.1	4.6	4.1
Poland	Warsaw	2019	5.9	5.9	4.6	4.1
Spain	Barcelona	2019	4.5	7.5	2.9	2.6
Spain	Madrid (Coslada)	1999	5.0	8.0	1.9	1.6
Spain	Leon	2019	7.2	7.2	2.7	2.4
Spain	Madrid – Gavilanes 1.1	2019	8.1	8.1	5.6	5.0
Spain	Madrid – Gavilanes 1.2	2019	1.6	8.6	3.1	2.8
Spain	Madrid – Gavilanes 2.1	2020	4.6	14.6	2.4	2.2
Spain	Madrid – Gavilanes 2.2	2020	2.5	4.5	2.0	1.8
Spain	Madrid – Gavilanes 2.3	2020	-	-	1.9	1.6
Spain	Madrid – Gavilanes 3	2019	5.4	9.4	7.0	6.3
<b>TOTAL – as at 31 December 2021</b>			<b>6.6</b>	<b>8.0</b>	<b>100.0</b>	<b>89.2</b>
Spain	Madrid – Gavilanes 4	2021	15.0	25.0		10.8
<b>TOTAL incl. Madrid Phase IV</b>						<b>100.0</b>

<sup>1</sup> Weighted average unexpired lease term including break options.

<sup>2</sup> Weighted average unexpired lease term excluding break options.

## A strong tenant base with inflation linked income

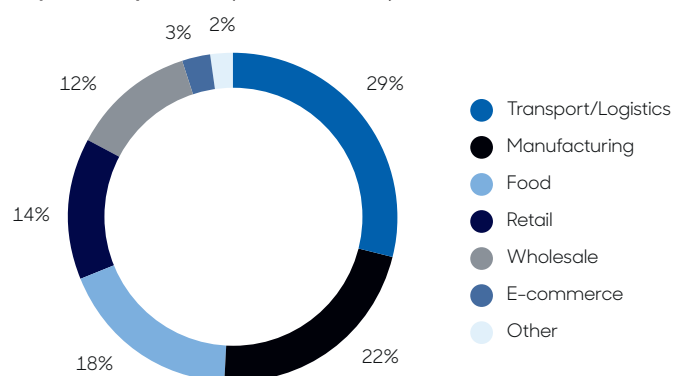
Long-term sustainable income streams to pay quarterly dividends is one of the Manager's key objectives and for the full year 2021 the Company collected 100% of total rents due. With 50 tenants in the portfolio, there is a diversified tenant base across different sectors. The covenant strength of our tenants is monitored on a regular basis using a variety of data sources including Dun & Bradstreet. In terms of exposure by sector, third party logistics providers ("3PLs") represent the largest segment with 29% of total portfolio rent. 3PLs are thriving, particularly those specialised in parcel deliveries with DHL occupying our assets in Madrid and Warsaw as a good example, representing 4.6% of total rent. Manufacturers (20%) and companies related to the food industry (19%) complete the top three.

Food related companies often have a long history and are of a scale that makes them stable income producers with supermarkets like Biocoop or Carrefour and traders in food such as Combilo all holding up well during the pandemic. The retail exposure (14% of total rent), is largely related to Netherlands based drugstore Kruidvat (part of the A.S Watson group) and its e-commerce platform and Decathlon, the global discount sports retailer, whose products have been in high demand since the pandemic. The direct exposure to e-commerce (3% of total rent) will increase significantly in 2022 once Phase IV in Madrid, let to Amazon, is completed. This will be the largest asset in the portfolio by value. Wholesale currently represents 12% of total rent and is expected to reduce in 2022 when the administrator responsible for Office Depot, the tenant in Meung-sur-Loire, is due to vacate the warehouse. Pre-COVID, Office Depot's plan was to consolidate its French business within this building in combination with a large extension as the low site coverage provides for this option, which furthers its appeal to a new tenant. Our local French asset management team, alongside local agents are conducting site inspections with prospective tenants, with positive initial feedback. All the outstanding rent for 2021 has been paid for this asset.

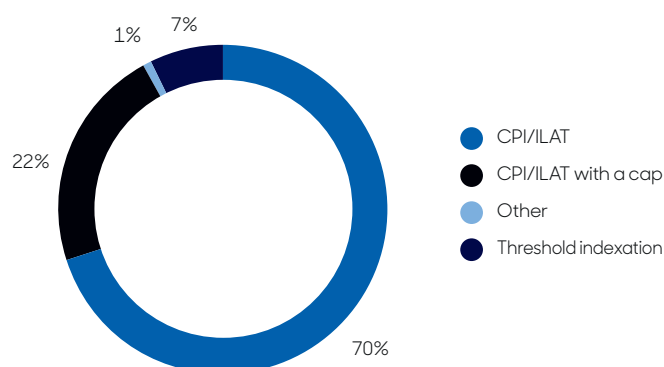
A standard lease agreement on the Continent typically has annual CPI indexation of rents which is not the standard in the UK. Having this annual inflation protection is more important than ever with rising energy prices and supply chain issues driving inflation up to 5% in 2021 in the Eurozone. 70% of the portfolio's current income has full CPI or ILAT<sup>3</sup> indexation, 22% has a cap at a level between 2-3%, 7% is German threshold indexation and 1% other. This 2021 inflation as it flows through will help to grow our 2022 income on our existing leases which have an average length of 6.6 years including break options and 8.0 years excluding breaks.

Strong rent collection and a low cost loan portfolio with good covenant headroom underpins the Company's stated distribution policy. The loan portfolio is still young with asset level loan facilities effected immediately after full deployment of capital from Q1 2019 onwards. Stress testing on the existing financial covenants such as Interest Cover Ratios and Loan-To-Value (LTV) indicates a good level of headroom, even more so now that property values have increased strongly and all expected rents paid. In order to diversify risk, the loan facilities have also been cross-collateralised with groups of single-tenanted buildings or have diversified risk thanks to multi-tenanted leasing structures.

Exposure by sector (% of total rent) as at 31 December 2021

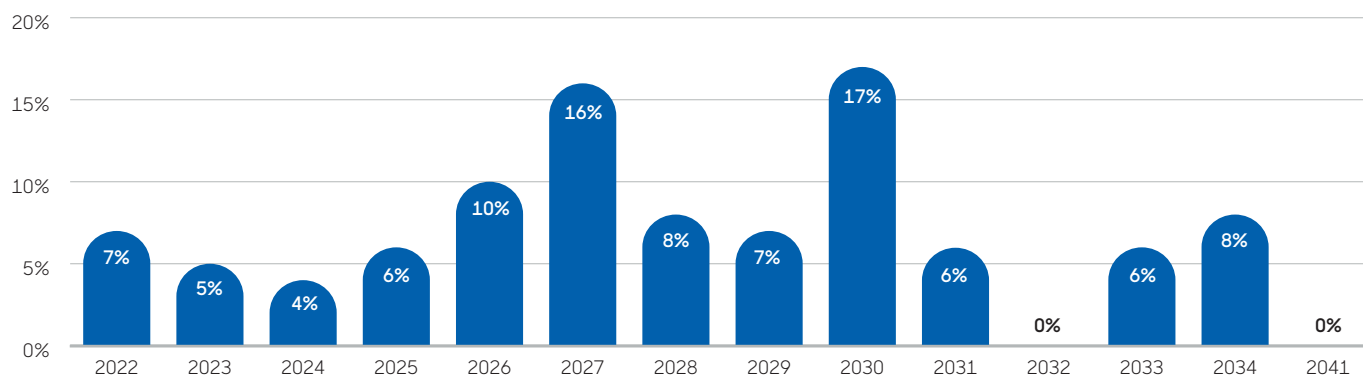


Indexation of rental income (% of total rent) as at 31 December 2021



<sup>3</sup> French indexation which is a blend between CPI, GDP and construction cost index.

## Lease expiry profile (% of total rent)



## Top 10 tenants based on current rents

	Tenant	Property	Contracted rent (€000 p.a.)	Contracted rent (%)	WAULT incl. breaks (years)	WAULT excl. breaks (years)
1	van der Helm	Den Hoorn	2,922	10%	8.4	8.4
2	Biocoop	Avignon (Noves)	2,331	8%	5.6	8.6
3	Combilo	Waddinxveen	1,879	6%	11.9	11.9
4	VSH	Zeewolde	1,585	5%	12.5	12.5
5	Kruidvat	Ede	1,518	5%	6.6	6.6
6	JCL	's Heerenberg	1,485	5%	10.0	10.0
7	Office Depot	Meung sur Loire	1,472	5%	0.3	0.3
8	DHL	Madrid, Warsaw	1,352	5%	6.6	7.7
9	Talentum	Madrid	1,322	4%	8.1	8.1
10	Decathlon	Leon	1,061	4%	7.2	7.2
	<b>Subtotal</b>		<b>16,927</b>	<b>57%</b>	<b>7.8</b>	<b>8.3</b>
	Other tenants		12,518	43%	6.1	7.5
	<b>Portfolio as at 31 December 2021</b>		<b>29,445</b>	<b>100%</b>	<b>6.6</b>	<b>8.0</b>





## Loan portfolio

Country	Property	Bank	Existing loan (€million)	End date Loan	Duration in Years	Interest (incl margin)
Germany	Erlensee	DZ Hyp	17.8	January 2029	10	1.62%
Germany	Florsheim	DZ Hyp	12.4	January 2026	7	1.54%
France	Avignon + Meung sur Loire	BayerbLB	33.0	February 2026	7	1.57%
Netherlands	Ede + Oss + Waddinxveen	Berlin Hyp	44.2	June 2025	6	1.37%
Netherlands	's Heerenberg	Berlin Hyp	11.0	June 2025	6	1.13%
Netherlands	Den Hoorn + Zeewolde	Berlin Hyp	43.2	January 2028	8	1.40%
<b>Total</b>			<b>161.6</b>		<b>7.26</b>	<b>1.43%</b>

### 2021 Performance – double digit returns for second year running

For the second year in a row, we are very pleased to have delivered a double digit NAV total return for shareholders. The NAV total return for 2021 was 12.4% (in euro terms) which was also equal to the 2021 total shareholder return. Assets held at the end of 2020 increased in value by 9.1% during 2021, with additional valuation uplifts for the Barcelona and Lodz assets acquired during 2021. Valuation gains were predominantly driven by yield compression. Growth within the logistics sector is clearly reflected in increasing portfolio valuations. The two solar projects in Den Hoorn and Ede in the Netherlands added c.€1 million to portfolio value.

In terms of future growth, the portfolio has been positioned to focus on mid-boxes and urban logistics, the part of the market which the Investment Manager believes has good potential, especially with respect to rents. There are several options within the portfolio where value may be added and where a tenant may require additional space. A good example is the small extension project already underway in Waddinxveen in the Netherlands on an adjacent piece of land owned by the tenant which is to be purchased at an attractive yield.

### Continent benefiting from low cost debt

Current gearing is 25% of gross asset value, materially below the long-term target of 35%. The Company has arranged asset level fixed rate bank debt gearing in those markets where all-in loan costs are the lowest, such as France, Germany and the Netherlands with German banks particularly active in this space. The average all-in cost of the loan portfolio is currently 1.4% which had an average loan duration of 7.3 years, of which 4.7 years remain. The most recent addition to

the loan portfolio was a €17 million top-up on the existing Dutch loan portfolio at an all-in interest rate of 1.3% and a remaining loan duration of 4.6 years. During the year, the Company also revised its revolving credit facility agreement with Investec Bank, increasing the facility's capacity from €40 million to €70 million and providing further flexibility for the acquisition of new properties or for the implementation of asset management initiatives.

### ESG: sector leading GRESB Rating<sup>4</sup>

In 2015, the Paris climate agreement was signed stating an ambition to keep global warming below 2 degrees by the year 2050. Reducing carbon emissions is a crucial part of this target and has led to an increased awareness of ESG across the market. ESG is strongly embedded in the Investment Manager's investment process and driven by its dedicated ESG team. As an investment management house, abrdn is aiming for carbon neutrality by 2050. The Company now measures the carbon footprint of its property portfolio and is taking advice on the required steps for reducing this. Our starting point is strong as the portfolio is modern, with the majority of assets constructed after 2018 resulting in good energy efficiency across the portfolio. LED lighting and rooftop solar panels further enhance the energy efficiency of the portfolio. In 2021, two solar panel projects were completed with panels installed in Den Hoorn and Ede, which added c.€1 million to portfolio value, bringing the total number of buildings with solar panels to nine. This is an efficient way to reduce carbon emissions whilst helping retain tenants in our buildings as many of these tenants have comparable sustainability ambitions and seek buildings with strong ESG credentials. Staying close to, and liaising with, our tenants is important to help us understand what is expected from abrdn as a manager and one of the reasons for implementing our annual tenant satisfaction survey.

<sup>4</sup> Global Real Estate Sustainability Benchmark.

A key objective is to have a portfolio of buildings that are future fit and attractive to current and potential tenants.

One of the milestones of the year was the result from the 2021 GRESB survey. This saw the Company being awarded 'Sector Leader' status and placed first in the peer group of six listed funds with strategies focusing on pan-European logistics. A score of 84 points out of 100 resulted in the Company maintaining 4 out of 5 Green Stars and further improving on the 79/100 and 63/100 ratings awarded in the two preceding years.

## Outlook

The fundamentals supporting the logistics real estate sector continue to strengthen. Structural growth in e-commerce penetration and the resulting increase in demand for logistics space this creates continues to support and drive valuation growth. This is further supported as businesses of all shapes and sizes target larger inventories or reshoring their manufacturing activities back to Europe in order to make their supply chains more resilient. This comes after the COVID-19 pandemic and the Suez canal blockage highlighted how easily supply chains, which often operate to a 'just in time' model, can be disrupted.

The structural growth we have witnessed in the sector has led to record low vacancy rates and this is likely to continue with increasing demand and limited speculative development, particularly as increasing regulation and land scarcity limits scope to build.

European economies are cyclical and there are potential headwinds arising from the conflict in Ukraine increasing inflation. However, the pandemic highlighted the critical nature of logistics real estate which is reflected in our high rent collection statistics and double-digit total return performance over the last two years.

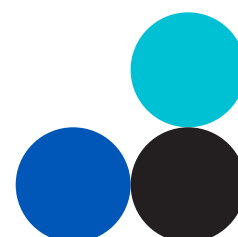
The number of investors seeking to increase their exposure to the sector continues unabated, attracted by the Continent's inflation protecting, indexed-linked leases and strong rental growth prospects due to the favourable supply/demand dynamics and ever rising construction costs. Having local teams on the ground with in-depth knowledge provides us with a significant advantage in this extremely competitive sector.

We believe that the sector will continue to out-perform, not only in 2022 but beyond. Our focus over the short term is completing the planned acquisitions which together with the ongoing asset management initiatives, will support further capital and income growth, underpinning an attractive dividend.

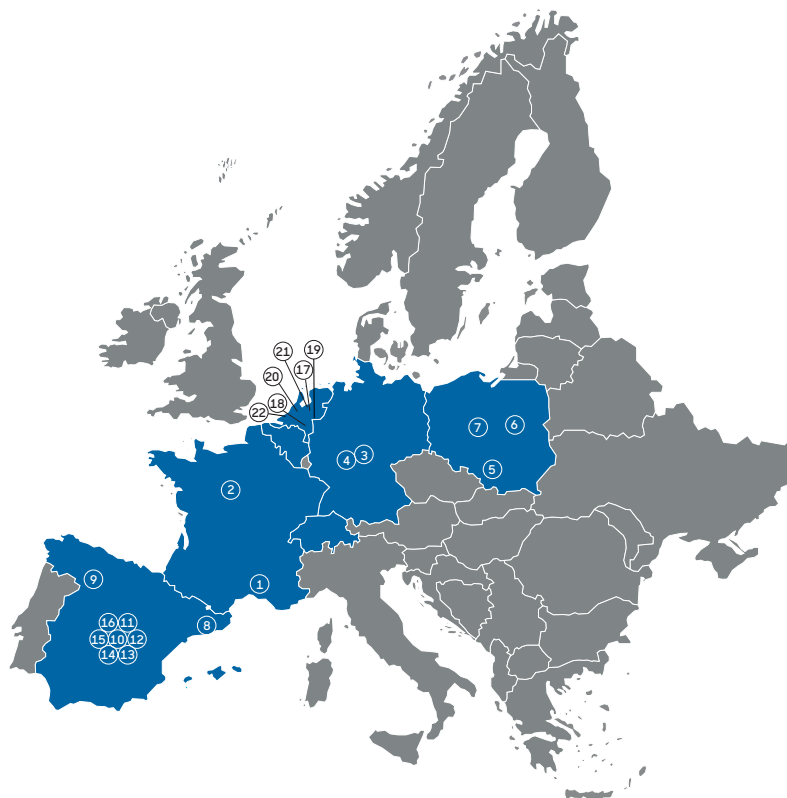
### Evert Castelein

Fund Manager, abrdn

21 April 2022



# Property Portfolio



## Property Portfolio as at 31 December 2021

	Property	Tenure	Principal Tenant	2021 valuation (€m)
1	France, Avignon (Noves)	Freehold	Biocoop	53.1
2	France, Meung sur Loire	Freehold	Office Depot administrator	21.4
3	Germany, Erlensee	Freehold	Bergler	43.1
4	Germany, Flörsheim	Freehold	Ernst Schmitz	26.9
5	Poland, Krakow	Freehold	Lynka	29.1
7	Poland, Lodz	Freehold	Compal	30.4
6	Poland, Warsaw	Freehold	DHL	30.5
8	Spain, Barcelona	Freehold	Mediapost	19.3
10	Spain, Madrid (Coslada)	Freehold	DHL	12.4
9	Spain, Leon	Freehold	Decathlon	18.0
11	Spain, Madrid 1.1	Freehold	Talentum	37.4
12	Spain, Madrid 1.2	Freehold	Amazon	20.6
13	Spain, Madrid 2.1	Freehold	Carrefour	16.3
14	Spain, Madrid 2.2	Freehold	MCR	13.3
15	Spain, Madrid 2.3	Freehold	Vacant (with rental guarantee)	12.4
16	Spain, Madrid 3 (2 buildings)	Freehold	Arrival	47.0
22	the Netherlands, Den Hoorn	Leasehold	Van der Helm	60.3
17	the Netherlands, Ede	Freehold	AS Watson (Kruidvat)	33.9
18	the Netherlands, Oss	Freehold	Orangeworks	18.5
19	the Netherlands, 's Heerenberg	Freehold	JCL Logistics	33.9
20	the Netherlands, Waddinxveen	Freehold	Combilo International	49.5
21	the Netherlands, Zeewolde	Freehold	VSH Fittings	38.7
<b>Market Value as at 31 December 2021</b>				<b>666.0</b>
<b>Less Lease Incentives</b>				<b>(5.0)</b>
<b>Total Market Value Less Lease Incentive Debtor</b>				<b>661.0</b>
<b>Add IFRS 16 Leasehold Asset</b>				<b>22.9</b>
<b>Total per Balance Sheet</b>				<b>683.9</b>

## FRANCE

### AVIGNON



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

SPA signed/ closing	Jul 18 / Oct 18
On-/ off-market	Off-market
Year of construction	2018
Net leasable area	28,469 sqm
Main tenants	Biocoop and Bargreen (solar panels)
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	5.6/ 9.7 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 is located in the heart of France 27km southwest of Orleans (115,000 inhabitants). Due to its excellent location 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. Office Depot, specialising in the office supplies market, is in the process of vacating but has paid rent until Q1 2022. Brokers have been instructed and several site inspections have taken place
- Asset with modern specifications and low site cover of 29% provides space for future expansion

SPA signed/ closing	Nov 18 / Feb 19
On-/ off-market	On-market
Year of construction	2004
Net leasable area	30,180 sqm
Main tenants	Office Depot (vacating)
Indexation	100% ILAT (annual)
WAULT (incl/ excl breaks)	0.3/ 0.3 years (tenant vacating with rents paid until Q1 2022)
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)



## GERMANY

### ERLENSEE



- Two new 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 via forward funding
- The project comprises two modern multi-let new logistics buildings of 10,936 and 15,764 sqm
- Limited logistics supply in Rhine-Main region creating space for strong future rental growth

SPA signed/ closing	Jun 18 / Feb 19
On-/ off-market	Off-market
Year of construction	2018
Net leasable area	26,700 sqm
Main tenants	Bergler, DS Smith
Indexation	Threshold indexations with combination of 5%/80% and 10%/80%
WAULT (incl/ excl breaks)	5.9/ 8.2 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 new logistics buildings of 10,762 and 7,047 sqm
- Limited logistics supply in Rhine-Main region creating space for future growth (sub 5% vacancy)

SPA signed/ closing	Dec 17 / Feb 18
On-/ off-market	On-market
Year of construction	2015
Net leasable area	17,809 sqm
Main tenants	Ernst Schmitz, Maintrans
Indexation	100% CPI (annual) and 1 lease with threshold indexation (5%/80%)
WAULT (incl/ excl breaks)	3.1/ 6.8 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
- Drugstore Kruidvat is part of the AS Watson Group. They will partly use this location for their growing e-commerce business
- Lease signed on the partial installation of solar panels

SPA signed/ closing	Aug 18 / Aug 18
On-/ off-market	On-market
Year of construction	1999 / 2005
Net leasable area	39,841 sqm
Main tenants	Kruidvat
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	6.0/ 6.0 years
Property specifications	Free height of 12.2m, 23 loading doors, floor load capacity of 2.5–10.0 t/sqm, sprinklers, 8% office space, LED

### DEN HOORN



- Den Hoorn is located in the most densely populated area in the Netherlands in the Rotterdam/ the Hague metropolitan area (2.7 million inhabitants) and easily accessible by motorway
- Brand-new flexible warehouse of over 42,500 square metres with modern specifications

SPA signed/ closing	Dec 19 / Jan 20
On-/ off-market	On-market
Year of construction	2020
Net leasable area	42,577 sqm
Main tenants	Van der Helm
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	8.4/ 8.4 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

## THE NETHERLANDS (continued)

### 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 with a 5.5% coupon rate delivered in July 2019

SPA signed/ closing	Oct 18 / Jul 19
On-/ off-market	Off-market
Year of construction	2019
Net leasable area	12,433 sqm
Main tenants	Orangeworks
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	12.5/ 12.5 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 upcoming logistics hub close to A12 highway and Emmerich barge terminal in Germany. Strong incentives for 3PL providers to locate close to NL-GER border with advantages in customs and employment flexibility
- Grade A specified warehouse and cross-dock with offices totalling 23,486 sq metres. Total site is 45,000 sq metres

SPA signed/ closing	Jun 19 / Jul 19
On-/ off-market	Off-market
Year of construction	2009/ 2011
Net leasable area	23,486 sqm
Main tenants	JCL Logistics
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	10.0/ 10.0 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

## THE NETHERLANDS (continued)

### 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 and strategic location for tenant due to large concentration of greenhouses. Our tenant Combilo is a specialist in the import and export and packaging of fruit/vegetables for supermarkets/ wholesale making this an excellent location for them
- Cross-dock warehouse of 29,058 sqm, with ample loading doors on both sides of the building

SPA signed/ closing	Nov 18 / Nov 18
On-/ off-market	Off-market
Year of construction	1983/ 1994/ 2002/ 2018
Net leasable area	29,058 sqm
Main tenants	Combilo International
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	11.9/ 11.9 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 will benefit from the expansion of Lelystad airport and opening of Inditex/ Zara warehouse

SPA signed/ closing	Nov 18 / Jun 19
On-/ off-market	Off-market
Year of construction	2019
Net leasable area	35,898 sqm
Main tenants	VSH Fittings
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	12.5/ 12.5 years
Property specifications	Free height of 12.2m, 37 loading doors, floor load capacity of 5 t/sqm, BREAAAM Very Good, sprinklers, 4% office space, LED

## 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
- New multi-tenant building with modern specifications

SPA signed/ closing	Feb 19 / Feb 19
On-/ off-market	On-market
Year of construction	2018
Net leasable area	34,932 sqm
Main tenants	Lynka
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	3.0/ 3.0 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, state-of-the-art logistics scheme consisting of two brand-new buildings. One building is cross-docking warehouse for the E-commerce related activities of DHL (54% of total rent), the other one is a standard warehouse with 3 units

SPA signed/ closing	Oct 19
On-/ off-market	Off-market
Year of construction	2019
Net leasable area	24,690 sqm
Main tenants	DHL, ICS
Indexation	100% Euro CPI (annual)
WAULT (incl/ excl breaks)	5.9/ 5.9 years
Property specifications	Free height of 10m in warehouse and 7.5m in cross-dock, 60 loading doors, floor load capacity of 5 t/sqm, LED, 9% office space, solar panels (partial)



## LODZ



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

SPA signed/ closing	April 2021
On-/ off-market	On-market
Year of construction	2021
Net leasable area	31,512
Main tenants	Bilplast, Compal, EGT, Kan, Mecalit, Tabiplast
Indexation	100% EU CPI (annual)
WAULT (incl/ excl breaks)	6.1/ 6.1 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 with only 1% vacancy in the 1st ring with supply constraints with sea/ mountains surrounding
- Asset is heavily under-rented by an estimated 20%

SPA signed/ closing	July 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	13,089 sqm
Main tenants	Mediapost (subsidiary of La Poste Group)
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	4.5/ 7.5 years
Property specifications	11.0m clear height, 5T floor load, LEDs, sprinklers, 10 loading doors, yard depth of 35m, 6% office space, solar panels

## LEON



- Leon (126,000 inhabitants) is a strategic logistics location for distribution in the North West of Spain (supermarket chain Mercadona and Inditex have warehouses here). Decathlon has moved and closed its business in Pamplona to supply 40 shops in this part of Spain
- New logistics warehouse developed to latest logistics standards delivered in April 2019. Asset consists of 3 different modules totalling 32,637 sqm allowing for some flexibility to turn it into a multi-tenant building
- Decathlon has a 5 year option to expand the building by 10,000 sqm if required

SPA signed/ closing	Jul 18 / Apr 19
On-/ off-market	On-market
Year of construction	2019
Net leasable area	32,637 sqm
Main tenants	Decathlon
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	7.2/ 7.2 years
Property specifications	Free height of 10.7m, 29 loading doors, floor load capacity of 5 t/sqm, sprinklers, 2% office space, LED, solar panels (partial)

## MADRID - COSLADA



- Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Coslada is perfectly located for last-mile logistics with its location between the City centre and the airport in the east
- 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
On-/ off-market	On-market
Year of construction	1999
Net leasable area	6,805 sqm
Main tenants	DHL
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	5.0/ 8.0 years
Property specifications	Free height of 10.5m, cross-dock with 12 loading bays at the front and 25 doors at the back, floor load capacity of 5 t/sqm, 20% office space

## MADRID – GAVILANES 1.1



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	21,713 sqm
Main tenants	Talentum (designs and markets promotional materials across Spain for major clients)
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	8.1/ 8.1 years
Property specifications	11.2m clear height, LEDs, sprinklers, 5T floor load, yard depth >33m and 9% office space, LEED Silver rating

## MADRID – GAVILANES 1.2



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	11,264 sqm
Main tenants	Amazon (fully functional last mile delivery station servicing central and southern Madrid)
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	1.6/ 8.6 years
Property specifications	11.2m clear height, LEDs, sprinklers, 5T floor load, yard depth >33m and 8% office space, LEED Silver rating

## MADRID – GAVILANES 2.1



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	9,512 sqm
Main tenants	Carrefour (leading food retailer established in more than 30 countries - this asset is Carrefour's first for last-mile delivery in Spain)
Indexation	100% CPI (annual, capped at 2%)
WAULT (incl/ excl breaks)	4.6/ 14.6 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 2.2



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	7,718 sqm
Main tenants	MCR (a leading electronics and IT hardware distributor)
Indexation	100% CPI (annual, capped at 2%)
WAULT (incl/ excl breaks)	2.5/ 4.5 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 2.3



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	7,375 sqm
Main tenants	Vacant (Appropriate rental guarantee in place. Prospective tenant identified)
Indexation	N/A
WAULT (incl/ excl breaks)	N/A
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 3.1



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	16,500 sqm
Main tenants	Arrival (electric vehicle manufacturer specialising in vans and buses)
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	5.4/ 9.4 years
Property specifications	11.2m clear height, 5T floor load, LEDs, sprinklers, yard depth of 31 - 45m and 11% office space, LEED Gold rating



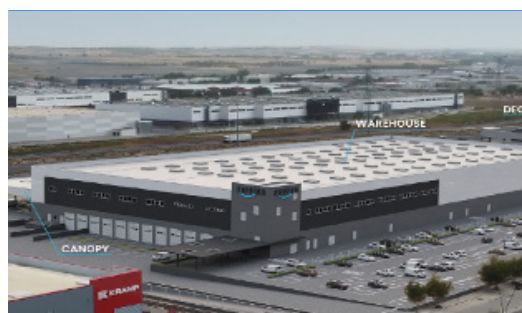
## MADRID – GAVILANES 3.2



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

SPA signed/ closing	December 2021
On-/ off-market	On-market
Year of construction	2019
Net leasable area	10,665 sqm
Main tenants	Arrival
Indexation	100% CPI (annual)
WAULT (incl/ excl breaks)	5.4/ 9.4 years
Property specifications	11.2m clear height, 5T floor load, LEDs, sprinklers, yard depth of 31 – 45m and 11% office space, LEED Gold rating

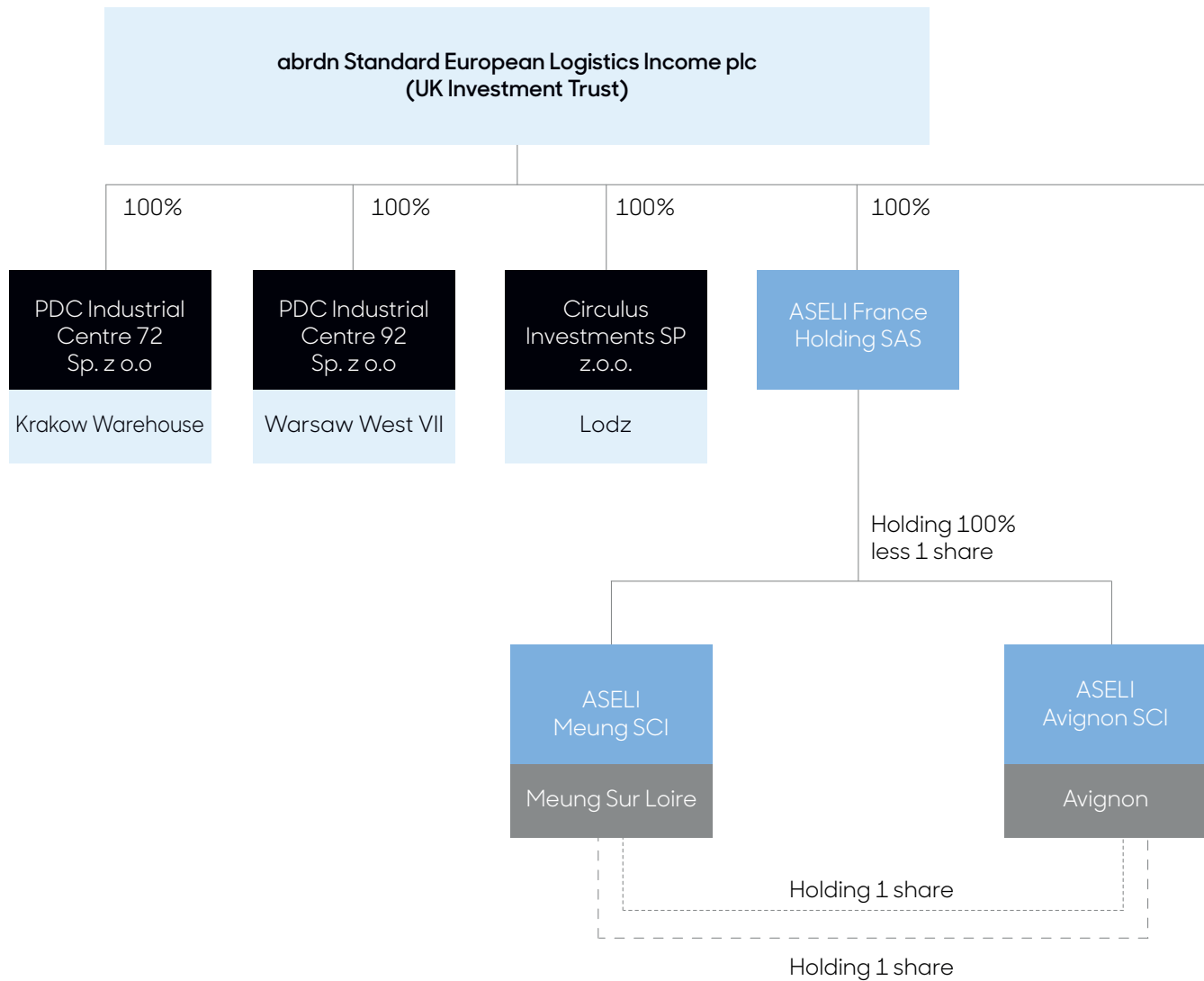
## MADRID – GAVILANES 4 (Completion expected Q2 2022)

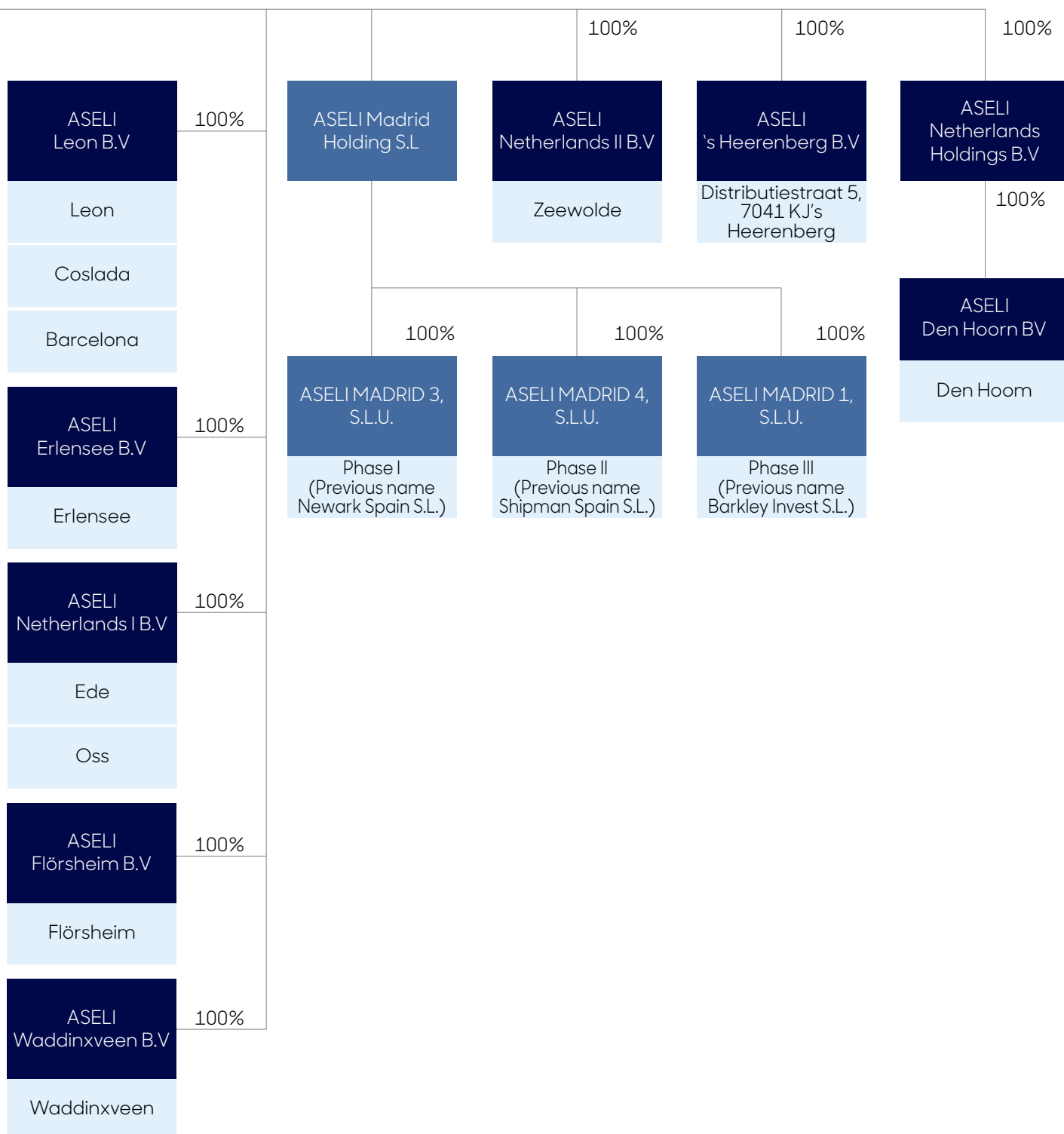


- Urban logistics hub located in southern Madrid, the third largest city in Europe with a metropolitan population of almost seven million people
- Property is located in Gavilanes, just 17km south of the city centre, alongside the M-50 motorway (Madrid ring road) intersecting the A-4 motorway (Spain's 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
On-/ off-market	On-market
Year of construction	Delivery Q2 2022
Net leasable area	16,467 sqm + 20,748 sqm parking deck
Main tenants	Amazon (multinational focused on e-commerce through its online retail platform. From this state-of-the-art parcel delivery hub Amazon will have the ability to reach almost 6 million people within 30 minutes)
Indexation	100% CPI (annual, capped at 3%)
WAULT (incl/ excl breaks)	15.0/ 25.0 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





# Sustainability

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



# Environmental, Social and Governance (ESG)

## Sustainability, Impact and Futureproofing – company approach

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

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

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

A key element of the Investment Manager's approach is the employment of its ESG Impact Dial, a proprietary research framework, in support of investment strategies and asset management approach. Four major themes have been identified: Environment & Climate, Governance & Engagement, Demographics and Technology & Infrastructure, which together form the basis of the ESG Impact Dial. These guide the assessment of materiality and integration of ESG factors within the Company's portfolio and provide the framework for the Company's ESG objectives. The ESG Impact Dial tool scores assets based on their ESG characteristics across 21 indicators and provides the basis for target setting, action planning and the monitoring of progress over time.

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 a number of Green Building Councils, 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.

Of particular focus is responding to climate change, both in terms of resilience to climate impacts and in reducing emissions from activities.

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 Wellbeing		
Water Efficiency			
Waste and Circularity			
Climate Resilience			



# ESG Embedded in the Investment Philosophy

The Company is taking advice on the carbon footprint of its property portfolio and starting the process to create asset level strategies to reduce carbon emissions. Several projects are supporting the Company in formulating its strategy. Two solar panel projects were completed in the Netherlands in 2021 and the Company is taking advice on how it can further enhance on-site renewable energy generation for assets that do not have panels yet. Good progress has also been made with the collection of volumetric data on energy and water consumption which is to be automated with smart meters and formalising this data collection exercise by signing Green leases with portfolio tenants, making it easier to analyse on a daily basis. Such leases provide for the accurate reporting and collation of usage data, enabling analysis to be undertaken to help tenants to understand their outputs and to work with the Company in seeking to reduce costs and impact. An annual tenant satisfaction survey helps inform the Investment Manager and its local teams and ensures close contact with tenants. Other initiatives have included the tendering of energy contracts in Poland and Germany resulting in the Company signing eco-friendly energy contracts together with three assets in the Netherlands obtaining BREEAM-In-Use certificates. All of these initiatives when taken together with the quality of the portfolio's buildings led to the Company being awarded Sector Leader status in the 2021 GRESB survey. The Company's ambition in tandem with its Investment Manager is to continue out-performing the sector and to increase its rating in the 2022 survey.

## 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.

## Operational Performance Summary

The Investment Manager has processes in place to ensure operational sustainability performance is monitored and actions are implemented to drive continual improvement. Due to the nature of the portfolio, comprised largely of single-let assets, occupiers have direct control over day-to-day operations. As landlord, the Company can influence ESG performance as assets are developed and

refurbished and when the Investment Manager engages with occupiers on fit-outs, leases and during the course of their occupation. However, the Company does not have direct operational control day-to-day. Therefore the approach is to engage with occupiers and encourage data sharing as well as further collaboration projects such as smart metering upgrades, satisfaction surveys and sustainability audits on assets.

## 2021 GRESB Assessment

The GRESB Assessment is the leading global sustainability benchmark for real estate vehicles. The Company was reviewed by GRESB in 2021 and achieved a score of 84 out of 100 points and placed 1st out of 6 within its peer group (achieving a 4-star rating). The Company is in a strong position to further build on this performance in 2022.

## Energy efficiency and decarbonisation

In 2021, COP26 served to reinforce the need for the rapid decarbonisation of the global economy. The Board and the Investment Manager believe that the real estate sector has made some progress in the past but the pace must accelerate from here.

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

## Pathway to Net Zero

### The Company's net zero principles

Although the 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 have been established that underpin the strategy to ensure it has integrity, robustness and delivers value:

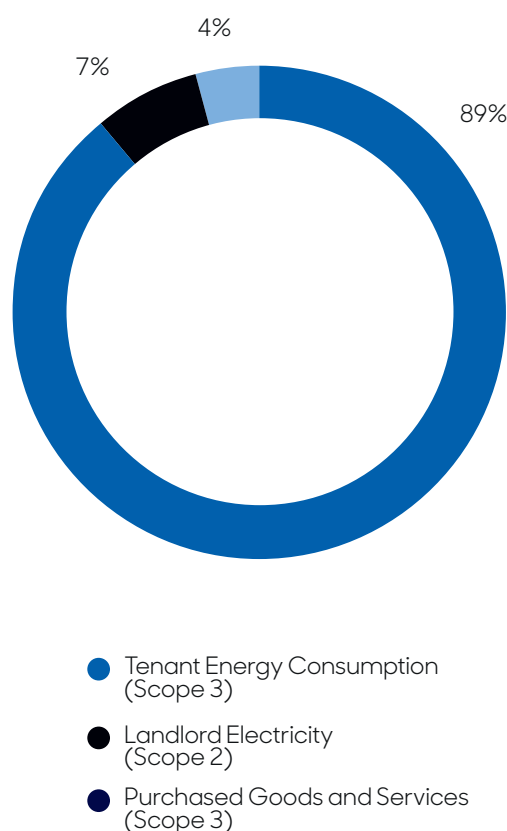
- **Practical:**
  - **Asset-level action:** focusing on energy efficiency and renewables is a priority to ensure compliance with energy performance regulations. This improves the quality of assets for occupiers and reduces exposure to regulatory and market risk.

- **Timing:** the Company aims to align improvements with existing plant replacement cycles 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 occupiers, many of whom have their own decarbonisation strategies covering their leased space. Many of the portfolio tenants have their own decarbonisation commitments and the Company's interests are aligned on this issue.
  - **Suppliers:** the Company will work with suppliers, including property managers and consultants, in order that all stakeholders are clear on their role in the pathway to net zero.
- **Measurable:**
  - Clear key performance indicators at the asset and portfolio level.

### Company baseline

The Company's operational carbon footprint for 2020 is shown below. This shows a total operational footprint of 12,159 tonnes of carbon dioxide equivalent (Co2e). Of this, 7% is associated with Scope 2<sup>1</sup> emissions that are in the direct control of the Company which it seeks to minimise and 93% are Scope 3 emissions from tenant-procured energy and purchased goods and services.

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



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

## Our delivery strategy

	Near-term	Long-term
<b>Targets</b>	Improve emissions intensity across all scopes by 50% in the near-term from a 2020 baseline.	Net zero across all emissions scopes over the long-term.
<b>Context</b>	<p>We see setting an intermediate target as a sensible stepping-stone towards long-term decarbonisation. In the near-term activities are focused on occupier engagement and compliance with energy performance regulations which will mean investment in energy efficiency, heat decarbonisation and renewable energy when undertaking refurbishment works.</p> <p>The Company recognises that it cannot deliver in isolation and this requires both co-operation from property occupiers and a supportive policy mix to drive decarbonisation in the real estate sector.</p>	<p>To meet the European Commission's net zero commitments the buildings sector will have to substantially decarbonise by 2050 through energy efficiency and the decarbonisation of heat and electricity. The Company will aim to reach a long-term target through these measures with as little use of offsets as possible.</p> <p>When set, the long-term target will be kept under review in the context of the policy-mix and market dynamics affecting the decarbonisation of real estate.</p>
<b>Near-term delivery actions</b>	<p><b>Standing portfolio:</b></p> <ul style="list-style-type: none"> <li>• Improve ability to obtain tenant energy data through improved engagement, lease agreements and smart meters.</li> <li>• Build improved understanding of tenant decarbonisation strategies and extent of tenant renewable energy procurement.</li> <li>• Implement low-carbon refurbishments to ensure regulatory compliance focusing on energy efficiency and heat decarbonisation and start to quantify and reduce embodied carbon.</li> <li>• Continue to implement solar PV projects and establish power purchase agreements with tenants.</li> </ul> <p><b>Acquisitions and developments:</b></p> <ul style="list-style-type: none"> <li>• In line with the Investment Manager's policies: <ul style="list-style-type: none"> <li>• benchmark assets pre-acquisition, understand costs and build decarbonisation into the asset management plan from the start of ownership.</li> <li>• direct development and development funding to be designed to whole life net zero principles.</li> </ul> </li> </ul>	
<b>Measurement indicators</b>	<p><b>Standing portfolio:</b></p> <ul style="list-style-type: none"> <li>• %age of tenants data coverage.</li> <li>• Absolute portfolio emissions (tCO<sub>2</sub>e).</li> <li>• Energy and emissions intensity (kwh/m<sup>2</sup>,year; kg CO<sub>2</sub>e/m<sup>2</sup>/year).</li> <li>• Installed solar capacity (MWp).</li> <li>• Embodied carbon of development projects.</li> </ul>	

## Taskforce for Climate-Related Financial Disclosures (TCFD)

TCFD was established to provide a standardised way to disclose and assess climate-related risks and opportunities. Recommendations are structured around four key topics: Governance, Strategy, Risk Management and Metrics & Targets. 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 a 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 standard. Nonetheless, together with the Investment Manager, the Company has progressed already with work to model the implications of decarbonising the portfolio in line with a 1.5°C scenario and undertaken analysis to understand potential future physical climate risks. This is the first year that the Company is reporting against TCFD recommendations and we expect disclosures to evolve over time as methodologies improve and work develops further.

TCFD Recommendation	Company Approach
<b>Governance</b>	
Board oversight of climate-related risks and opportunities	The Board will consider climate-related risks and opportunities alongside all other Company risks which fall under its remit.
Investment Manager's role in assessing and managing climate-related risks and opportunities	At an operational level, the Investment Manager is responsible for integrating a consideration of climate risks and opportunities into the investment and asset management process. In the first instance this is undertaken by adopting abrdn real estate's internal processes and policies, and reporting to the Board.
<b>Strategy</b>	
Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	<p>As part of the Company's investment and asset management process it considers climate-related risks and opportunities over a range of timescales. A summary of an initial assessment over the short, medium and long term is as follows:</p> <p>In the short term (0-5 years) the Company anticipates regulations affecting the energy performance and emissions of buildings to tighten to align more closely with Government targets for economy-wide decarbonisation. Whilst this will provide clarity of direction it is likely to increase development and refurbishment costs and will start to affect valuations. These trends, however, will also create opportunities to benefit from moving occupier and investor demand to low-carbon, future-fit assets.</p>

TCFD Recommendation	Company Approach
Climate-related risks and opportunities the organisation has identified over the short, medium, and long term	<p>Over the medium term (5–15 years) these trends will continue, and it is expected that regulations and market sentiment will further drive energy efficiency and decarbonisation. 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.</p> <p>Over the long term (15+ years) climate-related extreme weather events are likely to increase in frequency and severity which may impact built environment assets depending on their location and characteristics.</p>
The impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where material	<p>The Board recognises that climate change will affect the built environment, both through decarbonisation and increased physical risks. The trends summarised above are therefore expected to affect the Company's strategy and operations in the coming years.</p> <p>Alongside net zero planning, the Company reviews assets in the context of existing and proposed legislation affecting the energy performance of buildings including minimum certification requirements.</p> <p>The Investment Manager has also recently completed an assessment of 'value at risk' as a result of physical climate risks under the RCP8.5 climate scenario which implies a 4.3° C temperature rise by 2100.</p>
The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<p>Progress against long-term aims will be tracked using interim energy and emissions intensity targets at the portfolio and asset levels.</p> <p>The work to establish a net zero pathway for the Company is informed by industry benchmarks including the Carbon Risk Real Estate Monitor (CRREM) 1.5°C Paris-aligned emissions trajectories. As part of this work high level cost estimates have been identified for transitioning assets to net zero. The Board considers that the portfolio and Company strategy is well-positioned to decarbonise in line with this trajectory assuming all stakeholders together with national energy and climate policy are also supportive of this goal.</p> <p>The Investment Manager will continue to engage with industry bodies such as the Better Building Partnership to standardise net zero definitions across the industry. The Company recognises that it cannot act in isolation and that achieving this level of decarbonisation will require supportive climate policy and the cooperation of the Company's tenants and suppliers.</p> <p>Recent work on understanding value at risk as a result of physical climate risk has highlighted the importance of considering changes in wind speeds and flood risk over time as well as the implications of rising temperatures on the demand for cooling within buildings. An initial assessment of these results is that in general under the RCP8.5 high emissions scenario, physical climate risks generally result in a valuation impact to assets of below 1% by 2080 and there are no meaningful affects until after 2040. Most of the impact is associated with additional cooling demand due to rising temperatures. The Board considers that its existing portfolio and Company strategy is resilient to physical climate risks in the short to medium term. The Board together with the Investment Manager will keep this under regular review, particularly as methodologies for physical risk assessment improve.</p>



TCFD Recommendation	Company Approach
<b>Risk Management</b>	
The Company's processes for identifying and assessing climate-related risks	Climate-related risks and opportunities are considered and assessed by the Board as a whole as advised by the Investment Manager and appointed consultants.
<b>Metrics and Targets</b>	
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 below emissions in line with EPRA Sustainability Best Practices Recommendations. As part of a decarbonisation strategy progress will be tracked against the long-term aim using interim energy and emissions intensity targets at the portfolio and asset levels.
Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	The Company discloses below its emissions in line with EPRA Sustainability Best Practice Recommendations. This covers Scope 1 and 2 emissions associated with landlord-procured energy as well as Scope 3 emissions from energy sub-metered to occupiers.
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets	The Company is setting long-term and short-term decarbonisation targets and defining a practical delivery strategy with KPIs.

# Sustainability Performance

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

## Explanatory notes on methodology

### Reporting period

This is a relatively new investment vehicle created to specifically invest in logistic assets and as a result, the Company is in a position where it can only report on some of the indicators as determined in the materiality assessment. The Company was launched in December 2017 with the first asset acquired in February 2018. Sustainability data in this report covers the calendar years of 2020 and 2021.

### Organisational boundary and data coverage

For the purposes of sustainability reporting, the Company includes single-let assets within the organisational boundary even though operational control is limited and it does not have full coverage of consumption data from occupier-managed utility supplies. Note that the vast majority (>95%) of utility data reported in this section is obtained from occupiers. Whilst checks are undertaken on the accuracy of the data where anomalies have been reported, it is not possible to fully verify given occupiers are in control of these supplies.

Note that the data reported below differs from the baseline carbon footprint reported in the main body of this report. This is primarily due to the inclusion of estimates in the company footprint for net zero purposes to cover gaps in occupier data.

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.

Note that 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.

### 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
Den Hoorn	Netherlands	Fully optimised
Ede	Netherlands	Fully optimised
Leon	Spain	Minimal coverage
Oss	Netherlands	Minimal coverage but scope to optimise
Waddinxveen	Netherlands	Fully optimised
Warsaw	Poland	Minimal coverage
Zeewolde	Netherlands	Minimal coverage but scope to optimise

### Auditing and assurance

Only a small proportion of landlord utility data which feeds into sustainability reporting is currently validated by the Utilities Bureau/sustainability data consultant. As more and more landlord-procured utility supplies transition under this consultant, an increased proportion of landlord procured data will be validated.

## Sustainability

# 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
<b>Environmental</b>		
Elec-Abs	Total electricity consumption	Material
Elec-LfL	Like-for-like total electricity consumption	Material
DH&C-Abs	Total district heating & cooling consumption	Not material – none of the Company's assets are connected to district energy supplies
DH&C-LfL	Like-for-like total district heating & cooling consumption	
Fuels-Abs	Total fuel consumption	Material
Fuels-LfL	Like-for-like total fuel consumption	Material
Energy-Int	Building energy intensity	Material
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	Material
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	Material
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Material
Water-Abs	Total water consumption	Material
Water-LfL	Like-for-like total water consumption	Material
Water-Int	Building water intensity	Material
Waste-Abs	Total weight of waste by disposal route	Material – whilst all tenants have direct control over waste management, data is still obtained wherever possible
Waste-LfL	Like-for-like total weight of waste by disposal route	
Cert-Tot	Type and number of sustainably certified assets	Material
<b>Social</b>		
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	
Emp-Training	Employee training and development	
Emp-Dev	Employee performance appraisals	
Emp-Turnover	New hires and turnover	
H&S-Emp	Employee health and safety	Material
H&S-Asset	Asset health and safety assessments	
H&S-Comp	Asset health and safety compliance	Material
Comty-Eng	Community engagement, impact assessments and development programs	Not Material – The Company is developing ideas in this area for the future
<b>Governance</b>		
Gov-Board	Composition of the highest governance body	Material – see main body of report (page 67 onwards for content related to Governance)
Gov-Selec	Process for nominating and selecting the highest governance body	
Gov-Col	Process for managing conflicts of interest	

# Environmental Indicators

## Absolute Energy Consumption

Absolute landlord electricity consumption increased by 148% year-on-year, primarily due to improved data coverage in 2021, along with a greater number of total assets in the portfolio. Absolute tenant electricity consumption increased by 64%, primarily due to improved data coverage, but also due to the ramping up of tenant operations (at newly let assets) throughout 2021. Tenant gas consumption decreased by 18%, driven partly by significantly reduced tenant gas consumption at Leon, Spain, and missing 2021 tenant gas data for the Warsaw asset (Poland). Absolute energy intensity decreased by 7% year-on-year.

			Landlord Electricity (kWh)			Occupier Electricity (kWh)			Landlord-obtained Gas (kWh)			Occupier-obtained Gas (kWh)			Total Energy (kWh)			Energy Intensity (kWh/sqm)		
Indicator references			Elec-Abs			Elec-Abs			Fuels-Abs			Fuels-Abs			Fuels-Abs			Energy-Int		
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change
Industrial, Distribution warehouse	11 of 14	17 of 19	204,188	505,744	148%	15,493,072	25,337,341	64%	0	0	n/a	7,956,613	6,493,848	-18%	23,653,873	32,336,933	37%	76	70	-7%

## Absolute Greenhouse Gas Emissions

The majority of consumption data is occupier data, therefore the majority of associated emissions are Scope 3, which have increased by 50% year-on-year, mainly driven by improved data coverage in 2021, along with an increased number of assets in the portfolio with associated tenant consumption. Scope 2 (landlord) emissions increased by 81% for the same reasons. There are no Scope 1 emissions due to there being no landlord-consumed gas. Overall carbon intensity increased by 3% year-on-year.

			Scope 1 Emissions (tCO <sub>2</sub> )			Scope 2 Emissions (tCO <sub>2</sub> )			Scope 3 Emissions (tCO <sub>2</sub> )			Total Emissions (tCO <sub>2</sub> )			Emissions Intensity - Scopes 1, 2 & 3 (kgCO <sub>2</sub> /m <sup>2</sup> )		
Indicator references			GHG-Dir-Abs			GHG-Indir-Abs			GHG-Indir-Abs			GHG-Abs			GHG-Int		
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change
Industrial, Business Parks	11 of 14	17 of 19	0	0	n/a	145	262	81%	7323	10994	50%	7468	11256	51%	23.8	24.5	3%

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

### SECR table - GHGs

Data Type	2020	2021	% Change 2021 vs 2020
Total Scope 1/2 GHG Emissions (tCO <sub>2</sub> e)	145	262	81%
Emissions Intensity (kgCO <sub>2</sub> e/m <sup>2</sup> NLA)	2.4	1.9	-24%
Total Landlord Energy Consumption (kWh)	204,188	505,744	148%

## Like-for-like Energy Consumption

On a like-for-like basis, landlord electricity consumption increased by 30% year-on-year. This increase was driven by improved coverage of landlord electricity data in 2021 compared with 2020. Tenant electricity consumption increased by 28%; driven primarily by a combination of improved data coverage in 2021, along with large electricity consumption increases at Den Hoorn (Netherlands), Warsaw and Krakow (Poland). The increase in electricity consumption at Den Hoorn was attributable to a significant increase in on-site cooling. However, it is noted that the tenant is in the process of installing solar panels at this asset, which will serve to reduce the demand of the asset on grid-supplied energy. The tenant electricity consumption increases at Warsaw and Krakow were attributable to the ramping up of tenant operations (and a reduction in vacancy) across the 2020 and 2021 period. These increases were offset by a 18% reduction in tenant gas consumption, driven in part by a significant reduction in tenant gas consumption at Leon, Spain, alongside missing tenant gas consumption for 2021 at Warsaw. Energy intensity decreased by 4% year-on-year.

			Landlord Electricity (kWh)			Occupier Electricity (kWh)			Landlord-obtained Gas (kWh)			Occupier-obtained Gas (kWh)			Total Energy (kWh)			Energy Intensity (kWh/sqm)		
Indicator references			Elec-Like for Like			Elec-Like for Like			Fuels-Like for Like			Fuels-Like for Like			Fuels-Like for Like			Energy-Int Like for Like		
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change
Industrial, Distribution warehouse	9 of 13	12 of 13	204,188	265,569	30%	13,859,523	17,737,037	28%	0	0	n/a	7,956,613	6,493,848	-18%	22,020,324	24,496,454	11%	82	78	-4%

## Like-for-like GHG Emissions

Scope 2 GHG emissions increased by 6%, mainly due to improved coverage of landlord-procured electricity consumption data. Scope 3 emissions increased by 26%, driven by the significantly increased tenant electricity consumption detailed above.

			Scope 1 Emissions (tCO <sub>2</sub> )			Scope 2 Emissions (tCO <sub>2</sub> )			Scope 3 Emissions (tCO <sub>2</sub> )			Total Emissions (tCO <sub>2</sub> )			Emissions Intensity - Scopes 1, 2 & 3 (kgCO <sub>2</sub> /m <sup>2</sup> )		
Indicator references			GHG-Dir-Like for Like			GHG-Indir-Like for Like			GHG-Indir-Like for Like			GHG-Like for Like			GHG-Int-Like for Like		
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change	2020	2021	% Change
Industrial, Business Parks	9 of 13	12 of 13	0	0	n/a	145	153	6%	6641	8335	26%	6786	8488	25%	25	27	7%

## Absolute Water Consumption

Absolute water consumption increased slightly year-on-year, primarily due to an increased number of assets in the portfolio for which water data was available. Absolute water intensity increased by only 7%.

Absolute Water Consumption (m <sup>3</sup> )							
Indicator reference							
Water-Abs; Water-Int							
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	2020 (m <sup>3</sup> )	2020 intensity (litres/m <sup>2</sup> )	2021 (m <sup>3</sup> )	2021 intensity (litres/m <sup>2</sup> )	% Change
Industrial, Distribution warehouse	11 of 14	13 of 19	25,616	0.082	30,495	0.088	7%

## Like-for-like Water Consumption

Like-for-like water consumption decreased year-on-year, as a result of slightly reduced data coverage. Water intensity increased by 8% year on year.

Like-for-like Water Consumption (m <sup>3</sup> )							
Indicator reference							
Water-Lfl; Water-Int							
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	2020 (m <sup>3</sup> )	2020 intensity (litres/m <sup>2</sup> )	2021 (m <sup>3</sup> )	2021 intensity (litres/m <sup>2</sup> )	% Change (Intensity)
Industrial, Distribution warehouse	10 of 13	8 of 13	22,786	0.084	18,369	0.091	8%



## Absolute Waste Generation

Absolute waste generation decreased year-on-year, despite improved data coverage in 2021 (this was due to decreased waste generation volumes at Spanish assets "Leon" and "Madrid"). Note that disposal route percentages do not total 100%, due to a small percentage of tenant waste for which the disposal route is unknown. Note that all waste generated and disposed of at these assets is under the control of the tenants.

Indicator reference			Waste-Abs							
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	Total Waste (tonnes)		Waste to Landfill (Tonnes)		Waste Recovered (Tonnes)		Waste Recycled (Tonnes)	
			2020	2021	2021		2021		2021	
Industrial, Distribution warehouse	8 of 14	10 of 19	10,536	6,168	293	5%	205	3%	5,619	91%

## Like-for-like Waste Generation

Like-for-like waste generation decreased year-on-year, despite improved data coverage. This decrease was driven primarily by a large decrease in waste generated from the Leon and Madrid assets (Spain). Note that disposal route percentages do not equal 100%, due to a small percentage of tenant waste for which the disposal route is unknown. Note that all waste generated and disposed of at these assets is under the control of the tenants.

Indicator reference			Waste-Abs							
Sector	Coverage 2020 (assets)	Coverage 2021 (assets)	Total Waste (tonnes)		Waste to Landfill (Tonnes)		Waste Recovered (Tonnes)		Waste Recycled (Tonnes)	
			2020	2021	2021		2021		2021	
Industrial, Distribution warehouse	7 of 13	10 of 13	9,530	4,963	276	6%	205	4%	4,431	89%

## 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 period. This includes stock recently acquired, held for the long term and those refurbished, developed or forward funded.

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

### Certified properties

Property	Unit	Certificate type	Rating
Florsheim, Germany	Whole	DGNB	Gold
Avignon, France	Whole	HQE	Excellent
Leon, Spain	Whole	BREEAM	Good
Zeewolde, Netherlands	Whole	BREEAM	Very Good
Oss, Netherlands	Whole	BREEAM	Very Good
Den Hoorn, Netherlands	Whole	BREEAM	Good
Ede, Netherlands	Whole	BREEAM	Good
Waddinxveen, Netherlands	Whole	BREEAM	Pass
Warsaw, Poland	Whole	BREEAM	Good
Lodz, Poland	Whole	BREEAM	Good

Property	Unit	Certificate type	Rating
Madrid, Sky phase 1, Spain	Whole	LEED	Silver
Madrid, Sky phase 2, Spain	Whole	LEED	Silver
Madrid, Sky phase 3, Spain	Whole	LEED	Gold

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

Energy Performance Certificate (EPC) rating	% Net Lettable Area (NLA)
A+++++	6%
A	58%
B	26%
C	2%
D	0%
E	0%
F	0%
G	0%
German Rating	8%

## Social Indicators

### 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. Such compliance of health and safety requirements covers, but is not limited to, fire safety, sprinkler systems and adequate welfare provision. The asset managers and property managers are not aware of any health and safety breaches, however minor, or notifications/concerns across the portfolio which have not been, or are not being, mitigated.

# 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:** Four 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:** 7 June 2021.

**Contribution:** The Nomination Committee has reviewed the contribution of Mr Roper in light of his forthcoming re-election at the AGM to be held in June 2022 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:** £50,000 per annum from 1 January 2022 (2021: £49,000).

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

**Employment by the Investment Manager:** None.

**Other connections with Trust or Investment Manager:** None.

**Shared Directorships with any other Trust Directors:** None.

**Shareholding in Company:** 102,812 Ordinary shares.



**Caroline Gulliver**

**Status:** Senior Independent Non-Executive Director.

**Length of service:** Four 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:** 7 June 2021.

**Contribution:** The Nomination Committee has reviewed the contribution of Ms Gulliver in light of her forthcoming re-election at the AGM to be held in June 2022 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:** £40,000 per annum from 1 January 2022 (2021: £38,000).

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

**Employment by the Investment Manager:** None.

**Other connections with Trust or Investment Manager:** None.

**Shared Directorships with any other Trust Directors:** None.

**Shareholding in Company:** 72,500 Ordinary shares.



**John Heawood**

**Status:** Independent Non-Executive Director.

**Length of service:** Four 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:** 7 June 2021.

**Contribution:** The Nomination Committee has reviewed the contribution of Mr Heawood in light of his forthcoming re-election at the AGM to be held in June 2022 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:** £35,000 per annum from 1 January 2022 (2021: £34,000).

**All other public company directorships:** None

**Employment by the Investment Manager:** None.

**Other 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:** Four 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, and 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:** 7 June 2021.

**Contribution:** The Nomination Committee has reviewed the contribution of Ms Wilde in light of her forthcoming re-election at the AGM to be held in June 2021 and concluded that Ms Wilde has provided useful insight and experience to the Board's deliberations.

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

**Remuneration:** £35,000 per annum from 1 January 2022 (2021: £34,000).

**All other public company directorships:** None.

**Employment by the Investment Manager:** None.

**Other connections with Trust or Investment Manager:** None.

**Shared Directorships with any other Trust Directors:** None.

**Shareholding in Company:** 74,375 Ordinary shares.



## Governance

# Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 December 2021.

## Results and Dividends

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

## Investment Trust Status

The Company was incorporated on 25 October 2017 (registered in England & Wales No. 11032222) and has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial periods commencing on or after 15 December 2017. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2021 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 2021, there were 377,628,901 fully paid Ordinary shares of 1p each in issue. During the year no Ordinary shares were purchased in the market for treasury or cancellation. On 17 March 2021 18,450,000 new Ordinary shares were issued at 105.0p per share and on 1 October 2021 114,678,900 new Ordinary shares were issued at 109.0p per share. Subsequent to the year end, on 4 February 2022, a further 34,545,455 new Ordinary shares were issued at 110.0p. All new shares were issued at a premium to the prevailing unaudited NAVs.

## 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, Aberdeen Standard Fund Managers Limited (and amended by way of side letters dated 22 February 2019 and 25 May 2018), 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 Aberdeen Asset Management PLC.

## Risk Management

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

## The Board

The current Directors, Ms Gulliver, Mr Heawood, Mr Roper and Ms Wilde were the only Directors who served during the year. In accordance with the Articles of Association, each Director will retire from the Board at the Annual General Meeting convened for 6 June 2022 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 period at the expense of the Company.

## The Role of the Chairman and Senior Independent Director

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

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

## Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: [frc.org.uk](http://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](http://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](http://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 2021, the Board had four scheduled meetings and a further 20 ad hoc Board meetings as well as numerous update calls. In addition, the Audit Committee met four times and there was one meeting of the Management Engagement Committee and one meeting of the Nomination Committee. Between meetings the Board maintains regular contact with the Investment Manager. The Directors have attended the following scheduled Board meetings and Committee meetings during the year ended 31 December 2021 (with their eligibility to attend the relevant meeting in brackets):

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

<sup>1</sup> 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 79 and 80 of this Annual Report.

### Nomination Committee

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

of skills and experience to complement existing Directors. The Board recognises the benefits of diversity and its policy on diversity is disclosed in the Strategic Report on page 17.

The Committee has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self evaluation and a performance evaluation of the Board as a whole and its Committees. In 2021 a thorough external evaluation was conducted by Lintstock Limited, an independent third party evaluation service provider. The evaluation was based upon completed questionnaires covering the Board, individual Directors, the Chairman and the Audit Committee Chairman. The Chairman meets each Director individually to review their responses whilst the Senior Independent Director meets with the Chairman to review his performance. This evaluation highlighted certain areas of further focus such as continuing professional development but concluded that collectively the Board has a very relevant and appropriate balance of experience, knowledge of property markets, legal regulation, promotion and financial accounting and continues to work in an effective manner. The Company currently plans to conduct an externally facilitated evaluation of Board remuneration during 2022.

In accordance with Principle 23 of the AIC's Code of Corporate Governance which recommends that all directors of investment companies should be subject to annual re-election by shareholders, all the members of the Board will retire at the forthcoming Annual General Meeting and will offer themselves for re-election. In conjunction with the evaluation feedback, the Committee has reviewed each of the proposed reappointments and concluded that each of the Directors has the requisite high level and range of business and financial experience and recommends their re-election at the forthcoming AGM. Details of the contributions provided by each Director during the year are disclosed on pages 65 and 66.

### 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 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 75 to 77.

### Terms of Reference

The terms of reference of all the Board Committees may be found on the Company's website [eurologisticsincome.co.uk](http://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 12 to 16 and the Viability Statement on page 17 and 18 and have reviewed forecasts detailing revenue and liabilities and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. In coming to this conclusion, the Board has also considered the impact, where feasible, of the COVID-19 pandemic and other geopolitical risks such as the Ukraine conflict. 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.

### 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. The Directors' interests in contractual arrangements with the Company are as shown in note 23 to the financial statements. No other Directors 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 has 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 78 and 88 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 period 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 £45,000+VAT in connection with the issue of a Prospectus in September 2021 (2020: £nil) and remain satisfied that the auditor's objectivity and independence is being safeguarded.

## Independent Auditor

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

## Internal Control

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

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

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

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

The implementation of any remedial action required is monitored and feedback provided to the Board.

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

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

- the AIFM prepares forecasts and management accounts which allows the Board to assess the Company's activities and review its performance;
- the Board and AIFM have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the AIFM and Investment Manager as appropriate;
- as a matter of course the AIFM's compliance department continually reviews abrdn's operations and reports to the Board on a six monthly basis;
- written agreements are in place which specifically define the roles and responsibilities of the AIFM and other third party service providers and, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations, or their equivalents are reviewed;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within abrdn, has decided to place reliance on the Manager's systems and internal audit procedures. At its March 2022 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2021 by considering documentation from the AIFM and the Depositary, including the internal audit and compliance functions and taking account of events since 31 December 2021. 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 2021 (based upon 377,628,901 shares in issue):

Shareholder	No. of Ordinary shares held	% held
East Riding of Yorkshire	31,000,000	8.2
Brewin Dolphin Ireland	25,541,893	6.8
Quilter Cheviot Investment Management	21,307,505	5.6
CCLA Investment Management	18,816,719	5.0
Canaccord Genuity Wealth Management (Retail)	17,121,071	4.5
Hargreaves Lansdown, stockbrokers (EO)	16,455,990	4.4
BlackRock	15,535,171	4.1
Brewin Dolphin, stockbrokers	14,255,934	3.8
Investec Wealth & Investment	13,677,678	3.6

Following the Placing of new Ordinary shares on 4 February 2022, the Company is aware of the following substantial shareholders (based upon 412,174,356 shares in issue):

Shareholder	No. of Ordinary shares held	% held
East Riding of Yorkshire	33,000,000	8.0
Brewin Dolphin Ireland	25,989,405	6.3
Quilter Cheviot Investment Management	21,595,934	5.2
CCLA Investment Management	18,798,522	4.6
Canaccord Genuity Wealth Management (Retail)	18,178,139	4.4
Hargreaves Lansdown, stockbrokers (EO)	17,961,497	4.4
BlackRock	16,482,218	4.0
Investec Wealth & Investment	15,678,497	3.8
Brewin Dolphin, stockbrokers	14,871,966	3.6
CG Asset Management	12,359,375	3.0

Save as disclosed, there have been no significant changes notified in respect of the above holdings between 31 December 2021 and 21 April 2022.

## 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](http://eurologisticsincome.co.uk).

Aberdeen Asset Management PLC (AAM) has been appointed Company Secretary to the Company. Whilst AAM 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 [Logistics@abrdn.com](mailto: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 6 June 2022 at 12:30 p.m. at the offices of abrdn, Bow Bells House, 1 Bread Street, London EC4M 9HH. 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 11, 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 11 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 2023, or 30 June 2023, whichever is earlier. The Directors do not have any immediate intention to utilise this authority.

### **Special Business Disapplication of Pre-emption Rights**

Resolution 12 is a special resolution that seeks to renew the Directors' existing authority until the conclusion of the forthcoming 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 12 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 2023 or 30 June 2023, whichever is earlier.

### **Special Business Purchase of the Company's Shares**

Resolution 13 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.

Whilst 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, 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 in Resolution 13 will expire at the conclusion of the Annual General Meeting in 2023 or 30 June 2023, 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 12 above, may be held in treasury.

If Resolutions 11 to 13 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 14 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 2023 or 30 June 2023 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 14 in limited and time sensitive circumstances.

### **Dividend Policy**

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

Resolution 4 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 11 to 14 to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that Shareholders should vote in favour of all Resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 309,687 Ordinary shares.

By order of the Board

### **Aberdeen Asset Management PLC – Secretaries**

Bow Bells House  
1 Bread Street  
London EC4M 9HH

21 April 2022

# Directors' Remuneration Report

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

### 1. Remuneration Policy

Which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – approved by Shareholders at the AGM held on 11 June 2019 and to be voted upon at the AGM convened for 6 June 2022;

### 2. Implementation Report

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

### 3. Annual Statement

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 82..

## 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 period 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 2021 were:

	£
Chairman	49,000
Chairman of Audit Committee	39,000
Director	34,000

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

## Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director has an interest in any contracts with the Company during the period 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.

A resolution to approve the Remuneration Policy will be proposed for approval at the AGM convened for 6 June 2022. It is intended that, if approved, the remuneration Policy will take effect from the conclusion of the AGM on 6 June 2022.

## Implementation Report

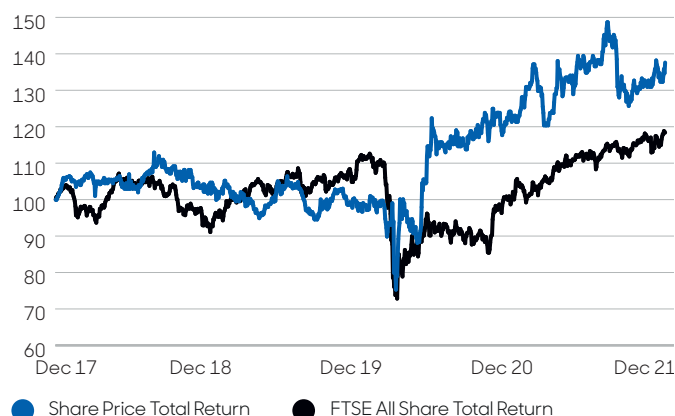
### Directors' Fees

The Board has carried out an annual review of the level of fees payable to Directors including a review of comparable peer group directors' fees. The Board concluded that, with effect from 1 January 2022 the annual fees payable to Directors should be increased to: Chairman £50,000, Audit Committee Chairman £40,000, Directors £35,000. This increase is benchmarked against other similar investment company roles and ensures that fees remain competitive enough to attract the required calibre of experienced non executive director when required. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

### Company Performance

The following chart illustrates the total shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the FTSE All Share Index for the period from launch to 31 December 2021 (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 2021



Source: abrdn, Factset.

## Statement of Voting at Annual General Meeting

At the Company's AGM held on 7 June 2021, Shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy which was approved at the AGM held on 11 June 2019) in respect of the period ended 31 December 2020. The following proxy votes were received on the resolutions:

Resolution	For*	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	142.3m (99.8%)	255,725 (0.2%)	22,886
(3) Approve Directors' Remuneration Policy**	68.3m (99.9%)	31,447 (0.0%)	27,060

\* Including discretionary votes.

\*\* approved at the AGM held on 11 June 2019.

## Spend on Pay

### Fees Payable (Audited)

The Directors received the following fees which exclude employers' NI and any VAT payable for the year ended 31 December 2021 and the year ended 31 December 2020:

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

Director	2021 £	2020 £
T Roper	49,000	47,000
C Gulliver	39,000	38,000
J Heawood	34,000	33,000
D Wilde	34,000	33,000
<b>Total</b>	<b>156,000</b>	<b>151,000</b>

In euro terms the Directors were paid €182,000 (2020: €169,026).

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

	2021 €	2020 €
Directors' Fees paid	182,000	169,000
Dividends paid	16,188,000	13,508,000



### Sums Paid to Third Parties

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

### Annual Percentage Change in Directors' Remuneration

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

	Year ended 31 December 2021 %	Year ended 31 December 2020 %
T Roper <sup>1</sup>	4.3	32.2
C Gulliver	2.6	8.6
J Heawood	3.0	10.0
D Wilde	3.0	10.0

<sup>1</sup> Tony Roper was appointed Chairman on 11 June 2019.

### Directors' Interests in the Company (Audited)

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 2021 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 2021 Ordinary shares	31 Dec 2020 Ordinary shares
T Roper	92,812	55,000
C Gulliver	62,500	40,000
J Heawood	50,000	30,000
D Wilde	64,375	40,000

Following the Placing of new Ordinary shares on 4 February 2022, Mr Roper is interested in 102,812 shares, Ms Gulliver is interested in 72,500 shares, Mr Heawood is interested in 60,000 shares and Ms Wilde is interested in 74,375 shares.

These interests were unchanged at 21 April 2022, 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 2021:

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

**Tony Roper**

Chairman

21 April 2022

# 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 International Financial Reporting Standards as adopted by the United Kingdom (IFRSs as adopted by the UK) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, 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 their 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 IFRSs as adopted by the UK;
- 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 Group and 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.

## 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;
- 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 position, performance, business model and strategy; and
- the Strategic Report and Directors' Report includes a fair review of the development and performance of the business and the position of the Company 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**

21 April 2022

# Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 December 2021 which has been prepared in compliance with applicable legislation.

## Committee Composition

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

## Functions of the Committee

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

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

- to review and monitor the internal control systems and risk management systems (including review of non-financial and emerging risks) on which the Company is reliant;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. Non-audit fees of £45,000+VAT were paid in 2021 (2020: £nil) for reporting accountant services in connection with the issue of a Prospectus. The Audit Committee reviews and approves the provision of all non-audit services in the light of the potential for such services to impair the Auditor's independence;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to review and challenge the investment valuation process employed by the Investment Manager;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Half Yearly Report and Annual Report and Financial Statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information

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

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

## Performance Evaluation of the Committee

In 2021 a thorough external evaluation was conducted by Lintstock Limited, an independent third party evaluation service provider. The evaluation was based upon questionnaires and the results allowed the Committee members to agree priorities for future consideration including areas where future succession planning should be focused.

## Activities During the Period

The Audit Committee met four times during the period 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 Board 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 12 to 16.

## Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2021, 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 period 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 Audit 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 76% of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. In structuring the group loan arrangements the Manager has received specialist advice and is therefore confident of the recoverability of these loans.

## Review of Financial Statements

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

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

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and Financial Statements is fair, balanced and understandable. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 78.

## 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 partner will be rotated after no more than five years and the year ended 31 December 2021 is the second year for which the present partner 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

21 April 2022

# Financial Statements

The audited Net Asset Value ("NAV") per Share as at 31 December 2021 was €1.29 (GBp 108.5p), compared with the NAV per Share of €1.20 (GBp 107.9p) at the end of 2020, reflecting, with the interim dividends declared, a NAV total return of 12.4% for the year in euro terms.





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



## Independent auditor's report

to the members of abrdn European Logistics Income plc

### 1. Our opinion is unmodified

We have audited the financial statements of abrdn European Logistics Income plc ("the Company") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, 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 2021 and 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 (*The Financial Reporting Standard applicable in the UK and Republic of Ireland*); 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 four financial years ended 31 December 2021. 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

<b>Materiality:</b>	€7.2m (2020: €4.8m)
group financial statements as a whole	1% (2020: 1%) of Total Assets

Coverage	100% of Group total assets
----------	----------------------------

### Key audit matters vs 2020

<b>Recurring risks</b>	Valuation of investment properties.	◀▶
	Recoverability of Company's loans due from Group entities.	▶▶

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

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, 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
<b>Valuation of investment properties</b> <i>(Group Key Audit Matter)</i> €683.9m (2020: €448m) Refer to page 80 (Audit Committee Report), page 95 (accounting policy) and pages 102 - 103 (financial disclosures).	<b>Subjective valuation</b> <i>The carrying amount of the Group's property portfolio makes up 94% (2021: 93%) of the Group's total assets by value.</i>  <i>Valuations of the Group's investment properties are performed by external valuation advisers.</i>  <i>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.</i>  <i>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 as a whole. The financial statements disclose the sensitivity of the estimate to changes in the discount rate.</i>	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:  <b>1. Understanding of valuation approach:</b> We corresponded with the Group's external valuation advisers in respect of a sample of properties to understand the assumptions and methodologies used in valuing the investment properties and the market evidence used by the external valuation advisers to support their assumptions. We also obtained an understanding of the directors' involvement in the valuation process to assess whether appropriate oversight has occurred.  <b>2. Assessing valuation advisors' credentials:</b> Critically assessing the independence, professional qualifications, competence and experience of the external valuation advisors used by the Group.  <b>3. Methodology choice:</b> Critically assessed the methodology used by the external valuation advisors by considering whether their valuations were prepared in accordance with market practice for the estimation of fair value and relevant accounting standards.  <b>4. Benchmarking assumptions:</b> Challenging the key assumptions upon which the valuations were based, including those relating to Estimated Rental Value ('ERV') and discount rates by making a comparison to our own assumptions independently derived from market data.  <b>5. Input assessment:</b> 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.  <b>6. Disclosure assessment:</b> We also considered the adequacy of the Group's disclosures about the degree of estimation and sensitivity to key assumptions made when valuing the investment properties.  <b>Our results</b> We found the Group's valuation of investment properties to be acceptable (2020: acceptable).

	The risk	Our response
<p><b>Recoverability of the Company's loans due from Group entities.</b> (Parent Company Key Audit Matter)</p> <p>€322.3m (2020: €153.8m)</p> <p>Refer to page 79 (Audit Committee Report), page 121 (accounting policy) and page 124 (financial disclosures).</p>	<p><b>Low risk, high value</b> The carrying amount of the parent loan balance represents 75.6% (2020: 61%) of the Parent Company's total assets. The parent loans are measured at fair value, which is subject to management judgement, albeit the loans are repayable on demand and have no access to upside value from the borrowers, the key risk to measurement is if the borrower could not repay them.</p> <p>Due to their materiality in the context of the parent Company financial statements, this is considered to be the area that requires the greatest effort in the Parent Company audit and is hence a Key Audit Matter.</p>	<p>We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described:</p> <p><b>Tests of detail:</b></p> <ul style="list-style-type: none"> <li>Checking whether the borrowers have a positive net asset value – and the headroom of this over the debt owed.</li> </ul> <p><b>Our results:</b> We found the measurement of the Parent Company loans to be acceptable (2020: acceptable).</p>

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

Materiality for the Group financial statements as a whole was set at €7.2m (2020: €4.8m), determined with reference to a benchmark of total assets, of which it represents 1% (2020: 1%).

Materiality for the Parent Company financial statements as a whole was set at €4.2m (2020: €2.5m), determined with reference to a benchmark of total assets, of which it represents 1% (2020: 1%).

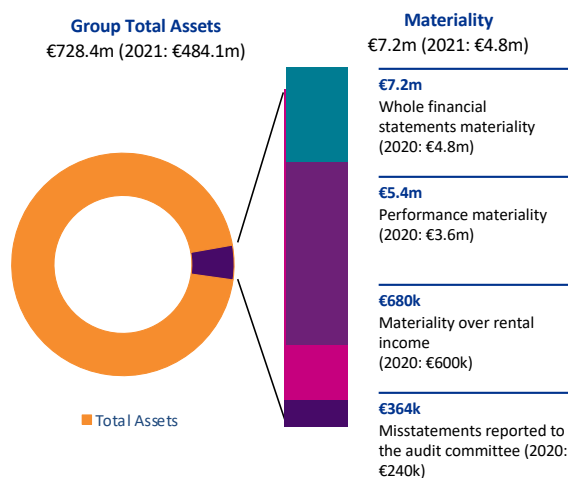
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Group and Parent Company performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to €5.4m (2020: €3.6m), (Parent Company €3.1m (2020: €1.9m)). 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 €680k (2020: €600k) to the rental income account 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 Company's members' assessment of the financial performance of the Group. Performance materiality over rental income was set at 75% (2020: 75%) of rental income materiality, which equates to €510k (2020: €450k)

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding €364k (2020: €240k), in addition to other identified misstatements that warranted reporting on qualitative grounds, Parent Company €210k (2020: €125k) and rental income €68k (2020: €60k).

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 Company's internal controls over financial reporting.



#### 4. The impact of climate risk on our audit

In planning our audit we have considered the potential impacts of climate change on the Company's financial statements.

We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit. We assessed that the financial statements estimate that is primarily exposed to climate risk is the investment property portfolio, for which the valuation assumptions and estimates may be impacted by physical and policy or legal climate risks, such as flooding or an increase in climate related compliance expenditure. We made enquiries of the property manager and the external valuer to understand the extent of the potential impact of physical and policy or legal climate change risk on the investment property portfolio. We also held discussions with our own climate change professionals to challenge our risk assessment.

We assessed that, whilst climate change posed a risk to the determination of investment property valuations in the current year, this risk was not significant when considering both the nature and domicile of the properties and the tenure of unexpired leases. Therefore there was no significant impact of this on our key audit matters.

We have read the disclosure of climate related narrative in the front half of the financial statements and considered consistency with the financial statements and our audit knowledge.

#### 5. We have nothing to report on going concern

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

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

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

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

We 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 and related sensitivities.

Our conclusions based on this work:

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group's and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 73 is materially consistent with the financial statements and our audit knowledge.

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

#### 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 Directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Directors, the Administrator and the Group's and Parent Company's Investment Manager; and
- Reading Board and Audit Committee minutes.



## 6. Fraud and breaches of laws and regulations – ability to detect (continued)

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. We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Directors and the Administrator, no further high-risk journal entries or other adjustments were identified.

On this audit do not believe there is a fraud risk related to revenue recognition because the Group's primary revenue stream, rental income, is simple in nature with respect to accounting policy choice and variable amounts are verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any significant unusual transactions or additional fraud risks.

### Identifying and responding to risks of material misstatement due to non-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 Administrator (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.

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits 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: money laundering, bribery and corruption 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.

## 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.

## 7. We have nothing to report on the other information in the Annual Report (continued)

### Strategic report and Directors' report

Based solely on our work on the other information:

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

### Directors' remuneration report

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

### Disclosures of emerging and principal risks and longer-term viability

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

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

- the Directors' confirmation within the Viability Statement on page 17 that they have carried out assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal and Emerging 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 and Parent Company, and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and Parent Company 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 17 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 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 Company'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.



## 9. Respective responsibilities

### Directors' responsibilities

As explained more fully in their statement set out on page 78, 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'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 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](http://www.frc.org.uk/auditorsresponsibilities).

## 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.



(Statutory Auditor)  
P, Statutory Auditor Chartered

ACCOUNTANTS  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
21 April 2022



## Financial Statements

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021			Year ended 31 December 2020		
		Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
REVENUE							
Rental Income		23,283	-	23,283	20,257	-	20,257
Property service charge income		3,435	-	3,435	3,096	-	3,096
Other operating income		219	-	219	47	-	47
Total Revenue	2	26,937	-	26,937	23,400	-	23,400
GAINS ON INVESTMENTS							
Gains on revaluation of investment properties	9	-	41,031	41,031	-	32,878	32,878
Total Income and gains on investments		26,937	41,031	67,968	23,400	32,878	56,278
EXPENDITURE							
Investment management fee		(2,756)	-	(2,756)	(2,066)	-	(2,066)
Direct property expenses		(1,851)	-	(1,851)	(1,305)	-	(1,305)
Property service charge expenditure		(3,435)	-	(3,435)	(3,096)	-	(3,096)
SPV property management fees		(371)	-	(371)	(139)	-	(139)
Other expenses	3	(1,735)	-	(1,735)	(1,290)	-	(1,290)
Total expenditure		(10,148)	-	(10,148)	(7,896)	-	(7,896)
Net operating return before finance costs		16,789	41,031	57,820	15,504	32,878	48,382
FINANCE COSTS							
Finance costs	4	(3,449)	-	(3,449)	(2,545)	-	(2,545)
Effect of foreign exchange differences		264	753	1,017	(892)	301	(591)
Net return before taxation		13,604	41,784	55,388	12,067	33,179	45,246
Taxation	5	(651)	(10,294)	(10,945)	(228)	(9,629)	(9,857)
Net return for the year		12,953	31,490	44,443	11,839	23,550	35,389
Total comprehensive return for the period		12,953	31,490	44,443	11,839	23,550	35,389
Basic and diluted earnings per share	7	4.50¢	10.93¢	15.43¢	4.95¢	9.84¢	14.79¢

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

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

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

## Financial Statements

# Consolidated Balance Sheet

For the year ended 31 December 2021

		As at 31 December 2021	As at 31 December 2020
	Notes	Total €'000	Total €'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	9	683,878	448,418
Deferred tax asset	5	2,978	1,425
<b>Total non-current assets</b>		<b>686,856</b>	<b>449,843</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	11,175	9,286
Cash and cash equivalents	11	23,280	24,874
Other Assets		6,966	75
Derivative financial assets	15	109	26
<b>Total current assets</b>		<b>41,530</b>	<b>34,261</b>
<b>Total assets</b>		<b>728,386</b>	<b>484,104</b>
<b>CURRENT LIABILITIES</b>			
Bank loans	14	15,500	-
Lease liability	12	550	550
Trade and other payables	13	14,466	8,291
<b>Total current liabilities</b>		<b>30,516</b>	<b>8,841</b>
<b>NON-CURRENT LIABILITIES</b>			
Bank loans	14	160,447	143,331
Lease liability	12	22,355	22,620
Deferred tax liability	5	27,563	15,716
<b>Total non-current liabilities</b>		<b>210,365</b>	<b>181,667</b>
<b>Total liabilities</b>		<b>240,881</b>	<b>190,508</b>
<b>Net assets</b>		<b>487,505</b>	<b>293,596</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	16	4,309	2,756
Share premium	17	225,792	61,691
Special distributable reserve	18	178,207	185,661
Capital reserves	19	63,258	31,768
Revenue reserve		15,939	11,720
<b>Equity shareholders' funds</b>		<b>487,505</b>	<b>293,596</b>
<b>Net asset value per share</b>	<b>8</b>	<b>€ 1.29</b>	<b>€ 1.20</b>

The Financial Statements on pages 89 to 127 were approved and authorised for issue by the Board of Directors on 21 April 2022 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 2021

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

### For the year ended 31 December 2020

	Notes	Share capital €'000	Share premium €'000	Special distributable reserve €'000	Capital reserve €'000	Revenue reserve €'000	Total €'000
Balance at 31 December 2019		2,645	50,364	191,579	8,218	7,471	260,277
Share Issue	16/17	111	11,442	-	-	-	11,553
Share Issue costs	17	-	(115)	-	-	-	(115)
Total Comprehensive return for the period		-	-	-	23,550	11,839	35,389
Dividends paid	6	-	-	(5,918)	-	(7,590)	(13,508)
<b>Balance at 31 December 2020</b>		<b>2,756</b>	<b>61,691</b>	<b>185,661</b>	<b>31,768</b>	<b>11,720</b>	<b>293,596</b>

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

## Financial Statements

# Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net gain for the period before taxation		55,388	45,246
Adjustments for:			
Gains on investment properties		(41,031)	(32,878)
Land leasehold liability decreases		265	257
(Increase)/Decrease in operating trade and other receivables		(9,088)	1,215
Increase/(Decrease) in operating trade and other payables		2,939	(1,270)
Finance costs	4	3,449	2,545
Tax paid		(473)	(106)
Cash generated by operations		11,449	15,009
<b>Net cash inflow from operating activities</b>		<b>11,449</b>	<b>15,009</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment properties		(193,475)	(46,223)
Derivative financial instruments		(83)	(34)
<b>Net cash outflow from investing activities</b>		<b>(193,558)</b>	<b>(46,257)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	6	(16,188)	(13,508)
Bank loans interest paid		(1,311)	(1,588)
Bank loans drawn		68,860	35,201
Bank loans repaid		(36,500)	-
Proceeds from share issue	16/17	168,477	11,553
Issue costs relating to share issue	17	(2,823)	(115)
<b>Net cash inflow from financing activities</b>		<b>180,515</b>	<b>31,543</b>
Net (decrease)/increase in cash and cash equivalents		(1,594)	295
Opening balance		24,874	24,579
<b>Closing cash and cash equivalents</b>		<b>23,280</b>	<b>24,874</b>
<b>REPRESENTED BY</b>			
Cash at bank	11	23,280	24,874

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

# Notes to the Financial Statements

## 1. Accounting Policies

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

### (a) Basis of Accounting

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

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

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

#### **New and revised standards and interpretations issued in the current period**

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

- Amendments to IFRS 9, IAS 39 and IFRS 7 – the amendments provide clarifications for specific hedge accounting requirements for the interest rate benchmark.
- Amendments to IFRS 16 – the amendments allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

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

- IFRS 17 Insurance Contracts (effective 1 January 2023);
- Amendments to IAS 1 – Classification of liabilities as current or non-current (effective 1 January 2023);
- Amendments to IFRS 10, IAS 28 – Sale or Contribution of Assets between an investor and its Associate or Joint Venture (effective date deferred indefinitely).

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

### (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, estimate inflation, market rents, discount and capitalisation rates. 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 and Going Concern**

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 31 December 2021, and are prepared on a going concern basis. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

See note 28 for further details on going concern.

**(d) Functional and Presentation currency**

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

**(e) Foreign Currency**

Transactions denominated in foreign currencies are converted at the exchange rate ruling at the date of the transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies held at the financial period end are translated using London closing foreign exchange rates at the financial period 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 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, except for gains or losses on investment properties which are recorded in the capital column.

**(h) Taxation**

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

**Current tax**

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'net return before tax' as reported in the Consolidated Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

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 period 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 period 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 CBRE GmbH and Savills, chartered surveyors, at the balance sheet date undertaken in accordance with the RICS Valuation – Global Standards 2020, (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.

The Group may enter into forward funding agreements with third party developers in respect of certain properties. Under these agreements the Group will make payments to the developer as construction progresses. The value of these payments is assessed and certified by an expert and capitalised in the period during which the expenditure is incurred and included within the book cost of the property.

#### **(j) Distributions**

Interim distributions payable to the holders of equity shares are recognised in the Statement of Changes in Equity in the period 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 having a low value at the lease commencement date are classified as operating leases and accounts for the lease payments on a straight-line basis over the lease terms.

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, bank balances and cash, and others) are 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 31 December 2021, 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 31 December 2021, 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 period. 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 period 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.

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 as revenue or capital depending on their nature.

#### **(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 period 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. Revenue

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Rental income	23,283	20,257
Other income	3,435	3,096
Property service charge income	219	47
<b>Total revenue</b>	<b>26,937</b>	<b>23,400</b>

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

## 3. Expenditure

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Professional fees	656	375
Directors' fees	182	169
Audit fee for statutory services <sup>1</sup>	275	270
Other expenses	382	301
Broker fees	69	67
Depositary fees	44	8
Stock exchange fees	66	59
Directors' liability insurance expense	3	4
Registrar fees	43	24
Employers NI	15	13
<b>Total expenses</b>	<b>1,735</b>	<b>1,290</b>

<sup>1</sup> The Audit fee above for 2021 reflects an audit fee of €218,400 which includes £45,000 paid in respect of non-audit services fees incurred in relation to the share issuance programme and the issue of a prospectus in September 2021 (2020: nil). Subsidiary audit fees of €12,790 are also included.

## 4. Finance Costs

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Interest on bank loans	2,587	1,998
Bank interest	606	335
Amortisation of loan costs	256	212
<b>Total finance costs</b>	<b>3,449</b>	<b>2,545</b>

## 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 period 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 period 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 period. 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 period. The Company should in practice be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the "exempt classes" in Part 9A of the CTA 2010. In March 2021 the UK Government confirmed an increase in the Corporation Tax Rate from 19% to 25% from 1 April 2023. This will not affect the Company's ability to take advantage of the streaming regime as it currently does.

Reconciliation between the tax charge and the product of accounting profit/(loss) multiplied by the applicable tax rate for the year ended 31 December 2021.

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

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Current taxation:						
Overseas taxation	651	-	651	228	-	228
Deferred taxation:						
Overseas taxation	-	10,294	10,294	-	9,629	9,629
<b>Total taxation</b>	<b>651</b>	<b>10,294</b>	<b>10,945</b>	<b>228</b>	<b>9,629</b>	<b>9,857</b>



	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Net result before taxation	13,604	41,784	55,388	12,067	33,179	45,246
Theoretical tax at UK corporation tax rate of 19%	2,585	7,939	10,524	2,293	6,304	8,597
Effect of:						
Losses where no deferred taxes have been recognised	229	-	229	110	-	110
Impact of different tax rates on foreign jurisdictions	1,262	2,355	3,617	(1,381)	3,325	1,944
Expenses that are not deductible / income that is not taxable	(2,602)	-	(2,602)	(81)	-	(81)
Impact of UK interest distributions from the Investment Trust	(823)	-	(823)	(713)	-	(713)
<b>Total taxation</b>	<b>651</b>	<b>10,294</b>	<b>10,945</b>	<b>228</b>	<b>9,629</b>	<b>9,857</b>

**(b) Tax in the Group Balance Sheet**

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Deferred tax assets:						
On tax losses	-	2,828	2,828	-	1,084	1,084
On other temporary differences	-	150	150	-	341	341
<b>Total taxation</b>	<b>-</b>	<b>2,978</b>	<b>2,978</b>	<b>-</b>	<b>1,425</b>	<b>1,425</b>

	Year ended 31 December 2021			Year ended 31 December 2020		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Deferred tax liabilities:						
Differences between tax and property valuation	-	27,563	27,563	-	15,716	15,716
<b>Total taxation</b>	<b>-</b>	<b>27,563</b>	<b>27,563</b>	<b>-</b>	<b>15,716</b>	<b>15,716</b>

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

No deferred tax asset has been recognised (2020: nil) on estimated UK tax losses.

## 6. Dividends

	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
2020 Fourth Interim dividend of 1.41c /(1.24p) per Share paid 26 March 2021 (2019 Fourth Interim: 1.41c/1.27p)	3,447	3,306
2021 First Interim dividend of 1.41c (1.21p) per Share paid 25 June 2021 (2020 First Interim: 1.41c /1.24p)	3,708	3,306
2021 Second Interim dividend of 1.41c (1.21p) per Share paid 24 September 2021 (2020 Second interim: 1.41c/1.24p)	3,708	3,448
2021 Third Interim dividend of 1.41c (1.21p) per Share paid 30 December 2021 (2020 Third interim: 1.41c/1.24p)	5,325	3,448
<b>Total Dividends Paid</b>	<b>16,188</b>	<b>13,508</b>

A fourth interim dividend of 1.41c/(1.21p) per share was paid on 25 March 2022 to Shareholders on the register on 4 March 2022. Although this payment relates to the year ended 31 December 2021, under IFRS it will be accounted for in the year in which it has been paid.

## 7. Earnings per Share (Basic and Diluted)

	Year ended 31 December 2021	Year ended 31 December 2020
Revenue net return attributable to Ordinary shareholders (€'000)	12,953	11,839
Weighted average number of shares in issue during the period	288,114,820	239,213,116
<b>Total revenue return per ordinary share</b>	<b>4.50¢</b>	<b>4.95¢</b>
Capital return attributable to Ordinary shareholders (€'000)	31,490	23,550
Weighted average number of shares in issue during the period	288,114,820	239,213,116
<b>Total capital return per ordinary share</b>	<b>10.93¢</b>	<b>9.84¢</b>
<b>Total return per ordinary share</b>	<b>15.43¢</b>	<b>14.79¢</b>

Earnings per Share is calculated on the revenue and capital loss for the period (before other comprehensive income) and is calculated using the weighted average number of Shares in the period of 288,114,820 Shares (2020: 239,213,116 Shares).

## 8. Net Asset Value Per Share

	2021	2020
Net assets attributable to shareholders (€'000)	487,505	293,596
Number of shares in issue at 31 December	377,628,901	244,500,001
<b>Net asset value per share (€)</b>	<b>1.29</b>	<b>1.20</b>

## 9. Investment Properties

	2021 €'000	2020 €'000
Opening carrying value	448,418	348,519
Purchase at cost and capital expenditure	194,429	43,851
Gains on revaluation to fair value	41,031	32,878
Purchase of leasehold interest (non cash)	-	23,170
<b>Total carrying value at 31 December</b>	<b>683,878</b>	<b>448,418</b>
Gains on investment properties at fair value comprise:		
Valuation gains	40,683	31,958
Decrease in leasehold liability	265	(137)
Movements in lease incentives	83	1,057
	<b>41,031</b>	<b>32,878</b>

### Valuation Methodology

Valuations were performed by CBRE GmbH and Savills, both accredited independent valuers with a recognised and relevant professional qualification. The valuers have sufficient current local and national knowledge of the particular property markets involved and have the skills and understanding to undertake the valuations competently.

The Investment Manager appoints a suitable valuer (such appointment is reviewed on a periodic basis) to undertake a valuation of all the direct real estate investments on a quarterly basis. The valuation is undertaken in accordance with the RICS Valuation – Global Standards 2020, (Red Book), published by the Royal Institution of Chartered Surveyors.

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

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

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 properties amounted to €666,008,000. The difference between the fair value and the value per the Consolidated Balance Sheet at 31 December 2021 consists of accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease, and a lease asset relating to future use of the leasehold at Den Hoorn. These total €5,035,000 and €22,905,000 respectively. The rent incentive balance is recorded separately in the financial statements as a current asset, and the lease asset is offset by an equal and opposite lease liability.

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

Country and sector	Fair Value €'000	Valuation techniques	Key Unobservable inputs	Range (weighted average)
Netherlands – Logistics	234,800	Discounted Cash Flow	Annual rent per sq m	44.14 – 69.81 (59.85)
			Capitalisation rate	3.60% – 4.78% (4.05%)
			Discount rate	4.15% – 5.25% (4.57%)
Germany – Logistics	70,000	Discounted Cash Flow	Annual rent per sq m	65.97 – 66.04 (66.01)
			Capitalisation rate	3.20% – 3.35% (3.26%)
			Discount rate	3.85% – 4.10% (3.95%)
France – Logistics	74,500	Discounted Cash Flow	Annual rent per sq m	48.78 – 87.48 (76.37)
			Capitalisation rate	4.30% – 5.00% – (4.50%)
			Discount rate	4.40% – 5.25% – (4.64%)
Poland – Logistics	90,000	Discounted Cash Flow	Annual rent per sq m	48.20 – 65.42 – (54.53)
			Capitalisation rate	5.05% – 5.65% – (5.27%)
			Discount rate	5.18% – 5.63% – (5.37%)
Spain – Logistics	196,708	Discounted Cash Flow	Annual rent per sq m	32.51 – 70.18 – (54.15)
			Capitalisation rate	3.75% – 5.65% – (4.10%)
			Discount rate	4.25% – 7.50% – (4.91%)

### Sensitivity Analysis

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

Country and sector	Assumption	Movement	Effect on Valuation €'000
Netherlands - Logistics	Capitalisation and Discount rate	+50 basis points	(26,400)
		- 50 basis points	33,800
Germany - Logistics	Capitalisation and Discount	+50 basis points	(9,300)
		- 50 basis points	12,800
France - Logistics	Capitalisation and Discount rate	+50 basis points	(7,500)
		- 50 basis points	9,200
Poland - Logistics	Capitalisation and Discount rate	+50 basis points	(7,600)
		- 50 basis points	9,200
Spain - Logistics	Capitalisation and Discount rate	+50 basis points	(22,164)
		- 50 basis points	28,826

## 10. Trade and Other Receivables

	2021 €'000	2020 €'000
Trade debtors	5,549	4,130
VAT receivable	591	140
Lease incentives	5,035	4,952
Other receivables	-	64
<b>Total receivables</b>	<b>11,175</b>	<b>9,286</b>

The ageing of these receivables is as follows:

	2021 €'000	2020 €'000
Less than 6 months	5,580	8,769
Between 6 & 12 months	5,595	517
	<b>11,175</b>	<b>9,286</b>

## 11. Cash and Cash Equivalents

	2021 €'000	2020 €'000
Cash at bank	23,280	24,874
<b>Total cash and cash equivalents</b>	<b>23,280</b>	<b>24,874</b>

## 12. Leasehold Liability

	2021 €'000	2020 €'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	550	550
One to five years	2,201	2,201
More than five years	25,615	26,165
<b>Total undiscounted lease liabilities</b>	<b>28,366</b>	<b>28,916</b>
<b>Lease liability included in the Consolidated Balance Sheet</b>		
Current	550	550
Non – current	22,355	22,620
<b>Total lease liability included in the Consolidated Balance Sheet</b>	<b>22,905</b>	<b>23,170</b>

On 15 January 2020 the Group acquired a new logistics warehouse in Den Hoorn. The property is on land owned by the local municipality and leased to the Group on a perpetual basis. The Group reserves the option to acquire the freehold ownership on 1 July 2044 for the total sum of €15,983,000. The annual ground lease payments amount to €531,000 per annum, the present value of these future payments being €22,905,000 as at 31 December 2021.

## 13. Trade and Other Payables

	2021 €'000	2020 €'000
Rental income received in advance	1,964	2,604
Accrued acquisition and development costs	41	833
Management fee payable	931	555
VAT payable	643	811
Accruals	2,850	1,048
Trade creditors	5,164	1,236
Tenant deposits	2,873	1,204
<b>Total payables</b>	<b>14,466</b>	<b>8,291</b>



## 14. Bank Loans

	2021 €'000	2020 €'000
Bank borrowings drawn	177,100	144,600
Loan issue costs paid	(1,740)	(1,599)
Accumulated amortisation of loan issue costs	587	330
<b>Total Bank Loans</b>	<b>175,947</b>	<b>143,331</b>

	2021 €'000	2020 €'000
Maturity less than 1 year	15,500	-
Maturity beyond 1 year	160,447	143,331
<b>Total payables</b>	<b>175,947</b>	<b>143,331</b>

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

Property	Country	Loan (€'000)	Start date	End date	Lender	Fixed Interest Rate
Erlensee	Germany	17,800	20/02/2019	31/01/2029	DZ HYP	1.62%
Flörsheim	Germany	12,400	18/02/2019	30/01/2026	DZ HYP	1.54%
Avignon + Meung Sur Loire	France	33,000	12/02/2019	12/02/2026	BAYERN LB	1.57%
Ede/Waddinxveen + Oss	Netherlands	44,200	06/06/2019	06/06/2025	BERLIN HYP	1.37%
s Heerenberg	Netherlands	11,000	27/06/2019	27/06/2025	BERLIN HYP	1.13%
Zeewolde+Den Hoorn	Netherlands	43,200	15/01/2020	14/01/2028	BERLIN HYP	1.40%
Not property related	United Kingdom	15,500	15/10/2021	03/01/2022	INVESTEC	3.75%
		<b>177,100</b>				

## 15. Derivative Financial Instruments

	2021 €'000	2020 €'000
Forward foreign exchange contracts	109	26
	<b>109</b>	<b>26</b>

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

## 16.Share Capital

	2021 €'000	2020 €'000
Opening balance	2,756	2,645
Ordinary shares issued	1,553	111
<b>Balance as at 31 December</b>	<b>4,309</b>	<b>2,756</b>

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

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

The Group commenced the year with 244,500 001 Ordinary shares in issue. On 16 March 2021, the Group increased its share capital by the issue of 18,450,000 new Ordinary Shares at 105p (€1.22) per share. On 1 October 2021, the Group increased its share capital by the issue of 114,678,900 new Ordinary Shares at 109p (€1.27) per share. The number of Ordinary shares in issue at 31 December 2021 was 377,628,901.

The nominal value of each share is £0.01.

## 17. Share Premium

	2021 €'000	2020 €'000
Opening balance	61,691	50,364
Premium arising on issue of new shares	166,924	11,442
Share issue costs deducted	(2,823)	(115)
<b>Balance as at 31 December</b>	<b>225,792</b>	<b>61,691</b>

The share premium arising in the year was converted to EUR using the issue date exchange rate on 16 March 2021 of 1.16353482 and on 1 October 2021 of 1.16750143.

## 18.Special Distributable Reserve

	2021 €'000	2020 €'000
Opening balance	185,661	191,579
Dividends Paid	(7,454)	(5,918)
<b>Balance as at 31 December</b>	<b>178,207</b>	<b>185,661</b>

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.

## 19. Capital Reserves

	Realised capital reserve €'000	Unrealised gains/(losses) €'000	Total capital reserve €'000
Opening balance	(2)	31,770	31,768
Movement in deferred taxation	-	(10,294)	(10,294)
Movement in fair value gains of investments	-	41,031	41,031
Currency gains during the year	-	753	753
<b>Balance as at 31 December</b>	<b>(2)</b>	<b>63,260</b>	<b>63,258</b>

## 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.

	Netherlands €'000	Poland €'000	Germany €'000	Spain €'000	France €'000	Parent Company €'000	Total €'000
<b>2021</b>							
Total Assets	264,155	94,100	71,571	215,789	80,725	2,046	728,386
Total Liabilities	139,464	6,608	34,134	6,663	37,206	16,806	240,881
Total Comprehensive return for the period (Revenue)	2,646	(969)	(578)	(14)	2,110	9,758	12,953
Total Comprehensive return for the period (Capital)	21,436	6,607	3,655	2,814	(3,022)	-	31,490
<b>Included in Total Comprehensive Income</b>							
Net gain from the fair value adjustment on investment property	29,636	7,708	4,580	2,319	(3,212)	-	41,031
Rental income	10,368	3,634	2,846	2,306	4,129	-	23,283

2020	Netherlands €'000	Poland €'000	Germany €'000	Spain €'000	France €'000	Parent Company €'000	Total €'000
Total Assets	231,747	57,557	67,387	29,423	83,745	14,245	484,104
Total Liabilities	113,681	3,407	33,038	1,138	38,389	855	190,508
Total Comprehensive return for the period (Revenue)	2,376	(334)	625	437	1,732	7,003	11,839
Total Comprehensive return for the period (Capital)	14,999	865	3,721	490	3,622	(147)	23,550
<b>Included in Total Comprehensive Income</b>							
Net gain from the fair value adjustment on investment property	21,199	1,709	3,931	801	5,238	-	32,878
Rental income	9,674	2,380	2,870	1,531	3,802	-	20,257

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

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Investment properties	-	-	448,418	448,418

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

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

31 December 2020	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
Derivative Financial Instruments	-	26	-	26

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

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

### (a) Market price risk

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

#### (i) Market risk arising from interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

#### Interest risk profile

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

	Interest rate %	Local currency '000	Foreign exchange rate	Euro equivalent €'000
<b>As at 31 December 2021</b>				
Assets:				
Euro	(0.50)	21,994	€1.00	21,994
Pound Sterling	0.25	149	0.84	177
Polish Zloty	1.25	5,080	4.60	1,109
<b>Total</b>				<b>23,280</b>
<b>As at 31 December 2020</b>				
Assets:				
Euro	(0.50)	23,594	€1.00	23,594
Pound Sterling	0.10	726	0.90	807
Polish Zloty		2,184	4.61	473
<b>Total</b>				<b>24,874</b>

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

An increase of 0.1 per cent in interest rates as at the reporting date would have increased the reported profit and equity shareholders' funds by €23,280. A decrease of 0.1 per cent would have reduced the reported profit and equity shareholders' funds by €23,280. Other financial assets (eg debtors) are not subject to interest rate risk.

## (ii) Market risk arising from foreign currency risk

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

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

### Foreign currency risk profile

Foreign currency risk exposure by currency of denomination:

	Investment exposure €'000	Net monetary exposure €'000	Total currency exposure €'000
<b>As at 31 December 2021</b>			
Pound Sterling	–	332	332
Złoty	51,852	1,109	52,961
Total foreign currency	51,852	1,441	53,293
Euro	632,026	(197,814)	434,212
<b>Total</b>	<b>683,878</b>	<b>(196,373)</b>	<b>487,505</b>
	Investment exposure €'000	Net monetary exposure €'000	Total currency exposure €'000
<b>As at 31 December 2020</b>			
Pound Sterling	–	1,052	1,052
Złoty	51,852	473	473
Total foreign currency	51,852	1,525	1,525
Euro	396,566	(156,347)	292,071
<b>Total</b>	<b>448,418</b>	<b>(154,822)</b>	<b>293,596</b>

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

### Foreign currency sensitivity

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

	As at 31 December 2021 €'000	As at 31 December 2020 €'000
Złoty	110.9	47.3
Pound Sterling	33.2	105.2



### **(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 valuation fell by 10% at 31 December 2021, the decrease in total assets and return before tax would be €66m (2020: €43m). If the investment portfolio valuation rose by 10% at 31 December 2020, the increase in total assets and return before tax would be €66m (2020: €43m). Exposures vary throughout the period as a consequence of changes in the net assets of the Group arising out of the investment 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 2021 was €28.8m (2020 - €29.0m). 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 2021 was €164,980,000 (2020: €150,121,000).

### Contractual undiscounted maturities

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

At 31 December 2021	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
Bank loans	2,373	2,299	62,096	108,585	175,352
Lease liability	550	550	1,651	25,615	28,366
<b>Total</b>	<b>2,922</b>	<b>2,849</b>	<b>63,747</b>	<b>134,200</b>	<b>203,718</b>

At 31 December 2020	Within 1 year €'000	1-2 years €'000	2-5 years €'000	Over 5 years €'000	Total €'000
Bank loans	1,963	1,963	51,588	102,218	157,732
Lease liability	550	550	1,651	26,165	28,916
<b>Total</b>	<b>2,513</b>	<b>2,513</b>	<b>53,239</b>	<b>128,383</b>	<b>186,648</b>

## 23.Related Party Transactions

The Company's Alternative Investment Fund Manager ('AIFM') throughout the period was Aberdeen Standard Fund Managers Limited ("ASFML"). 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 ASFML on not less than 12 months' written notice.

Under the terms of the agreement portfolio management services are delegated by ASFML to Aberdeen Standard Investments Ireland Limited ('ASIL'). The total management fees charged to the Consolidated Statement of Comprehensive Income during the period were €2,756,000 (2020: €2,066,000), of which €931,000 (2020: €555,000) were payable at the period end. Under the terms of a Global Secretarial Agreement between ASFML and Aberdeen Asset Management PLC ('AAM PLC'), company secretarial services are provided to the Company by AAM PLC.

A Promotional and Marketing Budget fee of £137,000 was approved for 2021/2022 at the November 2021 Board meeting which is payable to Aberdeen Asset Managers Limited ('AAML').

The remuneration of Directors is detailed below. Further details on the Directors can be found on pages 75 to 77.

	2021 €'000	2020 €'000
Caroline Gulliver	45	43
John Heawood	40	37
Tony Roper	57	52
Diane Wilde	40	37
<b>Balance as at 31 December</b>	<b>182</b>	<b>169</b>

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 2021 Ordinary shares	31 December 2020 Ordinary shares
T Roper	92,812	55,000
C Gulliver	62,500	40,000
J Heawood	50,000	30,000
D Wilde	50,000	40,000

On 16 March 2021, the Director's increased their shareholdings by: T Roper 20,000, C Gulliver 10,000, J Heawood 10,000 and D Wilde 10,000.

On 1 October 2021, the Director's increased their shareholdings by: T Roper 17,812, C Gulliver 12,500, J Heawood 10,000 and D Wilde 14,375.

## 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).

	2021 €'000	2020 €'000
Less than one year	28,027	22,443
Between one and two years	27,372	22,061
Between two and three years	26,867	21,781
Between three and four years	25,748	21,446
Between four and five years	24,415	20,664
More than five years	100,195	140,045
<b>Total</b>	<b>232,624</b>	<b>248,440</b>

The largest single tenant at the year end accounted for 10 per cent of the annualised rental income at 31 December 2021.

The Group has entered into commercial property leases on its investment property portfolio. These leases have remaining lease terms of between 1 and 26 years.

## 25. Post Balance Sheet Events

### Equity Raise

The Company issued 34.5 million new Ordinary Shares at a price of 110 pence per share on 4 February 2022, raising gross proceeds of £38 million (€45.6 million). Following the issue of the new Ordinary shares, the total number of voting rights in the Company is 412,174,356. Details of the Directors participation in the share issue is included in note 23.

### War between Russia and Ukraine

In 2014 Russia annexed Crimea, a mainly Russian speaking region of Ukraine. This led to various separatist uprisings in the Donetsk and Luhansk regions of Ukraine. A peace deal in 2015 established a line of demarcation but since then, low-level fighting has continued. Post the Balance Sheet date, on 24th February 2022, Russia launched a full scale military operation in Ukraine.

As at the date of the report the Group did not hold any assets in Ukraine or Russia. The situation in the region is rapidly evolving and the Directors and the Manager continue to monitor the situation carefully and will take whatever steps are necessary and in the best interests of the Company's Shareholders. This includes but is not limited to

ensuring that the requirements of all international sanctions are adhered to, actively managing the assets of the Group proactively to best manage risk and ensuring that the Manager and other key suppliers continue to operate all protections, protocols and monitoring of heightened cyber threats. The Group's key suppliers do not have operations in Ukraine or Russia and there is not expected to be any adverse impact from the military operation on the operational activities, processes and procedures of the Group.

## 26. Capital Commitments

As at the 31 December 2021 the Group had capital commitments of €73.4m in relation to the acquisition of Phase IV of the Sky Madrid portfolio.

## 27. Ultimate Parent Company

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

## 28. Going Concern

The Group and Company meets its longer term funding and working capital requirements through a combination of cash balances, rental income and a number of bank loans with different banks.

Following the share issuance in February 2022 (€45.6m), expected purchase of assets in the second quarter of 2022, and the upcoming drawing of additional asset level debt to fund these acquisitions, the Group will have c.€20m cash reserves.

As detailed in note 14 there are currently six bank facilities, none of which are due to expire before June 2025. The Group also has an undrawn €70m revolving credit facility with Investec Bank, €3.3m of which is committed and available on request to cover any short-term liquidity gaps.

The ongoing COVID-19 pandemic, and the Russian invasion of Ukraine have not materially impacted the Groups portfolio. Rent collection for the year was 99.5%, and the Groups portfolio delivered a capital return of 8.3%. 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 debt costs. The Company has prepared cash flow forecasts which reflect these potential impacts, including severe but plausible downside scenarios taking into account specific tenant risks and upcoming debt requirements. The impact of reductions in rental income and increased debt costs in these scenarios could be mitigated through, among other actions, a reduction in dividends to shareholders if considered necessary by the Board.

The scenarios model reduced rental income through to 2023 and the worst case model equates to an overall 20% reduction of rental income per annum over that period. There are no anticipated breaches of loan to value covenants as a result of reasonably possible reductions in property values or rental income. Regarding interest cover covenants of those three bank loans subject to financial covenants, two are secured over multiple properties. This affords the Group headroom on the interest cover covenants under all scenarios. The third bank loan is secured over only one property, with a single tenant, and as such is more exposed to the risk of rental reductions.

The Group is able to mitigate this risk through a combination of maintaining sufficient cash resources under the modelled scenarios to, as permitted under the provisions of the loan facility agreement, potentially cure a breach should it occur, or provide additional security, or let the property should it become vacant.

While the Company cannot predict with any certainty the full potential impact of these ongoing crises, the financial forecasts prepared, including the downside scenarios, indicate that it can continue to operate as a going concern and meet its liabilities as they fall due.

Accordingly, the Directors have a reasonable expectation that the Company will be able to continue as a going concern and meet its liabilities as they fall due for a period of at least 12 months from the date of this report.

# Parent Company Balance Sheet

As at 31 December 2021

	Notes	2021 €'000	2020 €'000
<b>Non-current assets</b>			
Investment in subsidiaries	2	101,406	80,915
Group loan receivable	4	321,592	153,800
		422,998	234,715
<b>Current assets</b>			
Cash and cash equivalents	3	906	13,401
Group loan interest receivable	4	1,226	3,304
Group loan receivable	4	921	-
Other receivables		402	156
Derivative financial instruments		109	26
		3,564	16,887
<b>Total assets</b>		<b>426,562</b>	<b>251,602</b>
<b>Current liabilities</b>			
Bank loans		15,500	-
Trade and other payables	5	1,457	1,053
		16,957	1,053
<b>Non-current liabilities</b>			
Bank loans	6	(144)	(196)
<b>Total liabilities</b>		<b>16,813</b>	<b>857</b>
<b>Net assets</b>		<b>409,749</b>	<b>250,745</b>
Represented by:			
Share capital	7	4,309	2,756
Share premium	7	225,792	61,691
Special Distributable Reserve		178,207	185,661
Revenue reserve		1,529	1,552
Capital reserve		(88)	(915)
		<b>409,749</b>	<b>250,745</b>

The financial statements on pages 117 to 127 were approved and authorised for issue by the Board of Directors on 21 April 2022 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 2021

	Notes	Share Capital €'000	Share Premium €'000	Special Distributable Reserve €'000	Revenue Reserve €'000	Capital Reserve €'000	Total €'000
As at 31 December 2020		2,756	61,691	185,661	1,552	(915)	250,745
Issue of shares	7	1,553	166,924	-	-	-	168,477
Share Issue Costs	7	-	(2,823)	-	-	-	(2,823)
Net gain after taxation		-	-	-	8,711	827	9,538
Dividends paid		-	-	(7,454)	(8,734)	-	(16,188)
<b>As 31 December 2021</b>		<b>4,309</b>	<b>225,792</b>	<b>178,207</b>	<b>1,529</b>	<b>(88)</b>	<b>409,749</b>

## For the year ended 31 December 2020

	Notes	Share Capital €'000	Share Premium €'000	Special Distributable Reserve €'000	Revenue Reserve €'000	Capital Reserve €'000	Total €'000
As at 31 December 2019		2,645	50,364	191,579	2,139	(410)	246,317
Issue of shares	7	111	11,442	-	-	-	11,553
Share Issue Costs	7	-	(115)	-	-	-	(115)
Net gain after taxation		-	-	-	7,003	(505)	6,498
Dividends paid		-	-	(5,918)	(7,590)	-	(13,508)
<b>As 31 December 2020</b>		<b>2,756</b>	<b>61,691</b>	<b>185,661</b>	<b>1,552</b>	<b>(915)</b>	<b>250,745</b>

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, 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 1 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.

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**

Group loans are recognised at fair value. Each group loan is assessed individually in order to determine the fair value, and any gain or loss to be taken through the statement of comprehensive income. Where the Company is expected to receive all contractual payments on the loan in full, the fair value of the loan equals the face value and as such no gain or loss arises. The net asset value of each borrower is reviewed to consider if there is sufficient value within the subsidiary to meet the contractual cash flows. Fundamental to the net asset value of the borrower is the fair value of the investment properties owned. The valuation uncertainty of investment properties is detailed within the consolidated group financial statement notes. Where there are expected cash shortfalls, these are reduced from the face value of the group loans to get to their fair value, discounted at the interest rate of the loan, which is benchmarked to ensure is on an arms length market rate.

### (c) Functional and Presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company 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 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 period end are translated using London closing foreign exchange rates at the financial period 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.

Deferred income tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an asset the directors consider that the Company will recover the value of investment property through sale. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

**(h) Distributions**

Interim distributions payable to the holders of equity shares are recognised in the Statement of Changes in Equity in the period 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) Group Loans**

Group loans are recognised and subsequently measured at fair value.

## **2. Investments in Subsidiaries**

As at 31 December 2021 the total cost of shares purchased in ASELI Florsheim BV was €1,000 and €5,170,000 share premium (2020: €1,000 and €5,170,000 share premium). The net assets of ASELI Florsheim BV are €9,798,000 as at 31 December 2021 (2020: €9,025,000). ASELI Florsheim BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI Erlensee BV was €1,000 and €8,372,000 share premium (2020: €1,000 and €8,372,000 share premium). The net assets of ASELI Erlensee BV are €16,568,000 as at 31 December 2021 (2020: €14,265,000). ASELI Erlensee BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI Leon BV was €1,000 and €15,664,000 share premium (2020: €1,000 and €9,434,000 share premium). The net assets of ASELI Leon BV are €19,660,000 as at 31 December 2021 (2020: €12,100,000). ASELI Leon BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI Netherlands I BV was €1,000 and €6,132,000 share premium (2020: €1,000 and €8,868,000 share premium). The net assets of ASELI Leon BV are €13,721,000 as at 31 December 2021 (2020: €12,049,000). ASELI Netherlands I BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI Netherlands II BV was €1,000 and €2,956,000 share premium (2020: €1,000 and €5,864,000 share premium). The net assets of ASELI Netherlands II BV are €10,092,000 as at 31 December 2021 (2020: €9,005,000). ASELI Netherlands II BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI Waddinxveen BV was €1,000 and €5,169,000 share premium (2020: €1,000 and €7,169,000 share premium). The net assets of ASELI Waddinxveen BV are €17,378,000 as at 31 December 2021 (2020: €12,313,000). ASELI Waddinxveen BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI France Holding was €10,078,000 (2020: €10,078,000). The net assets of ASELI France Holding are €17,234,000 as at 31 December 2021 (2020: €18,146,000). ASELI France Holding is a private limited company, registered in France.

As at 31 December 2021 the total cost of shares purchased in ASELI 's Heerenberg BV was €1,000 and €3,966,000 share premium (2020: €1,000 and €6,651,000 share premium). The net assets of ASELI 's Heerenberg BV are €10,284,000 as at 31 December 2021 (2020: €9,751,000). ASELI 's Heerenberg BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in ASELI Netherlands Holdings BV was €1,000 and €6,536,000 share premium (2020: €1,000 and €10,936,000 share premium). The net assets of ASELI Netherlands Holdings BV are €16,831,000 as at 31 December 2021 (2020: €15,834,000). ASELI Netherlands Holdings BV is a private limited company, registered in the Netherlands.

As at 31 December 2021 the total cost of shares purchased in PDC Industrial 92 Sp. z o.o. was €1,000 and €4,657,000 share premium (2020: €1,000 and €4,657,000 share premium). The net assets of PDC Industrial 92 Sp. z o.o. are €7,578,000 as at 31 December 2021 (2020: €5,408,000). PDC Industrial 92 Sp. z o.o. is a private limited company, registered in Poland.

As at 31 December 2021 the total cost of shares purchased in PDC Industrial 72 Sp. z o.o. was €88,000, and €3,619,000 share premium (2020: €88,000, and €3,619,000 share premium). The net assets of PDC Industrial 72 Sp. z o.o. are €7,264,000 as at 31 December 2021 (2020: €5,750,000). PDC Industrial 72 Sp. z o.o. is a private limited company, registered in Poland.

As at 31 December 2021 the total cost of shares purchased in Circulus Investments Sp. z o.o. was €2,994 and €2,864,398 share premium (2020: € nil). The net assets of Circulus Investments Sp. z o.o. are €1,273,000 as at 31 December 2021 (2020: € nil). Circulus Investments Sp. z o.o. is a private limited company, registered in Poland.

As at 31 December 2021 the total cost of shares purchased in ASELI Madrid Holding S.L. was €26,123,000 (2020: € nil). The net assets of ASELI Madrid Holding S.L. are €27,594,000 as at 31 December 2021 (2020: € nil). ASELI Madrid Holding S.L. is a private limited company, registered in Spain.

#### Indirect Subsidiaries

As at 31 December 2021 ASELI France Holdings owned 100% of the share a capital in both ASELI Meung SCI and ASELI Avignon SCI. The total cost of of shares purchased was €7,030,000 and €18,174,000 respectively (2020: €7,030,000 and €18,174,000). The net assets were €4,330,000 and €30,148,000 respectively (2020: €10,857,000 and €26,178,000). Both companies are private limited companies, registered in France.

As at 31 December 2021 ASELI Netherlands Holdings BV owned 100% of the share a capital in ASELI Caprev Den Hoorn BV. The total cost of of shares purchased was €12,000 and €13,424,000 share premium (2020: €12,000 and €13,424,000 share premium). The net assets were €45,570,000 (2010: €39,167,000). Company is private a limited companies, registered in the Netherlands.

As at 31 December 2021 ASELI Madrid Holding S.L. owned 100% of the share a capital in: ASELI Madrid 1 S.L.U., ASELI Madrid 3 S.L.U. and ASELI Madrid 4 S.L.U. The total cost of of shares purchased was €3,000 for all three companies and for share premium €39,727,000, €51,903,000 and €37,021,000 respectively (2020: € nil for all three companies). The net assets were €39,268,000, €54,479,000 and €38,316,000 respectively (2020: € nil for all three companies). The above companies are private limited companies, registered in Spain.

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

Subsidiary	Address	Share Capital & Premium (€'000)	% Shares Owned	Activity
ASELI Florsheim BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	5,171	100	Property Investment
ASELI Erlensee BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	8,373	100	Property Investment
ASELI Leon BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	15,665	100	Property Investment
ASELI Netherlands I BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	6,133	100	Property Investment
ASELI Netherlands II BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	2,957	100	Property Investment

Subsidiary	Address	Share Capital & Premium (€'000)	% Shares Owned	Activity
ASELI Waddinxveen BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	5,170	100	Property Investment
ASELI France Holding SAS	c/o Primexis, Tour Opus 12- La Défense 9, 77, esplanade du Général de Gaulle, 92914 Paris LA Défense Cedex	10,078	100	Property Investment
ASELI sHeerenberg BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	3,967	100	Property Investment
PDC Industrial 92 Sp. zo.o	c/o New Business Solutions Piekna 18, 00-549 Warsaw, Poland	4,658	100	Property Investment
PDC Industrial 72 Sp. zo.o	c/o New Business Solutions Piekna 18, 00-549 Warsaw, Poland	3,707	100	Property Investment
ASELI Netherlands Holdings BV	c/o Citco Nederland B.V. Naritaweg 165 1043 BW Amsterdam The Netherlands	6,537	100	Property Investment
ASELI Madrid Holding S.L.	Pinar 7 - 5 Izq, 28006 Madrid, Spain	26,123	100	Property Investment
Circulus Investments Sp. zo.o	c/o New Business Solutions Piekna 18, 00-549 Warsaw, Poland	2,867	100	Property Investment

### 3. Cash and Cash Equivalents

	2021 €'000	2020 €'000
Cash	906	13,401
	<b>906</b>	<b>13,401</b>



## 4. Group Loans

	2021 €'000	2020 €'000
Accrued interest on Group loan receivable in less than one year	1,226	3,304
	<b>1,226</b>	<b>3,304</b>
Group loan receivable in greater than one year	321,592	153,800
Group loan expected to be received in less than one year	921	-
	<b>322,513</b>	<b>153,800</b>

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

Borrower	Limit €'000	Balance Drawn €'000		Maturity		Interest Rate	Outstanding Interest €'000	
		As at 31 Dec 2021	As at 31 Dec 2020	Date yrs	Loan Type		As at 31 Dec 2021	As at 31 Dec 2020
ASELI Florsheim BV	6,125	3,725	3,725	Jan 28	Interest Bearing Loan	3.50%	11	24
ASELI Erlensee BV	16,500	1,678	1,678	May 28	Interest Bearing Loan	2.50%	-	-
ASELI Erlensee BV	10,300	5,636	5,636	May 28	Interest Bearing Loan	3.50%	21	1
ASELI Leon BV	9,650	9,650	9,650	Jan 28	Interest Bearing Loan	2.80%	68	68
ASELI Leon BV	3,224	-	-	Mar 21	Interest Bearing Loan	5.00%	-	1
ASELI Leon BV (Coslada)	6,398	6,398	6,398	Dec 29	Interest Bearing Loan	4.00%	65	65
ASELI Leon BV (Polinya)	13,370	13,221	-	Jun 31	Interest Free Loan	4.00%	133	-
ASELI Netherlands I BV (Ede)	35,584	11,808	13,715	Aug 28	Interest Bearing Loan	4.80%	52	124
ASELI Netherlands II BV (Zeewolde)	23,760	9,173	9,173	Sep 28	Interest Bearing Loan	4.60%	36	106
ASELI Den Hoorn BV	16,000	15,136	15,136	Jan 23	Interest Bearing Loan	6.50%	248	280
ASELI France Holding SAS (Avignon)	10,905	10,905	10,905	Oct 28	Interest Bearing Loan	3.13%	29	749
ASELI France Holding SAS (Meung)	6,096	4,212	4,212	Feb 29	Interest Bearing Loan	3.13%	11	251
ASELI Avignon SCI	27,265	2,454	2,454	Oct 28	Interest Bearing Loan	3.13%	6	19
ASELI Waddinxveen BV	29,200	9,075	9,575	Nov 28	Interest Bearing Loan	4.50%	35	81
ASELI Meung SCI	15,240	8,580	8,580	Nov 28	Interest Bearing Loan	3.13%	23	-
PDC Industrial 72 Sp. z o.o.	2,000	2,000	2,000	Feb 29	Interest Free Loan	0.00%	-	-
PDC Industrial 72 Sp. z o.o.	18,807	18,807	18,807	Feb 29	Interest Bearing Loan	4.10%	65	389
ASELI sHeerenberg BV	11,300	2,776	2,776	Jun 29	Interest Bearing Loan	5.29%	13	10
ASELI sHeerenberg BV	8,000	8,000	8,000	Jun 29	Interest Bearing Loan	5.29%	36	133
ASELI Madrid Holding S.L.	71,017	71,017	-	Dec 23	Interest Bearing Loan	3.00%	140	-
ASELI Madrid Holding S.L.	60,928	60,928	-	Dec 23	Interest Bearing Loan	2.10%	84	-
Circulus Investments Sp. z o.o.	25,780	25,073	-	Apr 31	Interest Bearing Loan	4.10%	73	-
Circulus Investments Sp. z o.o.	6,460	921	-	*Dec 22	Interest Bearing Loan	4.10%	3	-
PDC Industrial 92 Sp. z o.o.	21,340	21,340	21,340	Oct 29	Interest Bearing Loan	4.10%	74	1,003
	455,249	322,513	153,800				1,226	3,304
Fair value of group loans		322,513	153,800				1,226	3,304

\* The loan was used by the Parent Company for the purposes of acquiring real estate for the purposes of the Group's property rental business and in particular to cover the amount of the Polish value added tax imposed on the sale of the real estate and connected assets and the transfer of rights connected with the real estate. The loan is treated as a short-term one and will be repaid immediately after receiving refund of aforementioned Polish value added tax.

## 5. Trade and Other Payables

	2021 €'000	2020 €'000
Investment Management fee payable	931	555
Accruals and other payables	526	498
	<b>1,457</b>	<b>1,053</b>

## 6. Bank loans

In September 2021 the company increased its new uncommitted four year €40 million master facilities loan agreement with Investec Bank plc to €70 million. Under the facility, the company may make requests for drawdowns at selected short-duration tenors as and when needed to fund acquisitions or for other liquidity requirements. Within the facility, £3.3 million committed revolving credit facility is carved out of the total €70 million limit of the facility. As at 31 December 2021 the Company had drawn down €15.5 million of the facility (2020: € nil).

As at 31 December 2021 the company incurred €207,000 of capitalised financing fees, which are being spread over the four year term of the facility.

## 7. Share Capital and Share Premium

### Share Capital

	2021 €'000	2020 €'000
Opening Balance	2,756	2,645
Ordinary shares issued	1,553	111
<b>As at 31 December</b>	<b>4,309</b>	<b>2,756</b>

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

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

At the beginning of the year the Group had 244,500,001 Ordinary shares in issue. On 16 March 2021, the Group increased its share capital by the issue of 18,450,000 new Ordinary Shares at 105p (£1.22) per share. On 1 October 2021, the Group increased its share capital by the issue of 114,678,900 new Ordinary Shares at 109p (£1.27) per share. The number of Ordinary Shares authorised, issued and fully paid at 31 December 2021 was 377,628,901 (2020: 244,500,001). The nominal value of each share is £0.01.

### Share Premium

	2021 €'000	2020 €'000
Opening Balance	61,691	50,364
Premium arising on issue of new shares	166,924	11,442
Share issue costs deducted	(2,823)	(115)
<b>Balance at 31 December</b>	<b>225,792</b>	<b>61,691</b>

The share premium arising in the year was converted to EUR using the issue date exchange rate on 16 March 2021 of 1.16353482 and on 1 October 2021 of 1.16750143.

## 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 period 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 period.

Dividends paid in the year have therefore been split between the Special Distributable Reserve and Revenue Reserve as follows:

	Special Distributable Reserve €'000	Revenue Reserve €'000	Total €'000	Accounting Period Applied to for Income Retention Test
2020 Fourth Interim dividend of 1.41c (1.24p) per Share paid 26 March 2021	–	3,447	3,447	2020
2021 First Interim dividend of 1.41c (1.21p) per Share paid 25 June 2021	3,293	415	3,708	2021
2021 Second Interim dividend of 1.41c (1.21p) per Share paid 24 September 2021	–	3,708	3,708	2021
2021 Third Interim dividend of 1.41c (1.21p) per Share paid 30 December 2021	4,161	1,164	5,325	2021
<b>Total Dividends Paid</b>	<b>7,454</b>	<b>8,734</b>	<b>16,188</b>	

## 9. Capital Commitments

As at 31 December 2021 the company had capital commitments of €129.6m (2020 – €207.4m) relating to undrawn group loans.

## 10. Ultimate Parent Company

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

## 11. Fair Value of Financial Instruments

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

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

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

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

### Fair value hierarchy

The Company's financial instruments measured at fair value relate to group loans due from group entities, disclosed in Note 4. The group loans are classified as level 3 (2018: level 3) in the fair value hierarchy.

### Level 3 fair value measurements

#### Reconciliation

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2021 €'000	2020 €'000
Opening balance	153,800	193,685
Issued	179,563	31,001
Repayments	(7,986)	(26,357)
Conversions to share capital	-	(44,416)
Reclassifications	-	(113)
Conversions to investment in subsidiaries	(2,864)	-
<b>Closing balance</b>	<b>322,513</b>	<b>153,800</b>

Valuation techniques include net present value and discounted cash flows, each loan discounted at its arms length interest rate noted in Note 4.

Unobservable inputs used in measuring fair value.

The following table sets out information about significant unobservable input of Group Loan Receivable interest rate, used at 31 December 2021 and 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Range of estimates (weighted-average) for unobservable input – Group loan receivable interest rate	Fair value measurement sensitivity to unobservable inputs	Movement	Effect on valuation €'000
2 – 7% (2020: 2 – 6%)	Significant increases in any of these inputs in isolation would result in lower fair values.	+1% -1%	(15,874) (2020: (12,362)) 17,380 (2020: 9,881)



# Corporate Information

The Company's Investment Manager is Aberdeen Standard Investments Ireland Limited, a wholly owned subsidiary of abrdn plc whose group companies as at 31 December 2021 had approximately £542 billion under management and administration.



# Information about the Investment Manager

## Aberdeen Standard Fund Managers Limited

Aberdeen Standard Fund Managers Limited ("ASFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. ASFML has in turn delegated portfolio management to the Amsterdam branch of Aberdeen Standard Investments Ireland Limited ("ASII").

### abrdn

Worldwide, abrdn plc group companies had approximately £542 billion under management and administration (as at 31 December 2021) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

abrdn operates a fully integrated property investment management platform and has an extensive regional presence across the UK and Continental Europe. Its eight offices across Europe – London, Edinburgh, Frankfurt, Amsterdam, Madrid, Paris, Brussels and Copenhagen – employ a total of 290 abrdn real estate professionals in fund management, research, transactions, asset management, financing and other specialist property activities.

The real estate teams within these offices are responsible for sourcing and managing all the assets acquired across the region. Having teams in the key target markets in which the Company proposes to invest 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



**Evert Castelein**  
Fund Manager, Real Estate  
Investment Management

Evert is the primary Fund Manager responsible for the Company's portfolio and is based in Amsterdam. Prior to the Company's launch, he was Assistant Fund Manager for one of abrdn's flagship funds: the Aberdeen European Balanced Property Fund with 13 retail, 3 office and 7 logistics properties in 7 Eurozone countries. Evert joined the abrdn Real Estate Fund team in 2012, prior to which he was responsible for the asset management of a small German and Swedish fund and also Senior Analyst within the Property Research and Strategy team of Aberdeen Asset Management PLC (AAM). Evert joined Goodman Property Investors (which was acquired by AAM in 2008) in 2006, a leading unlisted property partnership investing in logistics real estate across Europe and the FGH Bank Netherlands, market leader in the financing of Dutch commercial real estate, where he worked as a research analyst. Evert has 15 years' experience within the (direct) real estate market. Evert holds a Masters degree in Economic Geography from the University of Groningen and has a Master of Science in Real Estate (MSRE). Evert speaks Dutch, Frysian, German, French and English.





**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 Aberdeen Asset Management PLC. 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.



**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 Fund 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.

## 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.

## Corporate Information

# Investor Information

### Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website ([eurologisticsincome.co.uk](http://eurologisticsincome.co.uk)) and the TrustNet website ([trustnet.co.uk](http://trustnet.co.uk)). Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

### Twitter:

@abrdn Trusts

### LinkedIn:

abrdn Investment Trusts

### Investor Warning

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

### Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2022/2023 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

### Direct

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through

the abrdn Investment Plan for Children, abrdn Share Plan and abrdn Investment Trust ISA.

### abrdn Investment Plan for Children

abrdn runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on all purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

### abrdn Investments Trust Share Plan

abrdn runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%). Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

### abrdn Investment Trusts ISA

An investment of up to £20,000 can be made in the tax year 2022/2023. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

## ISA Transfer to abrdn

You can choose to transfer previous tax year investments to us which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000, subject to a minimum per trust of £250.

## Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited, Aspect House, Spencer road, Lancing West Sussex or Tel: 0371 384 2416 Lines are open 8.30 a.m. to 5.30 p.m. (UK Time) Monday to Friday (excluding public holidays in England & Wales). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrars in writing.

Any general enquiries about the Company should be directed to the Company Secretary, abrdn European Logistics Income plc, Bow Bells House, 1 Bread Street, London EC4M 9HH or by email at [CEF.CoSec@abrdn.com](mailto:CEF.CoSec@abrdn.com).

If you have any questions about an investment held through the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email [inv.trusts@abrdn.com](mailto:inv.trusts@abrdn.com) or write to abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

## Literature Request Service

For literature and application forms for the Company and the abrdn range of investment trust products, please telephone: 0808 500 4000. For information on the abrdn Investment Plan for Children, abrdn Investment Trusts Share Plan, abrdn ISA or ISA Transfer to abrdn please write to abrdn Investment Trust Administration, PO Box 11020, Chelmsford, Essex, CM99 2DB or telephone the Manager's Customer Services Department on 0808 500 00 40 (free from a UK landline). Terms and conditions for the abrdn managed savings products can be found under the literature section of [invtrusts.co.uk](http://invtrusts.co.uk).

## Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website: [www.invtrusts.co.uk/en/fund-centre/literature-order-form](http://www.invtrusts.co.uk/en/fund-centre/literature-order-form).

## Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell YouInvest; Barclays Smart Investor; Charles Stanley Direct; Fidelity; Halifax; Hargreaves Lansdown; Interactive Investor; Novia; Transact; and Standard Life.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management and Financial Advice Association at [pimfa.co.uk](http://pimfa.co.uk).

## Independent Financial Advisers

To find an adviser who recommends on investment trusts, visit [unbiased.co.uk](http://unbiased.co.uk).

## Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768  
<https://register.fca.org.uk/>  
[register@fca.org.uk](mailto:register@fca.org.uk)

## AIFMD

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and NatWest Trustee and Depositary Services Limited (from 1 April 2022 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 AIFMD are published in the Company's PIDD which can be found on the website [eurologisticsincome.co.uk](http://eurologisticsincome.co.uk). The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 139.

## Suitable for Retail/NMPI Status

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

The Company currently conducts its affairs so that its securities can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's (FCA) rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

## Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

The information on pages 132 to 134 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

# EPRA Financial Reporting (Unaudited)

In February 2022, EPRA issued new best practice recommendations (BPR) for financial guidelines on its definitions of NAV measures: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). The 2022 amendment to the EPRA BPR specifies an additional key metric – the EPRA LTV. The rationale behind each of these measures is set out below. The Group has adopted these new guidelines and applied them in this Annual Report. EPRA Net Tangible Assets (NTA) is considered to be the most relevant NAV measure for the Group and will now report this as the primary non-IFRS NAV measure, replacing the previously reported EPRA NAV per share metrics.

### Rationale:

#### EPRA Net Tangible Assets:

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

#### EPRA Net Reinstatement Value:

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

#### EPRA Net Disposal Value:

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting taxation.

#### EPRA Loan-to-Value

LTV is a widely used KPI in corporate reporting. However, there was no consistency nor comparability in how the metric was being calculated and reported across various listed real estate companies and different jurisdictions. The EPRA LTV introduces a consistent and comparable metric for the sector, with the aim to assess the gearing of the shareholder equity within a real estate company.

#### EPRA Performance Measures

	31 December 2021 Total	31 December 2020 Total
A. EPRA earnings (€'000)	15,189	12,106
A. EPRA earnings per share (cents)	5.27	5.06
B. EPRA Net Tangible Assets ("NTA") (€'000)	515,177	309,251
B. EPRA NTA per share (cents)	136.40	126.48
C. EPRA Net Reinstatement Value ("NRV") (€'000)	551,283	333,002
C. EPRA NRV per share (cents)	145.99	136.20
D. EPRA Net Disposal Value ("NDV") (€'000)	491,894	287,003
D. EPRA NDV per share (cents)	130.26	117.38
E. EPRA Net Initial Yield	3.93%	4.54%
E. EPRA topped-up Net Initial Yield	4.02%	4.66%
F. EPRA Vacancy Rate	0.0%	0.0%
F. EPRA Cost Ratios – including direct vacancy costs	29%	24%
F. EPRA Cost Ratios – excluding direct vacancy costs	29%	24%

	31 December 2021 Total	31 December 2020 Total
G. EPRA Capital Expenditure (€m)	194,429	43,856
H. EPRA Like for Like Rental Growth	1.3%	1.3%
I. EPRA LTV	24.8%	29.5%
<b>A. EPRA Earnings (€000)</b>		
Earnings per IFRS income statement	44,443	35,389
Adjustments to calculate EPRA Earnings, exclude:	-	-
Net changes in value of investment properties	(41,031)	(32,878)
Deferred tax	11,847	9,629
Changes in fair value of financial instruments	(83)	(34)
EPRA Earnings	15,176	12,106
Weighted average basic number of shares ('000)	288,115	239,213
<b>EPRA Earnings per share (cents per share)</b>	<b>5.27</b>	<b>5.06</b>
<b>B. EPRA Net Tangible Assets ("NTA") (€'000)</b>		
IFRS NAV	487,505	293,596
Exclude:		
Fair value of financial instruments	109	26
Deferred tax in relation to fair value gains of Investment Property	27,563	15,629
	515,177	309,251
Shares in issue at end of year ('000)	377,629	244,500
<b>EPRA NAV per share (cents per share)</b>	<b>136.40</b>	<b>126.48</b>
<b>C. EPRA Net Reinstatement Value ("NRV") (€'000)</b>		
EPRA NTA	515,177	309,251
Real Estate Transfer Tax and other acquisition costs	36,106	23,751
EPRA NRV	551,283	333,002
<b>EPRA NRV per share (cents per share)</b>	<b>145.99</b>	<b>136.20</b>



	31 December 2021 Total	31 December 2020 Total
<b>D. EPRA Net Disposal Value ("NDV") (€'000)</b>		
IFRS NAV	487,505	293,596
Fair Value of Fixed Interest Debt	4,389	(6,593)
EPRA NDV	491,894	287,003
<b>EPRA NDV per share (cents per share)</b>	<b>130.26</b>	<b>117.38</b>
<b>E. EPRA Net Initial Yield and 'topped up' NIY disclosure (€'000)</b>		
Investment property - wholly owned	666,008	430,200
Less developments	-	-
<b>Completed property portfolio</b>	<b>666,008</b>	<b>430,200</b>
Allowance for estimated purchasers' costs	36,106	23,751
<b>Gross up completed property portfolio valuation</b>	<b>702,114</b>	<b>453,951</b>
Annualised cash passing rental income	29,445	21,933
Property outgoings	(1,851)	(1,305)
<b>Annualised net rents</b>	<b>27,594</b>	<b>20,628</b>
Add: notional rent expiration of rent free periods or other lease incentives	600	522
<b>Topped-up net annualised rent</b>	<b>28,194</b>	<b>21,150</b>
<b>EPRA NIY</b>	<b>3.93%</b>	<b>4.54%</b>
<b>EPRA "topped-up" NIY</b>	<b>4.02%</b>	<b>4.66%</b>
<b>F. EPRA Cost Ratios (€'000)</b>		
Administrative / property operating expense line per IFRS income statement	10,148	7,896
Net service charge costs/fees	(3,435)	(3,096)
EPRA Costs (including direct vacancy costs)	6,713	4,800
Direct vacancy costs	-	-
EPRA Costs (excluding direct vacancy costs)	6,713	4,800
Gross Rental income less ground rent costs - per IFRS	23,283	20,257
<b>EPRA Cost Ratio (including direct vacancy costs)</b>	<b>29%</b>	<b>24%</b>
<b>EPRA Cost Ratio (excluding direct vacancy costs)</b>	<b>29%</b>	<b>24%</b>
Overhead and operating expenses capitalised (incl. share of joint ventures)	-	-

	31 December 2021 Total	31 December 2020 Total
<b>G. Property-related CapEx</b>		
Acquisitions	194,104	43,856
Investment Properties:		
Incremental Lettable Space	325	-
<b>Total CapEx</b>	194,429	43,856
Conversion from accrual to cash basis	(954)	2,367
<b>Total CapEx on cash basis</b>	193,475	46,223
<b>H. Like For Like Rental Growth</b>		
Rental income growth:		
France	0.0%	0.8%
Germany	(1.5%)	5.1%
Netherlands	2.3%	0.2%
Poland	2.2%	1.2%
Spain	0.3%	0.0%
Total	1.3%	1.3%
<b>I. EPRA LTV</b>		
Borrowings from Financial Institutions	177,100	144,600
Net payables	14,466	8,291
Exclude:		
Cash and cash Equivalents	(23,280)	(24,874)
Net Debt (a)	168,286	128,017
Investment properties at fair value	666,008	430,200
Net receivables (excluding lease incentives)	13,106	4,409
Total Property Value (b)	679,114	434,609
LTV (a/b)	24.8%	29.5%

# Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen Standard 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](http://eurologisticsincome.co.uk). There have been no material changes to the disclosures contained within the Prospectus.

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 ASFML.
- 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, Aberdeen Asset Management PLC on request (see contact details on page 133) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 31 December 2021 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 2021	136%	136%

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 ASFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information above has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

# Glossary of Terms and Definitions and Alternative Performance Measures

<b>abrdn</b>	abrdn plc
<b>abrdn Group</b>	the abrdn plc group of companies
<b>AIC</b>	Association of Investment Companies
<b>AIFMD</b>	The Alternative Investment Fund Managers Directive
<b>AIFM</b>	the alternative investment fund manager, being ASFML
<b>Alternative Performance Measures</b>	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 and the AIC SORP
<b>Annual Rental Income</b>	Cash rents passing at the Balance Sheet date
<b>ASFML or AIFM or Manager</b>	Aberdeen Standard Fund Managers Limited
<b>ASIL or the Investment Manager</b>	Aberdeen Standard Investments Ireland Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's investment manager
<b>Asset Cover</b>	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
<b>Contracted Rent</b>	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired
<b>Covenant Strength</b>	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a lease
<b>Dividend Cover<sup>1</sup></b>	The ratio of the Company's net profit after tax (excluding the below items) to the dividends paid.

	As at 31 December 2021	As at 31 December 2020
Earnings per IFRS income statement	44,443	35,389
Adjustments to calculate dividend cover:		
Net changes in the value of investment property	(41,031)	(32,878)
Deferred Taxation	10,294	9,629
Effects of foreign exchange differences	(1,017)	591
Profits (A)	12,689	12,731
Dividend (B)	16,188	13,508
Dividend Cover (A)/(B)	78.4%	94.2%

<sup>1</sup> Defined as an Alternative Performance Measure.

Discount <sup>1</sup>	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share												
	<table><tr><td></td><td>As at 31 December 2021</td><td>As at 31 December 2020</td></tr><tr><td>Share price (A)</td><td>117.00p</td><td>108.50p</td></tr><tr><td>NAV (B)</td><td>108.50p</td><td>107.95p</td></tr><tr><td>Premium / (Discount) (A-B)/B</td><td>7.8%</td><td>0.5%</td></tr></table>		As at 31 December 2021	As at 31 December 2020	Share price (A)	117.00p	108.50p	NAV (B)	108.50p	107.95p	Premium / (Discount) (A-B)/B	7.8%	0.5%
	As at 31 December 2021	As at 31 December 2020											
Share price (A)	117.00p	108.50p											
NAV (B)	108.50p	107.95p											
Premium / (Discount) (A-B)/B	7.8%	0.5%											
Earnings Per Share	Profit for the period attributable to shareholders divided by the weighted average number of shares in issue during the period												
EPRA	European Public Real Estate Association												
Europe	The member states of the European Union, the European Economic Area ("EEA") and the members of the European Free Trade Association ("EFTA") (and including always the United Kingdom, whether or not it is a member state of the European Union, the EEA or a member of EFTA)												
ERV	The estimated rental value of a property, provided by the property valuers												
Gearing <sup>1</sup>	Calculated as gross external bank borrowings dividend by total assets												
	<table><tr><td></td><td>As at 31 December 2021</td><td>As at 31 December 2020</td></tr><tr><td>Bank Loans</td><td>€177.1m</td><td>€144.6m</td></tr><tr><td>Gross Assets</td><td>€705.50</td><td>€460.9m</td></tr><tr><td>Gearing</td><td>25.1%</td><td>31.4%</td></tr></table>		As at 31 December 2021	As at 31 December 2020	Bank Loans	€177.1m	€144.6m	Gross Assets	€705.50	€460.9m	Gearing	25.1%	31.4%
	As at 31 December 2021	As at 31 December 2020											
Bank Loans	€177.1m	€144.6m											
Gross Assets	€705.50	€460.9m											
Gearing	25.1%	31.4%											
Group	The Company and its subsidiaries												
Gross Assets and Gross Asset Value (GAV)	The aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time												
	<table><tr><td></td><td>As at 31 December 2021</td><td>As at 31 December 2020</td></tr><tr><td>Gross Asset Value per Balance Sheet</td><td>728,386</td><td>484,104</td></tr><tr><td>Exclude IFRS 16 right of use asset</td><td>(22,905)</td><td>(23,170)</td></tr><tr><td>Gross Assets</td><td>705,481</td><td>460,934</td></tr></table>		As at 31 December 2021	As at 31 December 2020	Gross Asset Value per Balance Sheet	728,386	484,104	Exclude IFRS 16 right of use asset	(22,905)	(23,170)	Gross Assets	705,481	460,934
	As at 31 December 2021	As at 31 December 2020											
Gross Asset Value per Balance Sheet	728,386	484,104											
Exclude IFRS 16 right of use asset	(22,905)	(23,170)											
Gross Assets	705,481	460,934											
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)												

<b>Key Information Document or KID</b>	<p>The Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation requires the Manager, as the Company's PRIIP "manufacturer," to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed</p>																						
<b>Lease incentive</b>	<p>A payment used to encourage a tenant to take on a new lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period</p>																						
<b>Leverage</b>	<p>For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other. At year end the loan to value was 25.1% (2020: 31.4%)</p>																						
<b>NAV total return<sup>1</sup></b>	<p>The return to shareholders, expressed as a percentage of opening NAV, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in NAV. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs</p> <table> <tr> <th></th><th><b>Year ended 31 December 2021</b></th><th><b>Year ended 31 December 2020</b></th></tr> <tr> <td>Opening NAV</td><td>120.1c</td><td>111.0c</td></tr> <tr> <td>Movement in NAV</td><td>9.0c</td><td>9.1c</td></tr> <tr> <td>Closing NAV</td><td>129.1c</td><td>120.1c</td></tr> <tr> <td>% increase in NAV</td><td>7.49%</td><td>8.2%</td></tr> <tr> <td>Impact of reinvested dividends</td><td>4.91%</td><td>5.36%</td></tr> <tr> <td>NAV total return</td><td>12.4%</td><td>13.56%</td></tr> </table>			<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2020</b>	Opening NAV	120.1c	111.0c	Movement in NAV	9.0c	9.1c	Closing NAV	129.1c	120.1c	% increase in NAV	7.49%	8.2%	Impact of reinvested dividends	4.91%	5.36%	NAV total return	12.4%	13.56%
	<b>Year ended 31 December 2021</b>	<b>Year ended 31 December 2020</b>																					
Opening NAV	120.1c	111.0c																					
Movement in NAV	9.0c	9.1c																					
Closing NAV	129.1c	120.1c																					
% increase in NAV	7.49%	8.2%																					
Impact of reinvested dividends	4.91%	5.36%																					
NAV total return	12.4%	13.56%																					
<b>Net Asset Value or NAV</b>	<p>The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share</p>																						

**Ongoing Charges<sup>1</sup>**

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 2021	Year ended 31 December 2020
Expenditure per Statement of comprehensive income	10,148	7,896
Less Property service charge expense and bad debt provision	(3,435)	(3,492)
Group operating costs including property costs (A)	6,713	4,403
Less Direct property expenses and property management fees excluding bad debt provision	(1,851)	(909)
Group operating costs (excluding property costs) (B)	4,862	3,494
Average net asset value (C)	366,359	275,964
Ongoing charges (excluding property costs) (B/C)	1.3%	1.3%
Ongoing charges (including property costs) (A/C)	1.8%	1.6%

**Passing Rent**

The rent payable at a particular point in time

**PIDD**

The pre-investment disclosure document made available by the AIFM in relation to the Company

**Premium<sup>1</sup>**

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 fair value**

The market value of the company's property portfolio, which is based on the external valuations provided by CBRE GmbH and 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<sup>1</sup>**

The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested in the quarter they are paid, excluding transaction costs

	Year ended 31 December 2021	Year ended 31 December 2020
Opening Share Price	108.5p	90.4p
Movement in share price	8.5p	18.1p
Closing share price	117.0p	108.5p
% increase/(decrease) in share price	7.8%	20.02%
Impact of reinvested dividends	4.6%	6.61%
Share price total return	12.4%	26.63%

**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

## Notice

# Notice of Annual General Meeting

Notice is hereby given that the fourth annual general meeting (the "Annual General Meeting") of abrdn European Logistics Income plc (the "Company") will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 12:30 p.m. on 6 June 2022 for the following purposes:

To consider and if thought fit, pass the following resolutions of which Resolutions 1 to 11 will be proposed as ordinary resolutions and Resolutions 12 to 14 as special resolutions:

### Ordinary Business

1. To receive and adopt the Company's financial statements for the year ended 31 December 2021, together with the Directors' Report and the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report as set out in the Company's Annual Report and financial statements for the year ended 31 December 2021 (other than the Directors' Remuneration Policy as set out on pages 75 of the Directors' Remuneration Report).
3. To approve the Directors' Remuneration Policy as set out on page 75 of the Directors' Remuneration Report which takes effect immediately after the end of the Annual General Meeting.
4. 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.
5. To re-elect Ms C. Gulliver as a Director.
6. To re-elect Mr J. Heawood as a Director.
7. To re-elect Mr T. Roper as a Director.
8. To re-elect Ms D. Wilde as a Director.
9. 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.
10. To authorise the Directors to determine the auditor's remuneration.

### Special Business

11. 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 £2,720,351 (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 2023 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2023 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.

12. THAT subject to the passing of Resolution numbered 11 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 11 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 11(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 2023, or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2023 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.
13. 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 2023, or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2023 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.
14. THAT a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board

**Aberdeen Asset Management PLC**

Secretaries

Bow Bells House

1 Bread Street

London

EC4M 9HH

21 April 2022

## 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 31 May 2022 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that register of members after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at **www.euroclear.com**. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. You may also submit your proxy votes via the internet. You can do so by visiting **www.sharevote.co.uk**. You will require your voting ID, task ID and Shareholder Reference Number. This information can be found under your name on your form of proxy. Alternatively, shareholders who have already registered with Equiniti Registrars' online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at **www.shareview.co.uk** using their user ID and password. Once logged in, click "view" on the "My Investments" page. Click on the link to vote and follow the on screen instructions.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

11. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
12. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share. A Director, the company secretary, or some person authorised for the purpose by the company secretary, may require any representative to produce a certified copy of the resolution so authorising him or such other evidence of his authority reasonably satisfactory to such Director, company secretary or other person before permitting him to exercise his powers.
13. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.
14. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
15. As at close of business on 21 April 2022 (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 21 April 2022 is 412,174,356.
16. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
17. Under section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is intended to be moved at the Annual General Meeting. Under section 338A of that Act, members may request the Company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may be properly included in the business.
18. Members should note that it is possible that, pursuant to requests made by the members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.
19. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

20. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
21. There are special arrangements for holders of shares through abrdn Investment Plan for Children, abrdns Investment Trusts Share Plan and abrdn Investment Trust ISA ("Plan Participants"). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.
22. **The Board is hopeful that the 2022 AGM will be an in-person meeting. However, given the evolving nature of the COVID-19 pandemic, should circumstances change significantly before the time of the AGM, the Company will notify shareholders of any changes to the AGM arrangements by updating the Company's website at [eurologisticsincome.co.uk](https://eurologisticsincome.co.uk) and through an RIS announcement, where appropriate, as early as is possible before the date of the meeting. Shareholders should note that if law or Government guidance so requires at the time of the meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the meeting and may be required to impose entry restrictions on certain persons wishing to attend the meeting in order to ensure the safety of those attending the meeting and to satisfy any requirements mandated by the venue managers.**



# Contact Addresses

## Directors

Anthony Roper, (Chairman)  
Caroline Gulliver  
John Heawood  
Diane Wilde

## Secretaries and Registered Office

Aberdeen Asset Management PLC  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

## Alternative Investment Fund Manager

Aberdeen Standard Fund Managers Limited  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

## Investment Manager

Aberdeen Standard Investments Ireland Limited  
2nd Floor  
2-4 Merrion Row  
Dublin 2

## Stockbrokers

Investec PLC  
30 Gresham Street  
London EC2V 7QP

## Solicitors

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

## Registrars

Equiniti Limited  
Aspect House Spencer Road  
Lancing  
West Sussex BN99 6DA

Tel: 0371 384 2416  
Tel: +44 (0) 121 415 7047 (International)  
Lines open 8:30am to 5:30pm (UK time), Monday to  
Friday, (excluding public holidays in England and Wales)  
[shareview.co.uk](https://www.shareview.co.uk)

## Depository

NatWest Trustee and Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

### Replaced 1st April 2022 by:

Citibank UK Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

## Independent Auditor

KPMG LLP  
319 St Vincent Street  
Glasgow G2 5AS

## Website

[eurologisticsincome.co.uk](https://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



For more information visit [eurologisticsincome.co.uk](http://eurologisticsincome.co.uk)

**abrdn.com**

0000734898