

Aberdeen Standard European Logistics Income PLC

Capturing diversified returns through investment in
warehouses and other logistics properties across Europe





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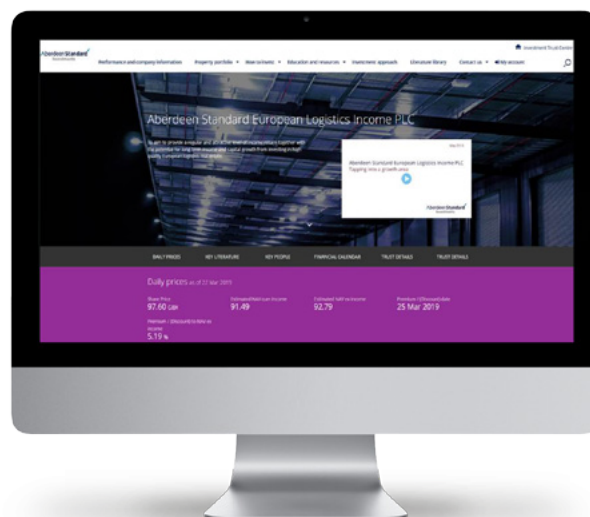
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Visit our website

To find out more about Aberdeen Standard European Logistics Income PLC, please visit:
eurologisticsincome.co.uk

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 Aberdeen Standard 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.

Overview

Company Overview

Aberdeen Standard European Logistics Income PLC (the "Company") launched on 15 December 2017 raising gross proceeds of £187.5 million (€212.0 million).

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 high quality 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 aims to invest in a portfolio of assets diversified by both geography and tenant throughout Europe, predominantly targeting well-located assets at established distribution hubs and within population centres.

The Company is governed by a board of non-executive directors, all of whom are independent, and has no employees. Like most other investment companies, the Company outsources its investment management and administration to an investment management group, Aberdeen Standard Investments. Investment management services are undertaken by the Amsterdam branch of Aberdeen Standard Investments Ireland Limited. The Company does not have a fixed life.

The Group

The Group consists of the Company and its subsidiaries. The Company is the ultimate controlling party. The subsidiaries are disclosed in note 2 to the parent company audited financial statements and in the Portfolio Analysis on page 21.

Financial Highlights¹

| | | |
|---|--|-------------------------------|
| Net asset value total return ² | Net Asset Value (€'000) | Net asset value per share (€) |
| -2.98% | 202,073 | 1.08 |
| Share price total return ² | Premium/Discount to net asset value ² | Ordinary dividend per share |
| +3.02% | +5.7% | 3.0p |
| Ongoing Charges ² | IFRS Earnings Per Share | Properties in Portfolio |
| 0.98% | -2.45c | 6 |

¹ The Company was launched on 15 December 2017 and there are no comparative figures available for 2017.

² Alternative Performance Measure (see pages 97-99).

Financial Calendar

| | |
|------------------|--|
| 23 April 2019 | Announcement of annual results for the period ended 31 December 2018 |
| 11 June 2019 | Annual General Meeting at 12.30 p.m. in London |
| 11 June 2019 | Announcement of first interim dividend for quarter ended 31 March 2019 |
| 10 July 2019 | Payment of first interim dividend |
| September 2019 | Announcement of half yearly results |
| 6 September 2019 | Announcement of second interim dividend for quarter ended 30 June 2019 |
| 7 October 2019 | Payment of second interim dividend |
| 19 November 2019 | Announcement of third interim dividend for quarter ended 30 September 2019 |
| 20 December 2019 | Payment of third interim dividend |
| 31 December 2019 | Year end |
| February 2020 | Announcement of fourth interim dividend for quarter ended 31 December 2019 |
| 20 March 2020 | Payment of fourth interim dividend |

Overview

Chairman's Statement



Pascal Duval
Chairman

Dear Shareholder

It is a pleasure to present to you the first full report of the Company covering the period from our initial public offering and launch up until 31 December 2018.

Logistics is a story of growth. The successful launch of the Company (or "ASELI") in December 2017 proves that investors have recognised the opportunity to invest in a market that is benefiting from the rise of e-commerce and further globalisation. These developments have a large impact on the logistics supply chain and can be seen as one of the driving forces behind healthy occupier demand. The under supply of suitable properties situated in many European markets makes logistics one of the most attractive investment categories for investors interested in investment in real estate.

Overview

The Company was launched on 15 December 2017 raising gross proceeds of £187.5 million (€ 212.0 million) following a Placing and Offer for Subscription of Ordinary Shares (the "IPO").

In accordance with the Company's investment policy, the net proceeds of the IPO have been carefully invested over the ensuing months into a diversified portfolio of high quality "big box" logistics warehouses and assets across Europe. Our Investment Manager has deployed capital with the aim of creating a portfolio of assets diversified by both geography and tenant throughout Europe, targeting good quality, well-located assets at established distribution hubs and within close proximity to cities with excellent transport links.

The audited Net Asset Value ("NAV") per Share as at 31 December 2018 was €1.08, reflecting a NAV total return of -2.98% in the period. This return is mainly attributable to the impact of transaction costs on acquiring properties reflecting the fact that the Company was in its initial investment period in 2018. The closing share price at 31 December 2018 was 102.25p per Ordinary share having launched at 100p per share.

Dividends

Interim dividends of 0.7p, 1.0p and 1.3p per Ordinary share, were paid in September 2018, December 2018 and March 2019 in respect of the period from initial launch to 31 December 2018. This was in accordance with the intention stated in the IPO Prospectus to target total dividends of 3.0p per Ordinary Share during the investment phase. The Company intends to declare quarterly interim dividends to shareholders, with dividends 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.

Portfolio

Over the period, finding the right assets at the right price in what has proved to be a very competitive market has been one of the Investment Manager's key challenges. By the end of 2018 the Company had secured nine investments with one further opportunity in due diligence, in five different countries. Such a well-diversified portfolio was created with the help of the Investment Manager's local transaction managers which is one of the Company's key selling points. The tenth acquisition of a freehold warehouse located in Krakow Poland was subsequently announced in March 2019. The portfolio now consists of ten modern, high quality warehouses, six of which are new. The durability of the income that we expect to generate given the length of the leases; all indexed, the covenant strength of the tenants; all strong, and the quality of the locations now provides shareholders with a well-diversified portfolio which should enable the Company to meet its investment objective. The Board has been very closely involved in the acquisition of each property, with multiple ad-hoc meetings, regular reporting and monthly interactions with the Investment Manager. Further details on the composition of the portfolio are provided in the Investment Manager's Review.

Yield

The Board has closely monitored the development of the European logistics market over the past twelve months and is conscious of the very strong market demand for logistics assets across much of developed Europe. This has resulted in a material degree of yield compression. At the same time, ongoing demand for assets of the high quality seen in the Company's portfolio is expected to result in a marked uplift in their capital value over time, adding to the total return.

During the Investment Manager's series of investor updates with some of the Company's largest shareholders held in November 2018, discussions focused on the Company's total return characteristics and distribution targets and, in particular, whether the then current level of gearing and/or target return should be reviewed given the market conditions referred to above. Following shareholder feedback, the Board determined in December 2018 that it would be in the best interests of shareholders as a whole to maintain gearing at or around 35 per cent. of gross assets, rather than implementing a higher gearing strategy at this stage of the market cycle in an effort to counteract the effects of decreasing yields.

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 Company's launch, calculated at the time of drawdown for a property purchase, of 50 per cent. of Gross Assets.

As a result of this yield compression, the Company is now seeking to target for an investor at launch an annual dividend yield of 5.0 per cent. per Ordinary Share (reduced from the 5.5 per cent. level indicated at launch). The total shareholder NAV return target remains at 7.5 per cent. per annum (each in Euro terms).

Amendment to Management Fee

As the Company continues to grow in the fast-moving sector of European real estate, the Board and the Manager agreed that the annual management fee applied to the first €500 million of assets would be reduced from 0.95 per cent. to 0.75 per cent. per annum of the net asset value as calculated under the management agreement.

Regulatory Changes

There have been a number of regulatory changes implemented or announced since the Company's launch. Investors should be aware that the Packaged Retail and Insurance Based Investment Products ("PRIIP") Regulation that requires the Manager, as the Company's PRIIPs manufacturer to prepare a Key Information Document ("KID") in respect of the Company. The KID must be made available by the Manager to retail investors prior to a prospective investor making an investment decision and is available via the website. The Manager is responsible for the information contained in the KID and investors should note that the methodologies for calculating the costs, returns and performance scenarios found in the KID, as well as the notes that are found alongside those numbers, are all prescribed by regulation and may not reflect returns expected of the Company. In particular, the likely ongoing charges for the Company are based on estimated costs for the establishment of the Company's portfolio

which are likely to be much higher in the first year than in subsequent years.

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation ("GDPR") on 25 May 2018. The Board has taken the necessary steps to seek appropriate assurances from its third-party service providers to ensure compliance with the new regulations.

Annual General Meeting

The Company's first Annual General Meeting will be held in London on 11 June 2019 at 12.30 p.m. at the offices of Aberdeen Standard Investments, Bow Bells House, 1 Bread Street, London EC4M 9HH. The formal Notice of AGM may be found on page 100. There will be a presentation from the Investment Manager and an opportunity to meet the Directors and Investment Manager over a light buffet lunch after the formal AGM has closed. I look forward very much to seeing as many shareholders as possible at the AGM in London.

Shareholders will find enclosed with this Annual Report a Form of Proxy for use in connection with the AGM. Whether or not you propose to attend the AGM, you are encouraged to complete the Form of Proxy in accordance with the instructions printed on it and return in the prepaid envelope as soon as possible but in any event so as to be received no later than 12:30pm on 7 June 2019. Completion of a Form of Proxy does not prevent you from attending and voting in person at the AGM if you wish to do so.

Outlook

In March 2019, as a result of the uncertainties that a hard BREXIT might create, your Manager carried out a reorganisation of its European subsidiaries and created a new Dublin based entity for its investment management business in Europe: Aberdeen Standard Investments Ireland Limited. As part of that reorganisation, the Manager's Amsterdam office (where the team that manages the Company's portfolio is based) became a branch office of the new Dublin subsidiary. In addition, your Board has undertaken a review of any likely impacts of BREXIT on the Company and has concluded that the effect on foreign exchange is likely to be the most material, given that the Company's income is predominantly in Euros and dividends are payable to shareholders in Sterling. With a well-diversified portfolio of assets spread across five countries and a range of tenants enjoying long indexed leases, the Board does not consider that BREXIT will impact the Company significantly. We would expect to see continued healthy demand for well-located logistics buildings offering occupiers the benefits of easy access to their markets and the opportunity to continue to build their delivery capabilities.

Looking ahead, the Board and Investment Manager believe that Real Estate logistics will stay one of the most favoured sectors for investors as it is undersupplied and supported by structural changes.

The Board and the Investment Manager remain confident that the market for European logistics assets will continue to offer many attractive investment opportunities in the future, and the intention remains to seek to grow the Company through further equity issuance in the coming months when appropriate, alongside the deployment of the associated debt in accordance with the Company's prevailing gearing guidelines.

For 2019, the main aim will be to manage the portfolio in the best possible way together with the local asset managers and generate the maximum amount of income from the assets that we hold in the portfolio while ensuring its prime quality. The European logistics market is sizeable and growing, with the sector benefiting from rapid take-up of facilities and long inflation-linked leases to quality tenants. The Board believes that Europe maintains a clear advantage in terms of yields and low financing costs and that strong demand when combined with the lack of suitable product reinforces the scope for further capital and income growth in the years ahead.

Further details about the Company and the assets in which it is invested are available together with the prospectus, monthly factsheet and Company announcements on our website at: eurologisticsincome.co.uk.

Directorate Change

Finally, I would like to inform Shareholders that, having recently taken on a full time senior executive role with global responsibilities at an organisation based in Paris, I have concluded that I will not be able to devote the necessary time required of the role of Chairman or Director to the Company going forward. As a result, I have decided to step down from the Board of the Company at the conclusion of the AGM and therefore I will not stand for election at that meeting. It has been a pleasure to be involved with the Company from before its launch and through its first financial period and I am confident that the remaining Board members will continue to support the next successful stage of the Company's development. However, I leave the Company in good hands as I and my fellow Directors are delighted to report that Tony Roper, who has a wide experience of the sector, has agreed to take on the role as Chairman with effect from my standing down. The Directors have also considered the ongoing requirements of the Board in light of the range of skills and experience represented by the remaining Directors and have concluded that there is no need to add an additional Board member at this time.

Pascal Duval
Chairman

18 April 2019



Ede (the Netherlands), national distribution hub for AS-Watson

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 high quality 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 aims to invest in a portfolio of assets 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 raising gross proceeds of £187.5 million (€212.0 million).

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 management of, a diversified portfolio of “big box” logistics warehouses and “last mile” urban logistics assets in Europe.

The Company invests in a portfolio of 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 seeks 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 (such as location, building quality, scale, transportation links, workforce availability and operational efficiencies);
- the terms of the lease (focusing on duration, inflation-linked terms, the basis for rent reviews and the potential for growth in rental income); and
- the strength of the tenant’s financial covenant.

The Company may forward fund the development of, or commit to the forward purchase of new assets when the Investment Manager believes that to do so would enhance returns for shareholders and/or secure an asset at an attractive yield. The Company intends that forward funded or forward purchased assets will be wholly or predominantly pre-let at the time the investments are committed to.

Diversification of Risk

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

- the Company only invests in assets located in Europe;
- no more than 50 per cent. of Gross Assets may be concentrated in a single country;
- no single asset may represent more than 20 per cent. of Gross Assets;
- forward funded commitments must be predominantly pre-let and the Company’s overall exposure to forward funded commitments is limited to 20 per cent. of Gross Assets;
- the Company’s maximum exposure to any single developer is limited to 20 per cent. of Gross Assets;
- the Company will not invest in other closed-ended investment companies;
- the Company 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 may represent more than 20 per cent. of the Company’s annual gross income measured annually.

The Company is not 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 conducts its affairs so as to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010.

Borrowing and Gearing

The Company employs gearing with the objective of improving shareholder returns. Debt is typically secured at the asset level and potentially at the Company level with or without a charge over some or all of the Company’s 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.

Borrowings are typically non-recourse and secured against individual assets or groups of assets and the aggregate borrowings 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 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 borrowings are not expected to exceed 35 per cent. of Gross Assets. These limits may be exceeded in the short term from time to time.

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 shareholder 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 UK Listing Authority. Non-material changes to the investment policy may be approved by the Board.

Comparative Index

The Company does not have a benchmark.

Investment 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 for the purposes of the AIFM Rules. The AIFM has delegated portfolio management to the Amsterdam Branch of Aberdeen Standard Investments Ireland Limited 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 intends to pay interim Sterling dividends on a quarterly basis. The Company will declare dividends in Euros, but shareholders will receive dividend payments in Sterling. The date on which the Euro/Sterling exchange rate is set will be announced at the time the dividend is declared; and a further announcement will be made once such exchange rate has been set. 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. It is expected that the majority of the Company’s distributions will take the form of dividend income, rather than qualifying interest income, in the period during which the proceeds of the Initial Issue are invested; with the proportion increasing to a significant majority once that investment process has been completed.

At launch the Company confirmed a target annual dividend yield on the issue price of 100p of 5.5 per cent. per Ordinary share. On 20 December 2018 the Company confirmed that the Board had concluded that the Company’s distribution target should be amended. This decision had been taken to ensure that the Company can achieve a sustainable and fully covered dividend over the long term and maintain sufficient cash reserves, without compromising on the very high quality of the Company’s portfolio as and when further logistics assets are acquired. The Company is therefore now seeking to target an annual yield of 5.0 per cent. per Ordinary Share whilst continuing to aim for a total NAV return of 7.5 per cent. per annum (each in Euro terms).

Key Performance Indicators (KPIs)

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and to determine the progress of the Company

in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company, which are considered at each Board meeting, are as follows:

| KPI | Description |
|---------------------------------------|--|
| NAV Return (per share) | The Board considers the Company's NAV total return to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. The figure for the period since inception is set out on page 14. The Company is targeting, for an investor in the Company at launch a total NAV return of 7.5 per cent. per annum (in € terms). |
| Share Price (on a total return basis) | The Board also monitors the price at which the Company's shares trade on a total return basis over time. A graph showing the total NAV return and the share price performance is shown on page 15. |
| Discount/Premium to NAV | The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. A graph showing the share price premium/(discount) relative to the NAV is shown on page 15. |
| Dividend | The Board's aim is to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. Dividends paid since launch are set out on page 14. The Company is targeting, for an investor in the Company at launch, an annual dividend yield of 5.0 per cent. per Ordinary Share (in € terms). |
| Ongoing Charges Ratio ("OCR") | 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 14. |

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 these risks set out in the table overleaf together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's shares are published quarterly on the Company's factsheet and they can be found in the Company's IPO Prospectus dated 17 November 2017, both of which are on the Company's website. The Board reviews the risks and uncertainties faced by the Company regularly.

In addition to these risks, the outcome and potential impact of the UK Government's Brexit discussions with the European Union are still unclear at the time of writing, and this remains an economic risk for the Company in the meantime. 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 |
|---|--|
| Investment strategy and objectives <p>The setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for shares and a widening discount.</p> | <p>The Board keeps the level of premium or discount at which the Company's shares trade, as well as the investment objective and policy, under review at its regular Board meetings where the Board reviews updates from the Investment Manager, investor relations reports and reports from the Broker on the market. In particular, the Board is updated at each Board meeting on the make up of, and any movements in, the shareholder register.</p> |
| Investing in Real Estate <p>The Company invests in unquoted 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. A significant or material fall in the value of the property market could affect the ability of the Company to meet its investment objective. Furthermore, the Company needs to retain and in some cases procure suitable tenants for its investments.</p> | <p>The Board believes that the Investment Manager's ability to source suitable investments is a key competitive advantage. Investment opportunities are the subject of close scrutiny and analysis and extensive due diligence by the Investment Manager prior to an investment being made. The Company aims to hold its investments over the long term and pay a fully covered dividend from income received from its tenants. The Company seeks to put in place long term rental agreements to smooth issues associated with short term market movements. The Investment Manager regularly monitors the covenant strength of the underlying tenants.</p> |
| Investment portfolio, investment management <p>Investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and an inability to meet the Company's objectives, as well as the shares trading at a discount to the NAV. The use of gearing requires the Company to operate within its debt covenants which could result in the need to sell properties which would impact NAV.</p> | <p>The Board sets, and monitors, its investment restrictions and guidelines, and receives regular board reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines. The Investment Manager attends all Board meetings. The Board also monitors the Company's share price relative to the NAV. Loan covenant compliance is monitored closely by the Manager and the Manager aims to use fixed rate, long term debt and ensure that the LTV is relatively low.</p> |
| Financial obligations <p>The ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-gearred or unable to take advantage of potential opportunities and result in a loss of value in the Company's shares.</p> | <p>The Board has set a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company at each Board meeting. In addition, Aberdeen Standard Fund Managers Limited, as AIFM, has set an overall leverage limit of 185% on a commitment basis (365% on a gross notional basis).</p> |
| Valuation <p>The valuation of properties in the portfolio is a subjective process.</p> | <p>External valuers provide an independent valuation of all assets quarterly.</p> <p>Members of the Audit Committee meet with the Investment Manager's head of valuation to discuss the basis of the valuations and the valuation process.</p> |

| Description | Mitigating Action |
|---|---|
| <p>Financial and regulatory</p> <p>The financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including cross-border tax regulations, health and safety compliance, the Companies Act, Corporation Tax Act, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the listing rules, disclosure and prospectus rules) may have an impact on the Company.</p> | <p>The financial risks associated with the Company include market risk, liquidity risk, interest rate risk and credit risk, all of which are mitigated by the Investment Manager. The Board relies upon the AIFM to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific issues.</p> |
| <p>Operational</p> <p>The Company is dependent on third parties for the provision of all systems and services (in particular, those of Aberdeen Standard Investments) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.</p> | <p>The Board receives reports from the AIFM on internal controls and risk management at each Board meeting. It receives assurances from all its significant service providers, as well as back to back assurance where applicable. In addition, the Management Engagement Committee undertakes an annual review of the key third party service providers to the Company.</p> |
| <p>Economic and property risk</p> <p>The Company could be affected by economic, currency and property market risk. This could include inflation or deflation, economic recessions, movements in foreign exchange and interest rates or other external shocks including the uncertainties associated with BREXIT.</p> | <p>The Board considers economic conditions and the uncertainty around political events when making investment decisions. The Board mitigates property market risk through the review of the Group's strategy on a regular basis and discussions are held to ensure the strategy is still appropriate or if it needs updating.</p> <p>The assets of the Company are denominated in non-sterling currency, predominantly the euro. No currency hedging is planned for capital but the Board periodically considers the hedging of dividend payments having regard to availability and cost.</p> |

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 the Manager on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Manager. The Manager 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 your Company is key and therefore the Company also supports

the Manager'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. However, 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 2018, there were three male Directors and two female Directors on the Board.

Socially Responsible Investment Policy

Further details on the socially responsible investment policies adopted by the Manager are disclosed on page 85.

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 because it has turnover 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.

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 the Manager. The Company therefore has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

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 and 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.

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 or stock market volatility, a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles, the impact of regulatory changes and BREXIT uncertainties. 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 4 whilst the Investment Manager's views on the outlook for the portfolio are included on page 20.

Pascal Duval

Chairman
18 April 2019

Strategic Report

Results

Financial Highlights

| | 31 December 2018 |
|--|------------------|
| Total assets (€'000) | 210,730 |
| Total equity shareholders' funds (net assets) (€'000) | 202,073 |
| Net asset value per share (euros) | 1.08 |
| Net asset value per share (pence) | 96.7 |
| Share price (mid market) (pence) | 102.25 |
| Market capitalisation (£'000) | 191,719 |
| Share price premium to sterling net asset value | 5.7% |
| Dividends and earnings | |
| Total shareholder return per share ¹ | 3.0% |
| Dividends per share | 1.7p |
| Revenue reserves (€'000) | 40 |
| Loss (€'000) | (3,740) |
| Operating costs | |
| Ongoing charges ratio (Group only expenses) ¹ | 0.98% |
| Ongoing charges ratio (Group and property expenses) ¹ | 1.21% |

Performance (total return GBP)

| | Since Launch % return |
|--|-----------------------|
| Share price ¹ | 3.0% |
| NAV total return (€) per Ordinary share ¹ | -2.98% |

¹ Considered to be an Alternative Performance Measure (see Glossary on page 97 for more information).

Dividends (pence)

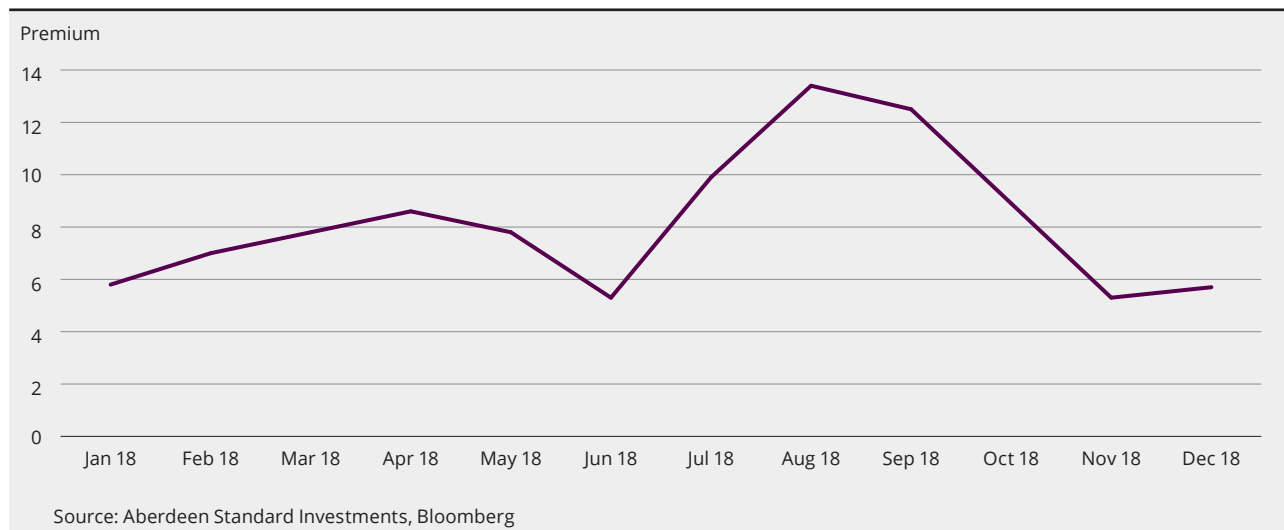
| | Rate (p) | xd date | Record date | Payment date |
|----------------|------------|-------------------|-------------------|-------------------|
| First Interim | 0.7 | 13 September 2018 | 14 September 2018 | 28 September 2018 |
| Second Interim | 1.0 | 29 November 2018 | 30 November 2018 | 20 December 2018 |
| Third Interim | 1.3 | 7 March 2019 | 8 March 2019 | 22 March 2019 |
| Total | 3.0 | | | |

Strategic Report

Performance

Share Price Premium to Net Asset Value

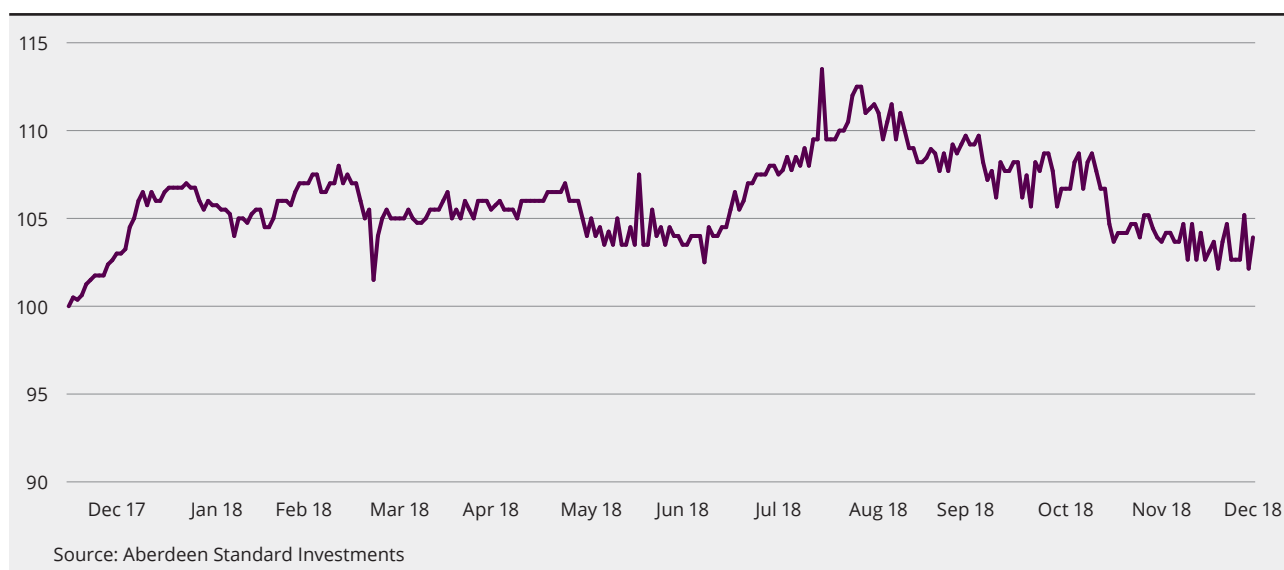
Launch to 31 December 2018¹



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

Share Price Total Return

Launch to 31 December 2018 (rebased to 100 at launch)



Strategic Report

Investment Manager's Review



Evert Castelein
Investment Manager

Since the IPO in December 2017 the Company has built a well-diversified property portfolio with modern logistics warehouses in established logistics locations across Europe. All warehouses are fully let with long indexed leases to good covenant tenants. This is in line with the strategy described at the Company's launch and we believe they will be able to generate a durable income stream for investors in the future.

Local resources key to success

One of the key strengths of ASI is the presence of local feet on the ground in the main markets across Europe which gives us the capacity to build and manage a pan-European logistics property portfolio. More than 20 transaction managers, based locally, give us access to on- and off-market deals thanks to their local network with developers, brokers, banks, investors and end-users. Once in the portfolio, there is a pool of 80 asset managers across the European business responsible for keeping the warehouses in good shape and our tenants satisfied, with the aim of keeping the portfolio fully income producing and adding value through active management where possible.

Over the period under review the Investment Manager has investigated over 120 investment opportunities across Europe representing a total investment value of €5.6 billion resulting in 30 bids (€0.9 billion). 13 bids were accepted leading to exclusivity and the start of the due diligence process. Three of these opportunities were rejected during due diligence for different reasons leaving 10 investments, of which 6 were closed by the end of 2018. Rejecting a potential investment during due diligence is always disappointing but is a potential outcome of an in-depth analysis of the legal, technical, fiscal and commercial aspects of a transaction. We want to fully understand all the risks we are taking by adding an asset to the portfolio. Five out of the 10 opportunities were sourced on an off-market basis, meaning we negotiated directly with the sellers, without direct competition from other investors.

Countries where the Company has issued or considered a bid are: Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Slovenia, Spain and Sweden, once again illustrating the access your Investment Manager has to a wide range of markets through our local teams.

Well-diversified property portfolio with modern specifications

The Investment Manager's team is proud of the good quality stock it was able to invest in and at the right price. After launch in December 2017, the priority was to deploy the £187.5 million of capital raised first and to put financing in place soon thereafter. We have had a disciplined approach by investing the capital in properties where we have strong conviction they will provide a decent return in the future. All acquisitions are supported by external property valuations to ensure we do not overpay, potentially leaving room for further capital appreciation in the near future.

By the end of 2018, the Company had 6 assets in the portfolio, 3 assets with signed SPAs and one asset in due diligence which was signed and closed in February 2019. The property portfolio is well-diversified with 10 warehouses in 5 different countries and 26 tenants. The Netherlands is the largest market represented in the portfolio with an expected allocation of 39% once all developments have been completed, followed by France (26%), Germany (20%), Poland (9%) and Spain (6%). The country allocation is the result of our bottom-up approach in trying to find the best investment opportunity regardless of the country location.

The high quality of the portfolio is illustrated by how recently several of the warehouses in the portfolio were built. Six of them are new and delivered in 2018 or still under construction with a delivery date expected in early 2019. This also explains the somewhat longer period of time needed between signing the SPA and the actual closing of some of these purchases. For example, the acquisitions in Oss and Zeewolde are both forward funding developments currently under construction with SPAs signed in October and November 2018 but completion dates expected in June and July 2019 respectively. For both developments, the Company will receive compensation during the construction phase in the form of an interest payment applied to the monthly instalments paid to the developer. The properties in Avignon, Leon and Erlensee are all forward commitments where the Company agreed a purchase price before completion of the project. In Krakow the building was constructed in 2018. The main advantage of newly built properties is the modern specification in line with the

requirements of today's end-users of logistics space. The number of loading doors, the eaves, office to logistics space ratio, layout of the building, yard depth and floor load capacity are some of the key features of a logistics building we carefully consider as these are important for our end-users. Besides building specifications we carefully consider the quality of the location which needs to be well-established and easily accessible by road, water or railway or located close to an airport.

Quality of location and building are our key areas of focus. Lease length and covenant strength of the tenant are equally important to us, although we try to look beyond the length of the existing lease contract and not simply to buy an income stream. So taking a view on the second life of the property is very important in order to be able to generate a durable and stable income stream in the future. We believe all our warehouses in the portfolio fit these quality requirements.

Property Portfolio as at 31 December 2018

| Country | Location | SPA signed | Closing | Built | WAULT (years) ¹ | % of portfolio ² |
|------------------|----------------------------|------------|---------|------------------------|----------------------------|-----------------------------|
| Germany | Flörsheim | Dec 17 | Feb 18 | 2015 | 8.2 | 8.0 |
| France | Avignon | Jul 18 | Oct 18 | 2018 | 12.1 | 16.9 |
| Netherlands | Ede | Aug 18 | Aug 18 | 1999/ 2005 | 8.8 | 9.8 |
| Netherlands | Oss (forward funding) | Oct 18 | Jul 19 | 2019 | 15.0 | 5.9 |
| Netherlands | Zeewolde (forward funding) | Nov 18 | Jun 19 | 2019 | 15.0 | 11.0 |
| Netherlands | Waddinxveen | Nov 18 | Nov 18 | 1983/ 1994/ 2002/ 2018 | 14.9 | 12.5 |
| TOTAL (1) | | | | | 12.3 | 64.1 |

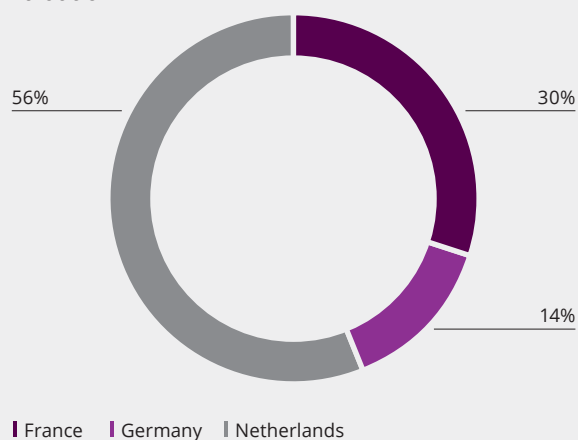
Property acquired post 31 December 2018

| Country | Location | SPA signed | Closing | Built | WAULT (years) ¹ | % of portfolio ² |
|--------------------|-----------------|------------|---------|-------|----------------------------|-----------------------------|
| Germany | Erlensee | Jun 18 | Feb 19 | 2018 | 6.1 | 12.2 |
| Spain | Leon | Jul 18 | Apr 19 | 2019 | 10.0 | 5.8 |
| France | Meung-sur-Loire | Nov 18 | Feb 19 | 2004 | 7.8 | 8.9 |
| Poland | Krakow | Feb 19 | Feb 19 | 2018 | 4.8 | 9.0 |
| TOTAL (2) | | | | | 6.8 | 35.9 |
| TOTAL (1+2) | | | | | 10.2 | 100.0 |

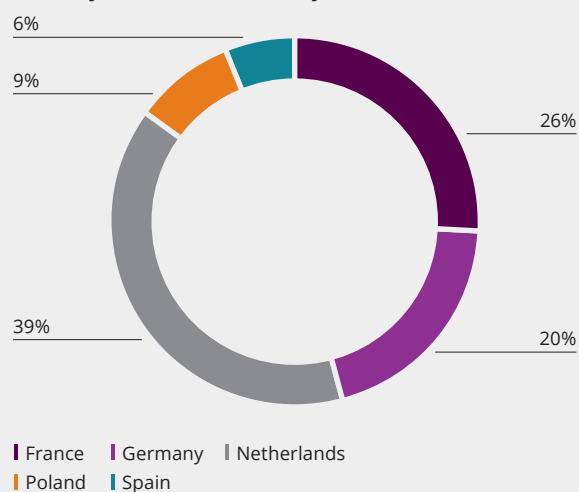
¹ Weighted average unexpired lease term excluding break options assuming average lease length of developments at completion.

² Based on assets in portfolio and agreed purchase prices of assets with signed SPAs.

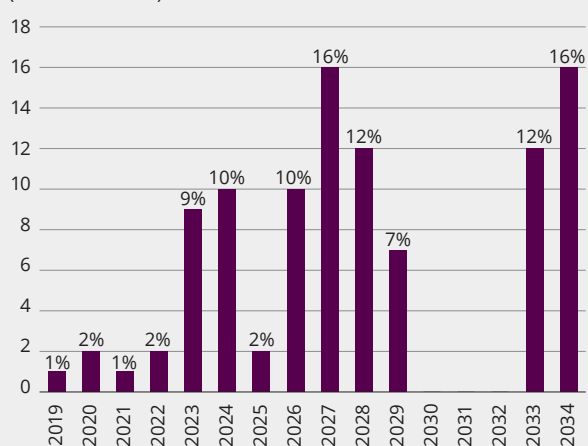
Country allocation based on 31 December 2018 valuation



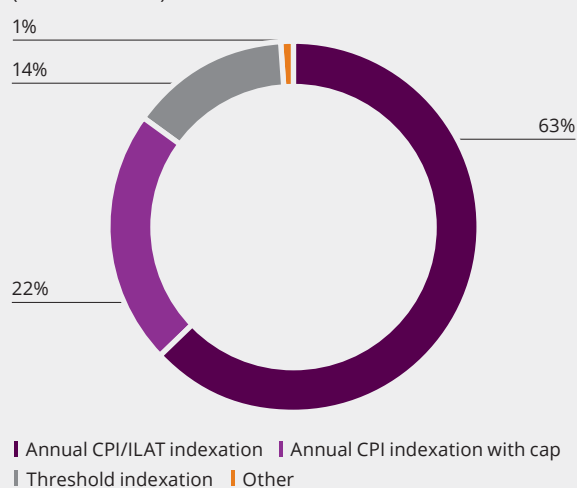
Country allocation once fully invested



Lease expiry profile, as at 31 December 2018
(% of annual rent)



Indexation of rental income
(% of annual rent)



Stable income one of the key performance drivers

All properties in the portfolio will be fully income producing when they complete, with signed leases and long maturities to good covenant tenants in place. By the end of 2018, the weighted average unexpired lease term of the property portfolio (WAULT) was estimated at 10.9 years, including breaks, and 12.3 years, excluding breaks. If all transactions to be closed post the period end are included the WAULT will be 9.3 years, including breaks, and 10.2 years, excluding breaks.

Part of our due diligence process prior to purchase is to check on the financial strength of the tenants. Dun & Bradstreet is our main source to check a tenant's solvency, but we also use our financial equity analysts if there are reasons for a more in-depth analysis. By the end of 2018 the average weighted credit rating of the tenants in the portfolio was 79 points, which is considered strong. This rating will be 75 points once all deals have been completed.

Lease contracts within Europe are typically indexed every year with the Consumer Price Index (CPI) as a basis. There can be local differences, for example the French L'indice des loyers des activités tertiaires (ILAT) which is an index based on a combination of construction costs, CPI and GDP growth. In Germany, the indexation of rents is only triggered once the cumulative CPI indexation rate of the preceding years exceeds a certain threshold which is then implemented by a certain portion of that threshold.

The undersupplied logistics market in Europe makes us believe there is space for rental growth in the future. This view is supported by increasing construction costs making it harder for new developments to compete with existing rent levels. We believe this potential is not fully reflected in the market rents based on our valuations as at 31 December 2018. Those valuations are also distorted by the two assets in Avignon and Erlensee as both are partially cooled, for the storage of fruit and vegetables, resulting in higher rents to compensate for the extra investment in the installations.

Capital growth through active asset management

One of the key drivers of capital growth in the logistics sector has been a strong inward yield shift in the last 10 years. Since 2009, prime yields in Europe have dropped from an average of 7.8% to 5.1% by the end of 2018 strongly driven by healthy market fundamentals, low interest rates and strong investor demand. At this point of the cycle, the occupier market should become a stronger driver of performance than the capital market. Yield compression is expected to slow down in the

near term. Rental growth will become a growing component of capital appreciation, supported by low vacancy rates and inflation coming through in indexation of rents. Furthermore, given low construction levels, we expect void rates to become lower, supporting income growth prospects.

In addition to positive market fundamentals, we intend to add value by actively managing the property portfolio using our local asset managers. We maintain a close working relationship with tenants with the aim of keeping them satisfied and retaining the occupancy rate, and therefore income, at the highest possible level. Also, there are realistic opportunities to expand the lot size of some of the buildings in the portfolio with the potential to realise a development profit.

Capital growth reflected in higher valuations

Since the launch of the Company, property values have increased by 1.1% to the end of 2018. This is based on year end valuations and purchase prices excluding acquisition costs. The capital growth is mainly driven by an inward yield movement.

Capital appreciation will also be triggered via annual indexation of rents and market rental growth supported by strong demand for logistics, a lack of supply and increasing construction costs for new developments.

Income further boosted by low financing costs

As referred to earlier, strategy has been focused on deploying the capital raised during IPO before putting bank financing in place. Bank financing has been prioritised in those markets where financing costs are lowest.

First financings were drawn down after the year end in February 2019 in order to complete the transaction in Meung-sur-Loire. Bank financing of €33 million was obtained by putting a cross-collateralized loan facility in place on the two French assets in Avignon and Meung-sur-Loire. The loan maturity is 7 years fixed with an all-in interest rate of 1.56% per annum. Two more loan facilities were drawn by the end of February 2019 in Erlensee (€ 17.8 million, 7 years fixed with an all-in interest rate of 1.62%) and Flörsheim (€ 12.4 million, 10 years fixed with an all-in interest rate of 1.54%). The next step is to put financing in place on a combination of warehouses in the Netherlands where financing costs are amongst the lowest in Europe in order to fund the final closings and bring the loan to value of the portfolio close to the target level of around 35%.

The Company is also intending to put in place a sterling revolving credit facility, of approximately £6 million. This facility will be used (if needed) to finance any liquidity gaps in the cash-flow of the Company.

Logistics market outlook

We believe that many of the key drivers behind the demand for logistics space in Europe remain strong and are likely to be long-term and structural in nature rather than linked to the economic cycle. There is evidence of logistics rental growth in some European markets, and we expect this to pick up for key logistics hubs and urban locations, where supply constraints start to come into play. A stabilisation of yields will lead to a stabilisation of new development projects competing for tenants, and increased construction costs are likely to also influence asking rents.

The high demand for logistics investment from real estate investors has resulted in a sharp re-pricing of the sector, with average prime logistics yields in Europe coming down from 5.5% to 5.1% over the last 12 months. We are still optimistic regarding the performance of logistics real estate investments at the current pricing, but we believe stock picking is increasingly important as yields become lower. Rental growth prospects are very different across sub-markets and locations, and need to be factored into acquisition considerations.

In response to the strength of the logistics market rally, Aberdeen Standard Investments surveyed a wide range of warehouse and distribution centre occupiers (conducting interviews with 123 supply chain specialists in 29 countries) to examine the true strength of the occupier base. The survey “The European Logistics Survey - the trends shaping the future of Logistics Property” revealed some new trends emerging in the European logistics sector. These include shifts in technological influence across the supply chain, a surprising level of engagement in sustainability initiatives and results that reinforce the shift of demand towards the consumer and urban locations. However, these trends create substantial tensions between policy, the environment, competing uses and the need to satisfy last mile parcel delivery on a scale never seen before in Europe. The results confirm your Investment Manager’s view that the momentum in the sector is likely to be sustained, but with an increasing level of complexity.

The impact of logistics operations on the environment is also a critical part of sustainability strategies being employed in the sector. We believe this preference from occupiers is something we should be increasingly focused on, both for new acquisitions and in our asset management plans for logistics properties currently held within the Company’s portfolio.

Environment, society and governance (ESG) also matters for logistics occupiers

One of the main drivers behind ESG is public policy. As sustainable logistics becomes a top public policy issue, governments have begun enacting environmental standards for logistics property development and applying penalties for excess emissions from vehicles. The pressure from distributors is also significant and drives the implementation of this type of solution as they are increasingly demanding that warehouse operators demonstrate environmental credentials. An increasing number of distributors are not only adopting sustainable practices internally, but they take it a step further and are demanding that their logistics partners are committed to sustainable business processes. All of this suggests that ESG initiatives will become standard practice in warehouses across Europe.

Summary and implications

The logistics market in Europe is setting new records across almost all variables. Tenant and investment demand are at record highs, vacancy is almost negligible in key locations and the evolution of consumption patterns is driving last mile parcel delivery activity to levels not previously recorded. These strong fundamentals are driving investment yields towards, and in some cases beyond, previous lows.

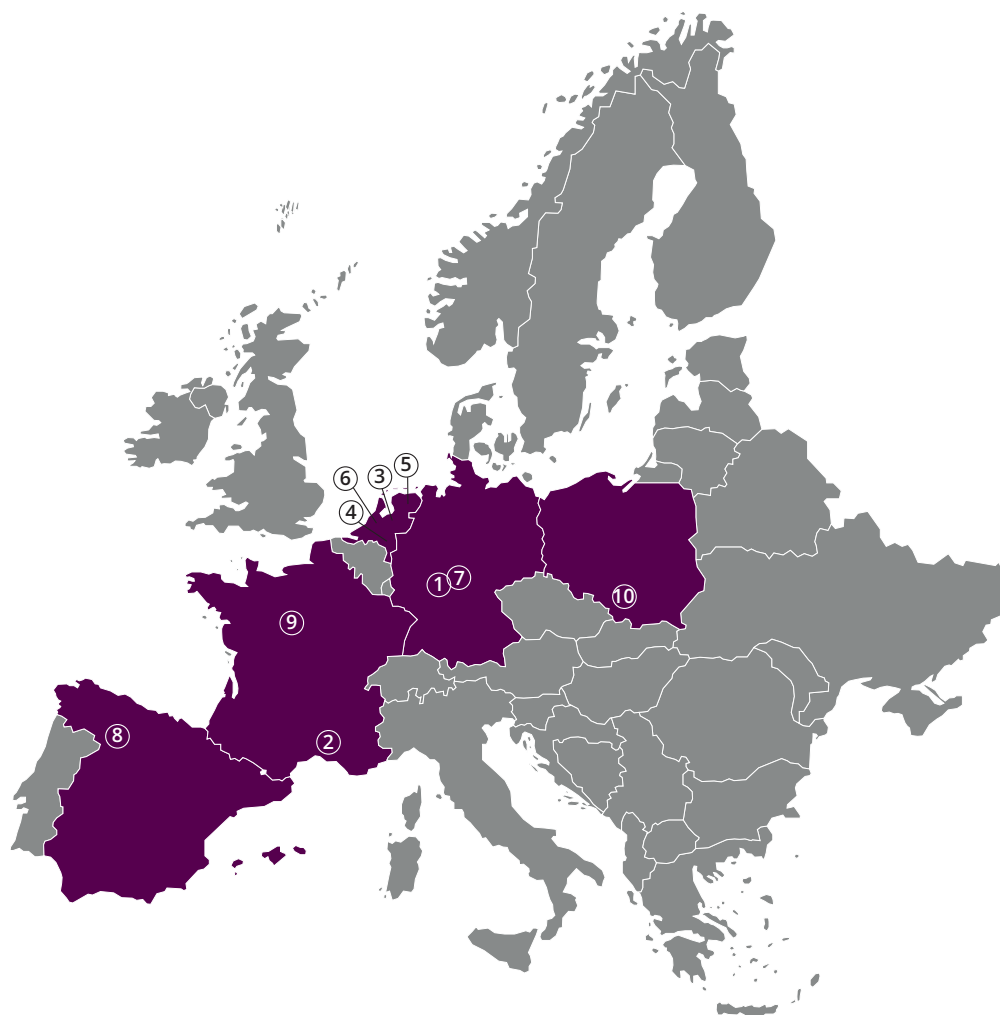
While the overall prognosis for logistics is positive, we believe there will be a growing differentiation between different types of logistics property. The changing drivers of demand, such as shorter supply chains resulting from greater mechanisation in the manufacturing process or the growth in business to consumer (B2C) e-commerce, will have a differentiating influence on the demand for different types of space and ultimately the income growth prospects for investors.

Careful attention will need to be paid to investments that constitute suitable urban logistics locations, with even ageing stock likely to be attractive to tenants and investors if the location is good enough. In contrast, given the growing cost pressures for contract logistics providers, there will be an increasing focus on the location and structural suitability of properties in more peripheral locations with transport and fuel costs rising. In a sector at the forefront of such attention and technological change, it has never been more important to track the changing trends in the logistics market.

Aberdeen Standard Investments Ireland Limited
18 April 2019

Portfolio

Property Portfolio



Property Portfolio as at 31 December 2018

| | Property | Tenure | Principal Tenant | Price Including Acquisition Costs €'000 |
|--|--|----------|-----------------------|---|
| 1 | Flörsheim, Germany | Freehold | Ernst Schmitz | 21,452 |
| 2 | Avignon, France | Freehold | Biocoop | 45,187 |
| 3 | Ede, The Netherlands | Freehold | Kruidvat | 27,989 |
| 4 | Oss, The Netherlands ¹ | Freehold | Orangeworks | 6,867 |
| 5 | Zeewolde, The Netherlands ¹ | Freehold | VSH Fittings | 16,643 |
| 6 | Waddinxveen, The Netherlands | Freehold | Combilo International | 34,860 |
| Total Cost | | | | 152,998 |
| Market Value as at 31 December 2018² | | | | 148,918 |

Properties Acquired Post 31 December 2018

| | Property | Tenure | Principal Tenant |
|----|-------------------------|----------|------------------|
| 7 | Erlensee, Germany | Freehold | Bergler |
| 8 | Leon, Spain | Freehold | Decathlon |
| 9 | Meung sur Loire, France | Freehold | Office Depot |
| 10 | Krakow, Poland | Freehold | Lynka |

Table is ranked based on signing dates of the SPA.

¹ Oss and Zeewolde are forward funding transactions, the price disclosed represents acquisition and development costs incurred to 31 December 2018.

² The difference between cost and market value is detailed in note 9 on page 67. As all assets were acquired in the period, the majority relates to acquisition costs.

GERMANY - 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
- Project comprises two modern multi-let new logistics buildings of 10,762 and 7,047 sqm with modern specifications
- Limited logistics supply in Rhine-Main region creating space for future growth (sub 5% vacancy)

| | |
|-------------------------|--|
| SPA signed / closing | Dec 17 / Feb 18 |
| Net acquisition yield | 5.2% |
| On-/ off-market | On-market |
| Year of construction | 2015 |
| Net leasable area | 17,809 sqm |
| Main tenant | Ernst Schmitz |
| Indexation | 100% CPI (annual) and 1 lease with threshold indexation (5%/80%) |
| WAULT | 8.2 years (4.5 years incl breaks) |
| Property specifications | Free height of 10m, 22 loading doors, floor load capacity of 5 t/sqm, sprinklers, 11% office space |

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, DS Smith and Wilhelm Brandenburg Group
- The project comprises two modern multi-let new logistics buildings of 10,919 and 15,431 sqm with modern specifications
- Limited logistics supply in Rhine-Main region creating space for future growth (sub 5% vacancy)

| | |
|-------------------------|--|
| SPA signed / closing | Jun 18 / Feb 19 |
| Net acquisition yield | 5.2% |
| On-/ off-market | Off-market |
| Year of construction | 2018 |
| Net leasable area | 26,358 sqm |
| Main tenant | Bergler |
| Indexation | Threshold indexations with combination of 5%/80% and 10%/80% |
| WAULT | 6.1 years |
| Property specifications | Free height of 10.5m, 50 loading doors, sprinklers, floor load capacity of 5 t/sqm, 10% office space |

SPAIN - LEON



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

| | |
|-------------------------|---|
| SPA signed/ closing | Jul 18 / Apr 19 |
| Net acquisition yield | 6.0% |
| On-/ off-market | On-market |
| Year of construction | 2019 |
| Net leasable area | 32,637 sqm |
| Main tenant | Decathlon |
| Indexation | 100% CPI (annual) |
| WAULT | 10.0 years |
| Property specifications | Free height of 10.7m, 29 loading doors, floor load capacity of 5 t/sqm, sprinklers, 2% office space |

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 and has the highest possible credit rating according to Dun & Bradstreet. They will partly use this location for their growing e-commerce business

| | |
|-------------------------|--|
| SPA signed/ closing | Aug 18 / Aug 18 |
| Net acquisition yield | 5.9% |
| On-/ off-market | On-market |
| Year of construction | 1999 / 2005 |
| Net leasable area | 39,840 sqm |
| Main tenant | Kruidvat |
| Indexation | 100% CPI (annual) |
| WAULT | 8.8 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 |

THE NETHERLANDS - OSS



- Oss (86,000 inhabitants) is strategically located between port of Rotterdam and Ruhr area and ranked as number 6 logistics hotspot in the Netherlands
- Established logistics location with large companies such as Montea Logistics, Vos Logistics, Heineken, Vetipak, Movianto and Mediq
- Forward funding project with a 5.5% coupon rate

| | |
|-------------------------|---|
| SPA signed/ closing | Oct 18 / Jul 19 |
| Net acquisition yield | 5.3% |
| On-/ off-market | Off-market |
| Year of construction | 2019 |
| Net leasable area | 12,534 sqm |
| Main tenant | Orangeworks |
| Indexation | 100% CPI (annual) |
| WAULT | 15.0 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 |

THE NETHERLANDS - 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 4 logistics hotspot in the Netherlands will benefit from the the expansion of Lelystad airport and opening of Inditex/ Zara warehouse (100,000 sqm)
- Forward funding development (2.55% coupon rate) with modern specifications

| | |
|-------------------------|--|
| SPA signed/ closing | Nov 18 / Jun 19 |
| Net acquisition yield | 5.0% |
| On-/ off-market | Off-market |
| Year of construction | 2019 |
| Net leasable area | 36,250 sqm |
| Main tenant | VSH Fittings |
| Indexation | 100% CPI (annual) |
| WAULT | 15.0 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 |

THE NETHERLANDS - WADDINXVEEN



- Waddinxveen is centrally located in the Randstad conurbation (8 million consumers within 1 hour driving distance) and ranked as number 7 logistics hotspot
- Established and strategic location for tenant due to large concentration of green houses. Tenant Combi is specialized in the import and export and packaging of fruit/vegetables for supermarkets/ wholesale making this an excellent location for them
- Cross-dock warehouse of 28,131 sqm, with ample loading doors on both sides of the building

| | |
|-------------------------|---|
| SPA signed/ closing | Nov 18 / Nov 18 |
| Net acquisition yield | 5.0% |
| On-/ off-market | Off-market |
| Year of construction | 1983/ 1994/ 2002/ 2018 |
| Net leasable area | 28,131 sqm |
| Main tenant | Combi International |
| Indexation | 100% CPI (annual) |
| WAULT | 14.9 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 |

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 |
| Net acquisition yield | 5.0% |
| On-/ off-market | Off-market |
| Year of construction | 2018 |
| Net leasable area | 28,571 sqm |
| Main tenants | Biocoop and EDF (solar panels) |
| Indexation | 100% ILAT (annual) |
| WAULT | 12.1 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 |

FRANCE – 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, with DHL, ID Logistics, XPO and Rexel as examples of other logistics operators nearby. Office Depot, specialising in the office supplies market, has consolidated its French business here
- Asset with modern specifications and low site cover of 29% provides space for future expansion

| | |
|-------------------------|---|
| SPA signed/ closing | Nov 18 / Feb 19 |
| Net acquisition yield | 4.7% |
| On-/ off-market | On-market |
| Year of construction | 2004 |
| Net leasable area | 30,180 sqm |
| Main tenant | Office Depot |
| Indexation | 100% ILAT (annual) |
| WAULT | 7.8 years |
| Property specifications | Free height of 12-17m, 28 loading doors, floor load capacity of 5 t/sqm, sprinklers, site cover of 29%, 6% office space |

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 and currently ranked third in Europe in terms of new developments 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 |
| Net acquisition yield | 6.8% |
| On-/ off-market | On-market |
| Year of construction | 2018 |
| Net leasable area | 34,923 sqm |
| Main tenant | Lynka |
| Indexation | 100% CPI (annual) |
| WAULT | 4.8 years |
| Property specifications | Free height of 12m, 70 loading doors, floor load capacity of 5 t/sqm, sprinklers, 11% office space |

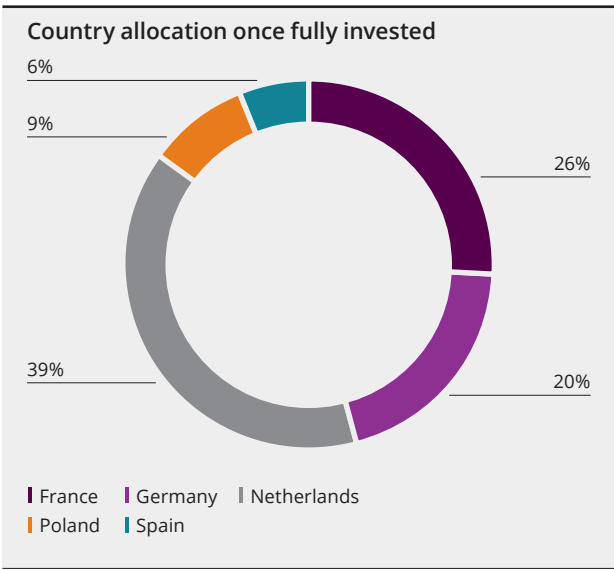
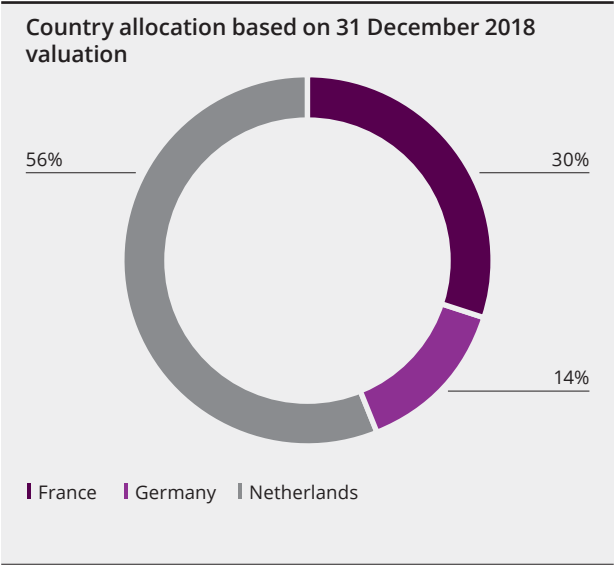
Portfolio

Portfolio Analysis

Group Structure as at 18 April 2019



Geographic Breakdown





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 business of the Company is to invest in high quality European logistics real estate to achieve the objective of providing shareholders with a regular and attractive level of income return together with the potential for long term income and capital growth. The Directors do not envisage any change in this activity in the foreseeable future. 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.

Leon (Spain), new building with a 10 year lease

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.



Pascal Duval

Status: Independent Non-Executive Chairman

Length of service: One year, appointed a Director on 8 November 2017

Experience: Pascal is Head of Retail Solutions at Amundi Asset Management having previously worked for Russell Investments in EMEA for 22 years, during which time he held multiple senior executive responsibilities across EMEA in wholesale and distribution, as well as with asset owners. Appointed CEO of EMEA in 2011 and became a member of Russell Investment's Global Executive Committee before leaving Russell Investments in January 2017.

Last re-elected to the Board: n/a

Committee membership: Nomination Committee (Chairman) and Management Engagement Committee

Remuneration: £40,000 per annum

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: 30,000 Ordinary shares



Caroline Gulliver

Status: Senior Independent Non-Executive Director

Length of service: One year, 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: n/a

Committee membership: Audit Committee (Chairman) and Nomination Committee

Remuneration: £35,000 per annum

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: 25,000 Ordinary shares



John Heawood

Status: Independent Non-Executive Director

Length of service: One year, 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 non-executive director of Place Partnership Limited, a 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: n/a

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

Remuneration: £30,000 per annum

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: 20,000 Ordinary shares



Tony Roper

Status: Independent Non-Executive Director

Length of service: One year, appointed a Director on 8 November 2017

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 remains a non-executive director for them on Affinity Water Limited. He holds a MA in Engineering from Cambridge University and is an ACMA.

Last re-elected to the Board: n/a

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

Remuneration: £30,000 per annum

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: 30,000 Ordinary shares



Diane Wilde

Status: Independent Non-Executive Director

Length of service: One year, 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: n/a

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

Remuneration: £30,000 per annum

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: 20,000 Ordinary shares

Governance

Directors' Report

The Directors present their Report and the audited financial statements for the period ended 31 December 2018.

Results and Dividends

Details of the Company's results and dividends are shown on page 14 of this Annual Report. The dividend policy is disclosed in the Strategic Report on page 9.

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 period ended 31 December 2018 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

On incorporation, the issued share capital of the Company was one Ordinary Share of a nominal value of £0.01, which was subscribed for by Aberdeen Asset Management PLC. On 8 November 2017 the Company issued 50,000 Management Shares of a nominal value of £1.00 each which were subscribed for by Aberdeen Asset Management PLC.

Pursuant to a Placing and Offer for Subscription for Ordinary shares the Company confirmed on 13 December 2017 that it had raised gross proceeds of £187,500,000 (€212,000,000). On 15 December 2017 the Company confirmed that 187,500,001 Ordinary Shares had been allotted and admitted to trading on the Main Market of the London Stock Exchange. Immediately upon initial admission the 50,000 Management Shares were redeemed in full.

The Company's capital structure is summarised in note 13 to the financial statements. At 31 December 2018, there were 187,500,001 fully paid Ordinary shares of 1p each in issue. During the year no Ordinary shares were purchased in the market for treasury or cancellation and no further new Ordinary shares were issued.

Cancellation of Share Premium Account

On 16 March 2018, the Company's share premium account of €207,227,000 was cancelled pursuant to a Court Order dated 13 March 2018, in order to create a special distributable reserve for all permitted purposes including the payment of dividends.

Voting Rights and Share Restrictions

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.

Borrowings

At the period end the Company had no external borrowings. Subsequent to the period end the Group drew down external debt secured against four assets, Florsheim, Erlensee, Avignon and Meung sur Loire.

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 on 22 February 2019 and 25 May 2018), the AIFM has been appointed, with effect from Initial Admission, 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.

Under the terms of the Management Agreement, the AIFM is entitled to an annual tiered 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, with effect from Initial Admission, 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 €500 million, 0.95¹ per cent. per annum.

- On such part of the Net Asset Value that is more than €500 million but 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.

¹ On 20 December 2018 the Company announced that the annual management fee chargeable on the first Eur500 million of assets was reduced from 0.95 per cent. to 0.75 per cent. of the Net Asset Value.

No Annual Management Fee was charged on uninvested funds until such time as 75 per cent. of the Net Proceeds had been invested. The Annual Management Fee is payable in Euros quarterly in arrears, save for any period which is less than a full calendar quarter.

The initial term of the Management Agreement is two years commencing on 15 December 2017 (the "Initial Term"). The Company may terminate the Management Agreement by giving the AIFM not less than 12 months' prior written notice such notice not to expire prior to the end of the Initial Term.

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. The AIFM has delegated the provision of these accounting and administration services to State Street Bank and Trust Company (London Branch).

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 19 to the financial statements.

The Board

The current Directors, Messrs P Duval, J Heawood, T Roper, Ms Gulliver and Ms Wilde were each appointed to the Board on 8 November 2017 and, together with Mr N Heather (appointed 25 October 2017 and resigned 8 November 2017) and Mr J Reed (appointed 25 October 2017 and resigned 8 November 2017), were the only Directors who served during the period since incorporation. In accordance with the Articles of Association, with the exception of Mr Duval, each Director will retire from the Board at the Annual General Meeting convened for 11 June 2019 and, being eligible, will offer himself or herself for election to the Board. As referred to in the Chairman's Statement, Mr Duval has indicated that

he intends to retire at the AGM and will not be seeking election. In accordance with Principle 3 of the AIC's 2016 Code of Corporate Governance, it is the intention of the Board that in 2020 and thereafter 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.

Corporate Governance

The Company is committed to high standards of corporate governance. The full text of the Company's Corporate Governance Statement can be found on the Company's website: eurologisticsincome.co.uk. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, has applied the principles identified in the UK Corporate Governance Code (published in April 2016). The UK Corporate Governance Code is available on the Financial Reporting Council's website: frc.org.uk.

The Board has considered the principles and recommendations of the 2016 AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company.

The Company has complied throughout the accounting period with the relevant provisions contained within the AIC Code and the relevant provisions of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.2.1 and D.2.2);
- and the need for an internal audit function (C.3.6).

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, 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.

The Board notes the content of the new UK Code of Corporate Governance published by the FRC in July 2018 (the "2018 UK Code"), which is applicable for accounting periods beginning on or after 1 January 2019, and the new AIC Code of Corporate Governance published in February 2019 (the "2019 AIC Code"). The Board expects the Company to be compliant with the relevant provisions of the 2018 UK Code and the 2019 AIC Code for the year ending 31 December 2019.

During the period ended 31 December 2018, the Board had nine scheduled meetings and a further five ad hoc Board meetings as well as numerous update calls. In addition, the Audit Committee met twice and there were no meetings of the Management Engagement Committee and Nomination Committees. Between meetings the Board maintains regular contact with the Manager and Investment Manager. Directors have attended the following scheduled Board meetings and Committee meetings during the period ended 31 December 2018 (with their eligibility to attend the relevant meeting in brackets):

| Director | Board | Audit Committee |
|------------|-------|-----------------|
| P Duval | 9 (9) | n/a |
| C Gulliver | 9 (9) | 2 (2) |
| J Heawood | 9 (9) | 2 (2) |
| T Roper | 9 (9) | 2 (2) |
| D Wilde | 9 (9) | 2 (2) |

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.

Board Committees

Audit Committee

The Audit Committee Report is on pages 44 and 45 of this Annual Report.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which 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 referred to in the Strategic Report on page 12.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors except Ms Gulliver and is chaired by Mr Heawood. The Committee reviews the performance of the 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 Investment Manager, the Committee believes that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole.

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 40 to 42.

Terms of Reference

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

Going Concern

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

The Directors are mindful of the principal risks and uncertainties disclosed on pages 10 to 12 and the Viability Statement on page 13 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.

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 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 20 to the financial statements. No other Directors had any interest in contracts with the Company during the period 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 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 43 and 52 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 period amounting to £48,000 for reporting accountant services provided to the Company in connection with the IPO Launch Prospectus in December 2017, together with the independent auditor's procedures in connection with the provision of such services, 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 period 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 Standard Life Aberdeen 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 Standard Life Aberdeen 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 Standard Life Aberdeen 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 financial; operational; and compliance-related.

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 allow 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 Aberdeen Standard Investments' 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 Aberdeen Standard Investments, has decided to place reliance on the Manager's systems and internal audit procedures; and
- at its April 2019 meeting, the Audit Committee carried out an annual assessment of internal controls for the period ended 31 December 2018 by considering documentation from the AIFM, Investment Manager and the Depositary, including the internal audit and compliance functions and taking account of events since 31 December 2018. The results of the assessment, that internal controls are satisfactory, were then reported to the Board at the next 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 2018:

| Shareholder | No. of Ordinary shares held | % held |
|--|-----------------------------|--------|
| East Riding of Yorkshire | 20,000,000 | 10.7% |
| Aberdeen Standard Investments | 15,360,001 | 8.1% |
| Investec Wealth & Investment Ireland | 14,162,288 | 7.4% |
| Quilter Cheviot Investment Management | 12,979,345 | 7.1% |
| CCLA Investment Management | 12,635,581 | 6.7% |
| Canaccord Genuity Wealth Management (Retail) | 10,475,420 | 5.9% |
| Hargreaves Lansdown, stockbrokers | 8,829,539 | 5.0% |
| AJ Bell Stockbrokers | 8,403,172 | 4.4% |
| Canaccord Genuity Wealth Management | 6,827,535 | 3.2% |
| JM Finn Stockbrokers | 5,833,497 | 3.3% |

There have been no significant changes notified in respect of the above holdings between 31 December 2018 and 18 April 2019.

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 Manager's freephone information service and the Company's website eurologisticsincome.co.uk.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the Standard Life Aberdeen Group (either the Company Secretary or the 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. 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. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

Annual General Meeting

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 123,750,000 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 61,875,000 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 2020, or June 2020, 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 next Annual General Meeting to make limited allotments of shares for cash of up to a maximum of 18,750,000 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 next Annual General Meeting in 2020 or June 2020, 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.

The authority being sought in Resolution 13 will expire at the conclusion of the Annual General Meeting in 2020, or June 2020, 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 13 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 relate.

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 next Annual General Meeting in 2020. 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 thereafter.

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 Resolutions 11 to 14 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 125,000 Ordinary shares.

By order of the Board

Aberdeen Asset Management PLC - Secretaries

Bow Bells House
1 Bread Street
London EC4M 9HH

18 April 2019

Governance

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) – to be voted upon at the AGM convened for 11 June 2019;

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 pages 47 and 51.

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 of this Report nor are there any proposals for the foreseeable future.

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.

Current fees payable to Directors are:

| | £ |
|-----------------------------|--------|
| Chairman | 40,000 |
| Chairman of Audit Committee | 35,000 |
| Director | 30,000 |

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 (currently £30,000 per annum).
- 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.

A resolution to approve the Remuneration Policy will be proposed for approval at the AGM convened for 11 June 2019. It is intended that, if approved, the Remuneration Policy will take effect from the conclusion of the AGM on 11 June 2019.

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.

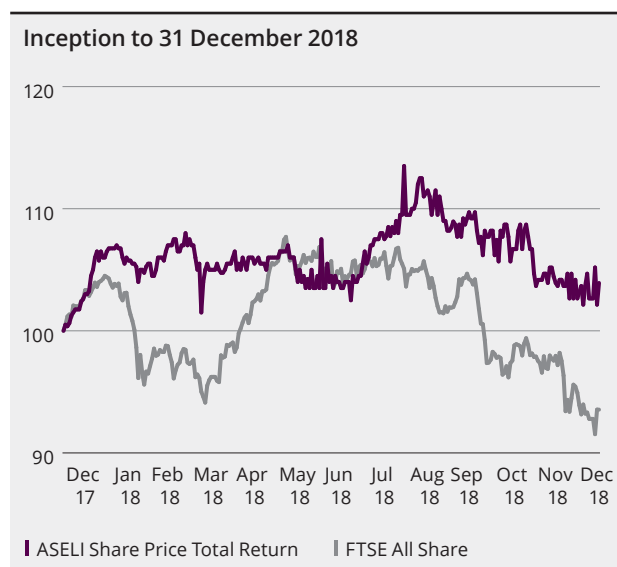
Implementation Report

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. Following the review it was concluded that the fees should be maintained at the current levels. 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 2018 (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.



Statement of Voting at General Meeting

The Annual General Meeting convened for 11 June 2019 will be the first AGM following the launch of the Company. Accordingly there are no voting records to be disclosed.

Spend on Pay

As the Company has no employees, the Board does not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. Fees are pro-rated where a change takes place during a financial year.

The total fees paid to Directors are shown below.

Fees Payable (Audited)

The Directors received the following fees which exclude employers' NI and any VAT payable for the period from incorporation of the Company on 25 October 2017 to 31 December 2018:

| Director | 2018 £ |
|--------------|----------------|
| P Duval | 45,889 |
| C Gulliver | 40,153 |
| J Heawood | 34,417 |
| T Roper | 34,417 |
| D Wilde | 34,417 |
| Total | 189,293 |

In euro terms the amounts the Directors were paid was €213,000.

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.

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 20 to the financial statements. The Directors (including connected persons) at 31 December 2018 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 December 2018 Ordinary shares |
|------------|-------------------------------------|
| P Duval | 30,000 |
| C Gulliver | 25,000 |
| J Heawood | 20,000 |
| T Roper | 30,000 |
| D Wilde | 20,000 |

The above interests are unchanged at 18 April 2019, 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 period ended 31 December 2018:

- 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.

Pascal Duval

Chairman

18 April 2019

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 European Union (IFRSs as adopted by the EU) 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 EU;
- 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;
- 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
Pascal Duval
18 April 2019

Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the period ended 31 December 2018 which has been prepared in compliance with applicable legislation.

Committee Composition

The Audit Committee comprised four independent Directors at the period end: Mr Heawood, Mr Roper, 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 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.

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.

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 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 (ex.VAT) were paid to the independent auditor during the period ended 31 December 2018 (2017 – n/a), in respect of the provision of reporting accountant services for the IPO launch. 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 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.

Activities During the Period

The Audit Committee met twice during the period when it considered the Half Yearly Report in detail and reviewed the auditor's audit planning report. 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.

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.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the period ended 31 December 2018, 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 by the Manager. The independent valuer is appointed by the Manager and the Manager's direct property pricing committee is responsible for ensuring that the valuation is independent, fair and compliant with the ASI 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.

Recoverability of Intercompany Loans – The carrying amount of the intercompany loan balance represents 70% 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 intercompany 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 Manager, 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 the Manager, Depositary 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 43.

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 Investment 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 with provision made for knowledge of the investment trust sector and retention on rotation of the partner.

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 period ended 31 December 2018 is the first 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

18 April 2019



Financial Statements

Since the launch of the Company, property values have increased by 1.1% to the end of 2018. This is based on year end valuations and purchase prices excluding acquisition costs. The capital growth is mainly driven by an inward yield movement.

Avignon (France), new building with a 9 year lease

Independent Auditor's Report to the Members of Aberdeen Standard European Logistics Income PLC

Our opinion is unmodified

We have audited the financial statements of Aberdeen Standard European Logistics Income plc ("the Group") for the period ended 31 December 2018 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 2018 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 Directors on 14 November 2017. The period of total uninterrupted engagement is for one financial period ended 31 December 2018. 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.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

We summarise below the key audit matters 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 |
|---|---|---|
| The impact of uncertainties due to the UK exiting the European Union on our audit | <p>Unprecedented levels of uncertainty</p> <p>All audits assess and challenge the reasonableness of estimates, in particular as described in Valuation of Investment Property below, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance.</p> | <p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> • Our Brexit knowledge – We considered the Directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the Directors' plans to take action to mitigate the risks. • Sensitivity analysis – When addressing Valuation of Investment Property and other areas that depend on forecasts, we compared the Directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • Assessing transparency – As well as assessing individual disclosures as part of our procedures on Valuation of Investment Property we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. |
| | <p>In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the Directors' statement 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.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p> | <p>Our results</p> <p>As reported under Valuation of Investment Property, we found the resulting estimates and disclosures in relation to going concern to be acceptable. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.</p> |

| | The risk | Our response |
|---|--|--|
| Valuation of investment properties (€149 million) <i>Refer to page 61 (accounting policy) and page 67 (financial disclosures).</i> | <p>Subjective valuation</p> <p>Valuations of the Group's investment properties are performed by an independent external valuer in accordance with the RICS Red Book.</p> <p>The valuation of investment property requires significant judgement and estimates by management and the independent valuer. It is therefore considered a significant risk due to the subjective nature of certain assumptions inherent in each valuation. Any input inaccuracies or unreasonable bases used in the valuation judgements could result in a material misstatement of the Group statement of comprehensive income and the Group statement of financial position.</p> <p>There is also a risk that management may influence the significant judgements and estimates in respect of property valuations in order to achieve performance targets to meet market expectations.</p> | <p>Our procedures, assisted by our own property valuation specialist included:</p> <ul style="list-style-type: none"> • Understanding of valuation approach: Inquiries with the Group's external valuer to understand the assumptions and methodologies used in valuing the investment properties and the market evidence used by the external valuer to support their assumptions. We also obtained an understanding of the Directors' involvement in the valuation process to assess whether appropriate oversight has occurred. • Assessing valuer's credentials: Critically assessing the independence, professional qualifications, competence and experience of the external valuer used by the Group. • Methodology choice: Critically assessing the methodology used by the external valuer by considering whether their valuations were in accordance with the RICS Valuation Professional Standards 'the Red Book' and relevant accounting standards. • Benchmarking assumptions: Challenging the key assumptions upon which the valuations were based for a sample of properties, including those relating to ERV and yield rates by making a comparison to our own assumption ranges derived from market data. • Input assessment: Agreeing observable inputs used in the valuations, such as rental income, occupancy rates, lease incentives, break clauses and lease lengths back to lease agreements for a sample of properties. • Disclosure assessment: Critically assessing the adequacy of the Group's disclosures in relation to the judgement in relation to valuing properties <p>Our results</p> <p>We found the Group's valuation of investment properties to be acceptable.</p> |

| | The risk | Our response |
|--|---|--|
| Recoverability of parent's intercompany loans due from Group entities <i>(€145 million Refer to page 80 (accounting policy) and page 81 (financial disclosures).</i> | Low risk, high value The carrying amount of the intercompany loan balance represents 70% of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit. | Our procedures included: <ul style="list-style-type: none"> • Tests of detail: Assessing 100% of intercompany loans to identify, with reference to the relevant debtors draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed. • For subsidiaries where we have identified a negative net asset value we have gained an understanding of circumstances resulting in a negative net asset value Our results: We found the Group's assessment of the recoverability of the intercompany loans to be satisfactory. |

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 €2.1m, determined with reference to a benchmark of total assets, of which it represents 1%.

Materiality of the parent Company financial statements as a whole was set at €2.06m, determined with reference to a benchmark of total assets, of which it represents 1%.

In addition, we applied materiality of €167,000 to revenue income for which we believe misstatements of 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 Company. Lower materiality has also been applied to Directors' remuneration and expenses to €1,000.

We agreed to report to the Audit Committee any uncorrected identified misstatements exceeding €105,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above and was performed at Aberdeen Standard Investment's offices in Edinburgh.

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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything 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 and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 43 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within page 10 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

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

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

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.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 43, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), 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, other irregularities 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.

Irregularities – ability to detect

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, through discussions with the Directors, the manager and the administrator (as required by auditing standards) and discussed with the Directors and the manager the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indication on non-compliance throughout the audit.

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

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax 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.

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: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Group'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 other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override

of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

This report is made solely to the Group'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 Group'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 Group and the Group's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
18 April 2019

Consolidated Statement of Comprehensive Income

For the period 25 October 2017 to 31 December 2018

| | | Revenue €'000 | Capital €'000 | Period ended 31 December 2018 Total €'000 |
|--|-------|------------------|------------------|--|
| | Notes | | | |
| REVENUE | | | | |
| Rental Income | 2 | 2,323 | - | 2,323 |
| Other operating income | | 211 | - | 211 |
| Total Revenue | | 2,534 | - | 2,534 |
| LOSSES ON INVESTMENTS | | | | |
| Loss on Revaluation of investment properties | 9 | - | (4,080) | (4,080) |
| Total Income and losses on investments | | 2,534 | (4,080) | (1,546) |
| EXPENDITURE | | | | |
| Investment management fee | | (587) | - | (587) |
| Direct property expenses | | (225) | - | (225) |
| SPV property management fee | | (26) | - | (26) |
| Other expenses | 3 | (1,005) | - | (1,005) |
| Total expenditure | | (1,843) | - | (1,843) |
| Net operating return before finance costs | | 691 | (4,080) | (3,389) |
| FINANCE COSTS | | | | |
| Finance costs | 4 | (658) | - | (658) |
| Net return before taxation | | 33 | (4,080) | (4,047) |
| Taxation on loss | 5 | - | - | - |
| Net return for the period | | 33 | (4,080) | (4,047) |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS | | | | |
| Currency translation differences on initial capital proceeds | | - | 407 | 407 |
| Currency translation on conversion of distribution payments | | 7 | (107) | (100) |
| Other comprehensive income | | 7 | 300 | 307 |
| Total comprehensive return for the period | | 40 | (3,780) | (3,740) |
| Basic and diluted earnings/(loss) per share | 7 | 0.02¢ | (2.47¢) | (2.45¢) |
| EPRA earnings per share ¹ | | | | 0.18¢ |

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

¹ See reconciliation of EPRA earnings per share within EPRA performance measures on page 88.

Financial Statements

Consolidated Balance Sheet

As at 31 December 2018

| | Notes | As at 31 December 2018 Total €'000 |
|---|-------|---|
| NON-CURRENT ASSETS | | |
| Investment properties | 9 | 148,918 |
| | | 148,918 |
| CURRENT ASSETS | | |
| Trade and other receivables | 10 | 11,679 |
| Cash and cash equivalents | 11 | 50,133 |
| Total current assets | | 61,812 |
| Total assets | | 210,730 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 12 | 8,657 |
| Total current liabilities | | 8,657 |
| Net current assets | | 53,155 |
| Net assets | | 202,073 |
| SHARE CAPITAL AND RESERVES | | |
| Share capital | 13 | 2,122 |
| Special distributable reserve | 15 | 203,691 |
| Capital reserve | 16 | (3,780) |
| Revenue reserve | | 40 |
| Equity shareholders' funds | | 202,073 |
| Net asset value per share | 8 | €1.08 |
| EPRA Net asset value per share ¹ | | € 1.08 |

¹ See reconciliation of EPRA Net asset value per share within EPRA performance measures on page 88.

The Financial Statements on pages 54-83 were approved and authorised for issue by the Board of Directors on 18 April 2019 and signed on its behalf by:

Caroline Gulliver
Independent Non-Executive Director

Company number: 11032222

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

Consolidated Statement of Changes in Equity

For the period 25 October 2017 to 31 December 2018

| | Notes | Share capital €'000 | Share premium €'000 | Special distributable reserve €'000 | Capital reserve €'000 | Revenue reserve €'000 | Total €'000 |
|---|-------|------------------------|------------------------|---|--------------------------|--------------------------|----------------|
| Balance at 25 October 2017 | | - | - | - | - | - | - |
| Original Share Issue | 13/14 | 2,122 | 210,102 | - | - | - | 212,224 |
| Share Issue costs | 14 | - | (2,875) | - | - | - | (2,875) |
| Share premium conversion | 14/15 | - | (207,227) | 207,227 | - | - | - |
| Total Comprehensive return for the period | | - | - | - | (3,780) | 40 | (3,740) |
| Dividends paid | 6 | - | - | (3,536) | - | - | (3,536) |
| Balance at 31 December 2018 | | 2,122 | - | 203,691 | (3,780) | 40 | 202,073 |

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

Consolidated Statement of Cash Flows

For the period ended 31 December 2018

| | Notes | Period Ended 31 December 2018 €'000 |
|---|-------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss for the period before taxation | | (4,047) |
| Adjustments for: | | |
| Losses on investment properties | 9 | 4,080 |
| Increase in operating trade and other receivables | 10 | (11,679) |
| Increase in operating trade and other payables | 12 | 2,727 |
| Finance costs | 4 | 658 |
| Cash used in operations | | (8,261) |
| Tax paid | 5 | - |
| Net cash outflow from operating activities | | (8,261) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investment properties | 9 | (147,068) |
| Currency translation differences | | 307 |
| Net cash outflow from investing activities | | (146,761) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | | (3,536) |
| Liquidity fund interest paid | 4 | (658) |
| Proceeds from original share issue | 13/14 | 212,224 |
| Issue costs relating to original share issue | 14 | (2,875) |
| Net cash inflow from financing activities | | 205,155 |
| Net increase in cash and cash equivalents | | 50,133 |
| Opening balance | | - |
| Closing cash and cash equivalents | | 50,133 |
| REPRESENTED BY | | |
| Cash at bank | 11 | 6,279 |
| Money market funds | 11 | 43,854 |
| | | 50,133 |

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

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 European Union, and the Listing Rules of the UK Listing Authority.

The audited 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 February 2018 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:

- IFRS 9 Financial instruments: classification and measurement
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 40: Transfers of Investment Property
- FRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- Amendments IFRS 15 – Revenue

Standards and Interpretations issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following Standards and Interpretations were in issue but not yet effective:

- IFRS 16 Leases (effective 1 January 2019); sets out the principle for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The impact of this standard has been assessed by the Group in full. The Group is aware lessor accounting remains substantially unchanged and any impact on the Group's financial statements is expected to be insignificant. Should the Group own leasehold properties these leases would be in scope of IFRS 16. All the Group's investment properties are however owned on a freehold basis.
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments (effective 1 January 2019);
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective 1 January 2019);

Standards and Interpretations issued by IASB but not adopted by the EU and not yet effective

- IFRS 17 Insurance Contracts (effective 1 January 2021);
- Amendments to IFRS 3: Business Combinations (effective 1 January 2020)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019);
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle (effective 1 January 2019);

-
- Amendments IAS 19 – Employee Benefits (effective 1 January 2019)
 - Amendments IAS 1 – Presentation of Financial Statements (effective 1 January 2020)
 - Amendments IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020)
 - Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)

The Group believes that the application of these Standards and Interpretations will not have a material effect on the consolidated financial statements.

(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 accounts.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from the assets. The estimate of future cash flows includes consideration of the repair and condition of the property, lease terms, future lease events, as well as other relevant factors for the particular asset.

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

(c) Basis of Consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 31 December 2018. 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.

(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 is Euro. The consolidated 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, excluding VAT, arising from operating leases (including those containing stepped and fixed rent increases) is accounted for in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Lease premiums paid and rent free periods granted, are recognised as assets and are amortised over the non-cancellable lease term.

Interest income is accounted for on an accruals basis and included in operating income.

(g) Expenses

All expenses are accounted for on an accruals basis. The Group's investment management fees, finance costs and all other expenses are charged through the Consolidated Statement of Comprehensive Income. Service charge costs, to the extent they are not recoverable from tenants, are accounted for on an accruals basis and are included in total expenditure. All expenses are recorded through the revenue column of the Consolidated Statement of Comprehensive Income, except for gains or losses on investment properties.

(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 'profit 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. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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.

(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 and included within the book cost of the property.

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, chartered surveyors, at the balance sheet date. 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.

Recognition and derecognition occurs when the risks and rewards of ownership of the properties have transferred between a willing buyer and a willing seller.

Investment property is transferred to current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

The Group has entered 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.

Investment properties are recognised for accounting purposes upon completion of contract. Properties purchased under forward funding contracts are recognised at certified value to date.

(j) Distributions

Interim distributions payable to the holders of equity shares are only recognised in the Consolidated 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) 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.

(l) Share Issue Expenses

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

(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 17 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. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could 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 12 months before 31 December 2018, 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.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Consolidated Statement of Comprehensive Income.

(p) 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 and points 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Comprehensive Income.

(q) **Reserves**

Share Capital

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

Share Premium

Share premium represents the excess consideration received over the par value of ordinary shares issued and is classified as equity. 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, 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. **Rental Income**

| | Period ended 31 December 2018 €'000 |
|----------------------------|---|
| Rental income | 2,323 |
| Total rental income | 2,323 |

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

3. Other Expenses

| | Period ended 31 December 2018 €'000 |
|---|---|
| Professional fees | 353 |
| Directors' fees | 213 |
| Audit fees for statutory audit ¹ | 137 |
| Other expenses | 112 |
| Broker fees | 68 |
| Depository fees | 26 |
| Stock exchange fees | 20 |
| Directors liability insurance expense | 20 |
| Registrar fees | 18 |
| Custody expense | 17 |
| Employers NI | 13 |
| Savings scheme expense | 8 |
| Total expenses | 1,005 |

¹ The auditor was paid €45,000 (exclusive of VAT) in respect of non-audit services relating to their role as reporting accountant for initial public offering. This cost is included within share issue costs in note 14. The Audit fee above reflects the 2018 audit fee of €86,000 and work undertaken on the initial accounts of €34,000 plus irrecoverable VAT of €17,000.

4. Finance Costs

| | Period ended 31 December 2018 €'000 |
|------------------------------|---|
| Liquidity fund interest paid | 658 |
| Total finance costs | 658 |

The Company holds cash in the Aberdeen Global Liquidity Fund plc which charges interest. Throughout the period the interest rate on this euro denominated fund was negative.

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 2009.

A reconciliation between the tax charge and the product of accounting profit/(loss) multiplied by the applicable tax rate for the period ended 31 December 2018.

| | Revenue €'000 | Capital €'000 | Period ended 31 December 2018 €'000 |
|--------------------------------|------------------|------------------|---|
| Net result before taxation | 33 | (4,080) | (4,047) |
| UK Corporation tax rate of 19% | 6 | (775) | (769) |
| Effect of: | | | |
| Tax losses arising | - | 775 | 775 |
| Income not taxable | (6) | - | (6) |
| Taxation on return | - | - | - |

Within the Group's subsidiaries tax losses of €565,000 arose on which no deferred tax asset is recognised, as it is not certain there will be future taxable profits to off-set these losses against.

6. Dividends

| | Period ended 31 December 2018 €'000 |
|--|---|
| 2018 First Interim dividend of 0.7p per share paid 28 September 2018 | 1,461 |
| 2018 Second Interim dividend of 1p per share paid 20 December 2018 | 2,075 |
| Total Dividends Paid | 3,536 |

A third interim dividend of 1.3p per share was paid on 22 March 2019 to shareholders on the register on 8 March 2019. Although this payment relates to the period ended 31 December 2018, under IFRS it will be accounted for in the period during which it was paid.

7. Earnings per Share (Basic And Diluted)

| | Period ended 31 December 2018 |
|--|----------------------------------|
| Revenue return attributable to Ordinary shareholders (€'000) | 33 |
| Weighted average number of shares in issue during the period | 165,415,705 |
| Total revenue return per Ordinary share | 0.02c |
| Capital return attributable to Ordinary shareholders (€'000) | (4,080) |
| Weighted average number of shares in issue during the period | 165,415,705 |
| Total capital return per Ordinary share | (2.47c) |
| Total return per Ordinary share | (2.45c) |

Earnings per share is calculated on the revenue and capital return for the period (before other comprehensive income) and is calculated using the weighted average number of shares in issue during the period of 165,415,705 shares.

8. Net Asset Value per Share

| | 2018 |
|---|-------------|
| Net assets attributable to shareholders (€'000) | 202,073 |
| Number of shares in issue at 31 December 2018 | 187,500,001 |
| Net asset value per share (€) | 1.08 |

9. Investment Properties

| | 2018 €'000 |
|---|----------------|
| Opening cost | - |
| Purchases at cost | 152,998 |
| Losses on revaluation | (4,080) |
| Total Carrying value at 31 December 2018 | 148,918 |
| Loss on investment properties at Fair value comprise: | |
| Valuation losses | (3,813) |
| Movement in lease incentives | (267) |
| | (4,080) |

Valuation Methodology

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

The Investment Manager appoints a suitable valuer (such appointment is reviewed on a periodic basis) to undertake a valuation of all the direct real estate investments on a quarterly basis. The valuation is undertaken in accordance with the RICS Valuation – Global Standards 2017, (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 income capitalisation method. The income capitalisation method is based on capitalising the net income stream at an appropriate yield. In establishing the net income stream the valuer has reflected the current rent payable to lease expiry, at which point the valuer has assumed that each unit will be re-let at their opinion of estimated rental value. The valuer has made allowances for vacancies and rent-free periods where appropriate, as well as deducting non-recoverable costs where applicable. The appropriate yield is selected on the basis of the location of the building, its quality, tenant credit quality and lease terms amongst other factors.

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 these investment properties amounted to €149,185,000. The difference between the fair value and the value per the Consolidated balance sheet at 31 December 2018 consists of accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease totalling €267,000 which is separately recorded in the financial statements as a current asset.

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 | Key Unobservable inputs | Range (weighted average) |
|-------------------------|------------------|-------------------------|--------------------------|
| Netherlands - Logistics | 82,918 | Annual rent per sq ft | 41.14 - 67.01 (53.10) |
| | | Capitalisation rate | 4.86% - 5.51% (5.12%) |
| Germany - Logistics | 21,200 | Annual rent per sq ft | 63.98 (63.98) |
| | | Capitalisation rate | 5.50% (5.50%) |
| France - Logistics | 44,800 | Annual rent per sq ft | 85.13 (85.13) |
| | | Capitalisation rate | 4.60% (4.60%) |

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 |
|-------------------------|---------------------|-------------------|---------------------|
| Netherlands - Logistics | Capitalisation rate | +50 basis points | (4,870) |
| | | - 50 basis points | 5,365 |
| Germany - Logistics | Capitalisation rate | +50 basis points | (1,900) |
| | | - 50 basis points | 2,400 |
| France - Logistics | Capitalisation rate | +50 basis points | (4,000) |
| | | - 50 basis points | 2,400 |

10. Trade And Other Receivables

| | |
|--------------------------|---------------|
| | 2018 €'000 |
| Rents receivable | 1,174 |
| Accrued income | 226 |
| Cash held by Solicitors | 975 |
| Lease incentives | 267 |
| Other receivables | 9,037 |
| Total receivables | 11,679 |

The ageing of these receivables is as follows:

| | |
|-----------------------|---------------|
| | 2018 €'000 |
| Less than 6 months | 11,679 |
| Between 6 & 12 months | - |
| Over 12 months | - |
| | 11,679 |

11. Cash And Cash Equivalents

| | |
|--|---------------|
| | 2018 €'000 |
| Cash at bank | 6,279 |
| Money market funds | 43,854 |
| Total cash and cash equivalents | 50,133 |

12. Trade And Other Payables

| | 2018 €'000 |
|---|---------------|
| Rental income received in advance | 710 |
| Accrued acquisition and development costs | 5,930 |
| Management fees payable | 563 |
| All other fees payable | 1,454 |
| Total payables | 8,657 |

Other payables include tenant deposits of €636,000.

13. Share Capital

| | 2018 €'000 |
|--|---------------|
| As at 25 October 2017 | - |
| Management shares issued in the period | 56 |
| Management shares redeemed in the period | (56) |
| Ordinary shares issued on incorporation | 1 |
| Ordinary shares issued on admission | 2,121 |
| As at 31 December 2018 | 2,122 |

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

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

The total number of shares authorised, issued and fully paid is 187,500,001. The nominal value of each share is £0.01 and amount paid for each share was £1.00. Share proceeds were received in tranches between 15 and 18 December 2017 and converted to Euro at a rate of £1:€1.1318689.

On incorporation, the issued share capital of the Company was one Ordinary Share of a nominal value of £0.01, which was subscribed for by Aberdeen Asset Management PLC. On 8 November 2017 the Company issued 50,000 Management Shares of a nominal value of £1.00 each which were subscribed for by Aberdeen Asset Management PLC. The Management Shares were fully paid up and were redeemed immediately following the Initial admission out of the proceeds of the Initial Issue. The Management Shares redeemable at any time (subject to the provisions of the Companies Act) by the Company and carried the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the Management Shares payable on demand. For so long as there are shares of any other class in issue, the holders of the Management Shares did not have any right to receive notice of or vote at any general meeting of the Company.

14. Share Premium

| | 2018 €'000 |
|--|---------------|
| Balance at 25 October 2017 | - |
| Premium arising on issue of new shares @ 99p | 210,102 |
| Share issue costs deducted | (2,875) |
| Transfer to special distributable reserve | (207,227) |
| Balance at 31 December 2018 | - |

The share premium was converted to EUR using the issue date exchange rate of 1.131869.

15. Special Distributable Reserve

| | 2018 €'000 |
|-------------------------------------|----------------|
| Balance at 25 October 2017 | - |
| Transfer from share premium account | 207,227 |
| Dividends Paid | (3,536) |
| Balance at 31 December 2018 | 203,691 |

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.

16. Capital Reserves

| | Total capital reserve €'000 |
|--|-----------------------------------|
| As at 25 October 2017 | |
| Movement in fair value losses of investments | (4,080) |
| Currency translation differences | 300 |
| Balance at 31 December 2018 | (3,780) |

17. 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 | Germany €'000 | Spain €'000 | France €'000 | Parent Company €'000 | Total €'000 |
|---|----------------------|------------------|----------------|-----------------|----------------------------|----------------|
| Total Assets | 89,772 | 24,081 | 1,689 | 47,726 | 47,462 | 210,730 |
| Total Liabilities | 6,211 | 439 | 20 | 1,386 | 601 | 8,657 |
| Total Comprehensive return for the period (Revenue) | 828 | 932 | (26) | 322 | (2,016) | 40 |
| Total Comprehensive return for the period (Capital) | (3,427) | (266) | - | (387) | 300 | (3,780) |
| Included in Total Comprehensive Income | | | | | | |
| Net gain / (loss) from fair value adjustment on investment property | (3,427) | (266) | - | (387) | - | (4,080) |
| Rental income | 885 | 1,025 | - | 413 | - | 2,323 |

18. Financial instruments and investment properties

Fair value hierarchy

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

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

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

Level 3 – significant unobservable inputs.

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

| | Level 1 €'000 | Level 2 €'000 | Level 3 €'000 | Total fair value €'000 |
|-----------------------|------------------|------------------|------------------|---------------------------|
| 31 December 2018 | | | | |
| Investment properties | - | - | 148,918 | 148,918 |

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

19. 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. No derivatives transactions were undertaken during the year.

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

(a) Market price risk

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

(i) Market risk arising from interest rate risk

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

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

Interest risk profile

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

| | Interest rate % | Local currency '000 | Foreign exchange rate | Euro equivalent €'000 |
|------------------------|-----------------------|---------------------------|-----------------------------|-----------------------------|
| As at 31 December 2018 | | | | |
| Assets: | | | | |
| Euro | (0.60) | 46,774 | € 1.00 | 46,774 |
| Pound Sterling | 0.07 | 3,015 | 0.89757 | 3,359 |
| Total | | | | 50,133 |

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

An increase of 1 per cent in interest rates as at the reporting date would have increased the reported profit by €501,000. A decrease of 1 per cent would have reduced the reported profit by €501,000. 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 |
|-------------------------------|---------------------------------|--------------------------------------|--|
| As at 31 December 2018 | | | |
| Danish krone | - | 6 | 6 |
| Norwegian krone | - | 26 | 26 |
| Pound Sterling | - | 3,129 | 3,129 |
| Total overseas investments | - | 3,161 | 3,161 |
| Euro | 148,918 | 49,994 | 198,912 |
| Total | 148,918 | 53,155 | 202,073 |

The asset allocation between specific markets can vary from time to time based on the 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 against the relevant foreign currencies 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 2018 €'000 |
|-----------------|---|
| Danish krone | 0.6 |
| Norwegian krone | 2.6 |
| Pound Sterling | 312.9 |

(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.

Other price risk sensitivity

If the investment valuation fell by 10% at 31 December 2018, the impact on net return before tax and equity shareholders funds would have been negative €15m. If the investment portfolio valuation rose by 10% at 31 December 2018, the impact on net return before tax and equity shareholders funds would have been positive €15m. 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 is currently acquiring a portfolio of European logistics properties. This will result in the group having 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, including legal expenses, in maintaining, insuring and re-letting the property until it is re-let. 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 2018 was €61.8m. This was due to trade receivables and cash as per notes 10 and 11.

(d) Taxation and Regulation risks

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.

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. Changes in the regulation of companies may adversely affect the value of the Portfolio and the ability of the Company to pursue its investment objective. 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 will apply to the Group and its business which, where appropriate, will be 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 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 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.

20. 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, following 2 years from the date of Admission of the Company to the London Stock Exchange.

Under the terms of the agreement portfolio management services are delegated by ASFML to Aberdeen Standard Investments Ireland Limited ('ASIIL'). The total management fees charged to the Consolidated Statement of Comprehensive Income during the period were €587,000, of which €563,000 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.

The remuneration of Directors is detailed below. Further details on the Directors can be found on pages 30 to 32.

| | 2018 €'000 |
|-------------------|---------------|
| Pascal Duval | 51 |
| Caroline Gulliver | 45 |
| John Heawood | 39 |
| Tony Roper | 39 |
| Diane Wilde | 39 |
| | 213 |

Please note the above figures are all Euro, while those in the directors remuneration report are stated in GBP.

21. Lease Analysis

The Group leases out its investment properties under operating leases.

The future income under non-cancellable operating leases, based on the unexpired lease length at the year end was as follows (based on total rents)

| | 2018 €'000 |
|----------------------------|---------------|
| Less than one year | 6,894 |
| Between one and five years | 26,485 |
| Over five years | 40,499 |
| Total | 73,878 |

22. Post Balance Sheet Events

Following the period end the Group completed the acquisitions of assets in Leon, Krakow, Meung Sur Loire and Erlensee. The Group also drew external debt secured against 4 assets, Florsheim, Erlensee, Avignon and Meung sur Loire.

23. Capital Commitments

As at the 31 December 2018 the Group had capital commitments of €91.2m, specifically:

- €33.3m relating to the purchase of a property in Erlensee, Germany. The acquisition completed in February 2019.
- €22.4m relating to the purchase of a property in Meung-sur-Loire, France. The acquisition completed in February 2019.
- €13.8m relating to the forward purchase of a property in Leon, Spain. The acquisition completed in April 2019.
- €9m relating to the forward funding of a property in Oss, Netherlands.
- €12.7m relating to the forward funding of a property in Zeewolde, Netherlands.

24. Ultimate Parent Company

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

Parent Company Balance Sheet

As at 31 December 2018

| | Notes | 2018 €'000 |
|---------------------------------------|-------|---------------|
| Non-current assets | | |
| Investment in subsidiaries | 2 | 12,446 |
| Intercompany loan | 4 | 78,120 |
| | | 90,566 |
| Current assets | | |
| Cash and cash equivalents | 3 | 47,462 |
| Intercompany loan interest receivable | 4 | 1,439 |
| Intercompany loan receivable | 4 | 64,532 |
| | | 113,433 |
| Total assets | | 203,999 |
| Current liabilities | | |
| Trade and other payables | 5 | 601 |
| Total liabilities | | 601 |
| Net assets | | 203,398 |
| Represented by: | | |
| Share capital | 6 | 2,122 |
| Special Distributable Reserve | | 203,691 |
| Revenue reserve | | (577) |
| Capital reserve | | (1,838) |
| | | 203,398 |

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

The financial statements on pages 54-83 were approved and authorised for issue by the Board of Directors on 18 April 2019 and signed on its behalf by:

Caroline Gulliver

Independent Non-Executive Director

Parent Company Statement of Changes in Equity

For the period 25 October 2017 to 31 December 2018

| | | Share Capital €'000 | Share Premium €'000 | Special Distributable Reserve €'000 | Revenue Reserve €'000 | Capital Reserve €'000 | Total €'000 |
|----------------------------|-------|---------------------------|---------------------------|--|-----------------------------|-----------------------------|----------------|
| | Notes | | | | | | |
| At 25 October 2017 | | - | - | - | - | - | - |
| Issue of shares | 6 | 2,122 | 210,102 | - | - | - | 212,224 |
| Share Issue Costs | 6 | - | (2,875) | - | - | - | (2,875) |
| Share Premium conversion | 6 | - | (207,227) | 207,227 | - | - | - |
| Net loss after taxation | | - | - | - | (577) | (2,138) | (2,715) |
| Other comprehensive income | | - | - | - | - | 300 | 300 |
| Dividends paid | | - | - | (3,536) | - | - | (3,536) |
| At 31 December 2018 | | 2,122 | - | 203,691 | (577) | (1,838) | 203,398 |

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 EU-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

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

Intercompany Loans are recognised at fair value.

(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 translated at actual exchange rates as 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 currency translation differences through other comprehensive income. 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 accruals 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 only 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 the share premium reserve.

(j) Segmental Reporting

In accordance with IFRS 8 'Operating Segments', the Directors are of the opinion that the Company is engaged in a single segment of business, investing in property owning companies.

(k) 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.

(l) 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.

(m) 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.

(n) Reserves

Share Capital – This represents the proceeds from issuing ordinary shares.

Share Premium Reserve – 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.

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 and the following are accounted for in this reserve:

- realised gains and losses on currency settlements and disposals.

Revenue Reserve – Any surplus arising from the net return after taxation is taken to this reserve.

The revenue reserve and special distributable reserves are both distributable.

(o) Investments in subsidiaries

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

(p) Intercompany Loans

Intercompany loans are recognised at fair value.

2. Investments In Subsidiaries

As at 31 December 2018 the total cost of shares purchased in ASEL I Flörsheim BV was €5,171,000. The net assets of ASEL I Flörsheim BV are €5,444,000 as at 31 December 2018. ASEL I Flörsheim BV is a private limited company, registered in the Netherlands.

As at 31 December 2018 the total cost of shares purchased in ASEL I Erlensee BV was €1,000. The net assets of ASEL I Erlensee BV are €(40,000) as at 31 December 2018. ASEL I Erlensee BV is a private limited company, registered in the Netherlands.

As at 31 December 2018 the total cost of shares purchased in ASEL I Leon BV was €1,000. The net assets of ASEL I Leon BV are €(45,000) as at 31 December 2018. ASEL I Leon BV is a private limited company, registered in the Netherlands.

As at 31 December 2018 the total cost of shares purchased in ASEL I Netherlands I BV was €1,000. The net assets of ASEL I Netherlands I BV are €(1,865,000) as at 31 December 2018. ASEL I Netherlands I BV is a private limited company, registered in the Netherlands.

As at 31 December 2018 the total cost of shares purchased in ASEL I Netherlands II BV was €1,000. The net assets of ASEL I Netherlands II BV are €20,000 as at 31 December 2018. ASEL I Netherlands II BV is a private limited company, registered in the Netherlands.

As at 31 December 2018 the total cost of shares purchased in ASEL I Waddinxveen BV was €1,000. The net assets of ASEL I Waddinxveen BV are €(1,508,000) as at 31 December 2018. ASEL I Waddinxveen BV is a private limited company, registered in the Netherlands.

As at 31 December 2018 the total cost of shares purchased in ASEL I France Holding SAS was €7,270,000. The net assets of ASEL I France Holding SAS are €6,977,000 as at 31 December 2018. ASEL I France Holding SAS is a private limited company, registered in France.

Additional details of each subsidiary are noted below:

| SUBSIDIARY | ADDRESS | SHARE CAPITAL (€'000) | % SHARES OWNED | ACTIVITY |
|-----------------------------|--|--------------------------|-------------------|---------------------|
| ASELI Flörsheim BV | Zuidplein 166 WTCH-Tower20th Floor, 1077XV Amsterdam | 5,171 | 100 | Property Investment |
| ASELI Erlensee BV | Zuidplein 166 WTCH-Tower20th Floor, 1077XV Amsterdam | 1 | 100 | Property Investment |
| ASELI Leon BV | Zuidplein 166 WTCH-Tower20th Floor, 1077XV Amsterdam | 1 | 100 | Property Investment |
| ASELI Netherlands I BV | Zuidplein 166 WTCH-Tower20th Floor, 1077XV Amsterdam | 1 | 100 | Property Investment |
| ASELI Netherlands II BV | Zuidplein 166 WTCH-Tower20th Floor, 1077XV Amsterdam | 1 | 100 | Property Investment |
| ASELI Waddinxveen BV | Zuidplein 166 WTCH-Tower20th Floor, 1077XV Amsterdam | 1 | 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 | 7,270 | 100 | Property Investment |
| Total | | 12,446 | | |

3. Cash and cash equivalents

| | 2018 €'000 |
|------------------|---------------|
| Cash | 3,608 |
| Cash equivalents | 43,854 |
| | 47,462 |

Cash equivalents are all held in two liquidity funds that can both be accessed same day, specifically the Aberdeen Liquidity Fund (Lux) Euro Fund and Standard Life Investments Liquidity Fund plc – Euro Liquidity Fund.

4. Intercompany Loans

| | 2018 €'000 |
|--|---------------|
| Accrued interest on intercompany loan receivable in less than one year | 1,439 |
| | 1,439 |
| Intercompany loan receivable in greater than one year | 78,120 |
| Intercompany loan expected to be received in less than one year | 64,532 |
| | 142,652 |

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

| Borrower | Balance Drawn | | Maturity Date yrs | Loan Type | Interest Rate | Outstanding Interest €'000 |
|--|----------------|------------------------------------|----------------------|-----------------------|---------------|-------------------------------|
| | Limit €'000 | as at 31 December 2018 €'000 | | | | |
| ASELI Florsheim BV | 10,000 | 10,000 | Jan 28 | Interest Bearing Loan | 2.5% | 226 |
| ASELI Florsheim BV | 6,125 | 6,125 | Jan 28 | Interest Bearing Loan | 3.5% | 194 |
| ASELI Florsheim BV | 5,375 | - | Jan 28 | Interest Free Loan | 0.0% | - |
| ASELI Erlensee BV | 16,500 | 1,679 | Jan 28 | Interest Bearing Loan | 2.5% | 14 |
| ASELI Erlensee BV | 10,300 | - | Jan 28 | Interest Bearing Loan | 3.5% | - |
| ASELI Leon BV | 9,650 | 1,694 | Jun 28 | Interest Bearing Loan | 2.8% | 20 |
| ASELI Netherlands I BV | 22,704 | 22,704 | Aug 28 | Interest Bearing Loan | 4.8% | 453 |
| ASELI Netherlands I BV | 12,880 | 7,428 | Aug 28 | Interest Bearing Loan | 4.7% | 54 |
| ASELI Netherlands I BV | 5,676 | 5,238 | Aug 28 | Interest Free Loan | 0.0% | - |
| ASELI Netherlands II BV | 23,760 | 14,418 | Sept 28 | Interest Bearing Loan | 4.6% | 80 |
| ASELI Netherlands II BV | 5,940 | - | Sept 28 | Interest Free Loan | 0.0% | - |
| ASELI Waddinxveen BV | 29,200 | 29,200 | Nov 28 | Interest Bearing Loan | 4.5% | 170 |
| ASELI Waddinxveen BV | 7,300 | 7,169 | Nov 28 | Interest Free Loan | 0.0% | - |
| ASELI Avignon SCI | 27,264 | 27,054 | Oct 28 | Interest Bearing Loan | 3.1% | 162 |
| ASELI France Holdings SAS | 7,258 | - | Oct 28 | Interest Free Loan | 0.0% | - |
| ASELI France Holdings SAS | 10,906 | 10,905 | Oct 28 | Interest Bearing Loan | 3.1% | 66 |
| ASELI Meung SCI | 15,240 | 1,176 | Nov 28 | Interest Bearing Loan | 3.1% | - |
| | 226,078 | 144,790 | | | | 1,439 |
| Less: Fair value adjustment on Waddinxveen and Netherlands I interest bearing loans | | (2,138) | | | | |
| Fair value of Intercompany loans | | 142,652 | | | | |

5. Trade and Other Payables

| | 2018 €'000 |
|-----------------------------------|---------------|
| Investment management fee payable | 556 |
| Accruals and other payables | 45 |
| | 601 |

6. Share Capital and Share Premium

| | 2018 €'000 |
|---|---------------|
| As at 25 October 2017 | - |
| Managers shares issued in the period | 56 |
| Managers shares redeemed in the period | (56) |
| Ordinary shares issued on incorporation | 1 |
| Ordinary shares issued on admission | 2,121 |
| | 2,122 |

Ordinary shareholders may participate in all general meetings of the Company on the basis of one vote for each share held. Each Ordinary share has equal rights to dividends and equal rights to participate in a distribution arising from a winding up of the Company. The Ordinary shares are not redeemable.

The total number of shares authorised, issued and fully paid is 187,500,001. The nominal value of each share is £0.01 and the amount paid for each share was £1.00. Share proceeds were received in tranches between 15 and 18 December 2017 and converted to Euro at a rate of £1:€1.1318689.

On incorporation, the issued share capital of the Company was one Ordinary Share of a nominal value of £0.01, which was subscribed for by Aberdeen Asset Management PLC. On 8 November 2017 the Company issued 50,000 Management Shares of a nominal value of £1.00 each which were subscribed for by Aberdeen Asset Management PLC. The Management Shares were fully paid up and were redeemed immediately following the Initial admission out of the proceeds of the Initial Issue. The Management Shares were redeemable at any time (subject to the provisions of the Companies Act) by the Company and carried the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the Management Shares payable on demand. For so long as there were shares of any other class in issue, the holders of the Management Shares did not have any right to receive notice of or vote at any general meeting of the Company.

| | 2018 €'000 |
|--|---------------|
| As at 25 October 2017 | - |
| On share issue | 210,102 |
| Share issue transaction costs | (2,875) |
| Transferred to Special Distributable Reserve 16 March 2018 | (207,227) |
| As at 31 December 2018 | - |

On 16 March 2018, the High Court of Justice Chancery Division confirmed the cancellation of the amount standing to the credit of the share premium account of the Company. The Court Order approving the cancellation was registered with the Registrar of Companies on 16 March 2018 and therefore became effective on that date.

The special distributable reserve created by this reduction can be treated as a realised profit and, therefore, it may be distributed to shareholders or used to buy back shares.

7. Capital Commitments

As at 31 December 2018 the Company had capital commitments of €81,288,000 relating to undrawn intercompany loans.

8. Ultimate Parent Company

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

Sustainability

The Company and Aberdeen Standard Investments views the management of Environmental, Governance and Social issues as a fundamental part of their business.



Krakow (Poland), new building with a diversified tenant base

Environment, Social and Governance (ESG)

The Company and Aberdeen Standard Investments views the management of Environmental, Governance and Social issues as a fundamental part of their business. Following the ASI ESG policy, as a real estate investment and asset manager, we recognise that while real estate investment provides valuable economic benefits and returns for clients it has, by its nature, an environmental and societal impact. Aberdeen Standard Investments, as our Investment Manager, has committed to:

- Identifying, assessing, monitoring and controlling environmental, societal and regulatory risks at key stages of the investment, development and asset management operations;
- Ensuring effective governance and responding to and complying with regulatory requirements in every country in which we operate;
- Sharing our knowledge and engaging with central government, with local government and with other bodies in order to encourage best practice in the market and to steer government policy; and
- Working in partnership with our key stakeholder groups – our investors, occupiers, employees, suppliers and the communities we serve.

A key element of the Investment Manager's policy and approach is the employment of our ESG Impact Dial – a proprietary research framework - in support of investment strategies, underwriting decisions and asset management approach. We have identified a range of key forces for change - Environment & Climate, Governance & Engagement, Demographics and Technology & Infrastructure - which together form the basis of the ESG Impact Dial. These guide the prioritisation and integration of ESG factors at the fund and property level, whilst providing a structure for engagement with, and reporting to stakeholders.

The Investment Manager makes use of the expertise within the ESG Real Estate team and is actively engaged with the European Union, national governments and industry working groups, including a number of local Green Building Councils, the Global Real Estate Sustainability Benchmark (GRESB), the UK Better Building Partnership and the UN Principles for Responsible Investment (UN PRI). This ensures that Aberdeen Standard Investments helps to formulate government policies and that our management teams are well informed of future government intent and market direction.

2019 GRESB Assessment

The GRESB Assessment is the leading global sustainability benchmark for real estate vehicles. The Company will be submitted for the first time in June 2019 with results released in September 2019. This reflects the ESG performance of the Company during 2018.

EPRA Sustainability Best Practice Recommendations Guidelines

The Investment Manager has adopted the 2017 EPRA Sustainability Best Practice Recommendations Guidelines (sBPR) to inform the scope of indicators that it reports against. The Investment Manager has reported against all EPRA sBPR indicators that are material to the Company.

Sustainability

Materiality Indicators

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

| Code | Performance measure | Review outcome |
|----------------------|---|---|
| Environmental | | |
| Elec-Abs | Total electricity consumption | Not material - there is no landlord procured energy, water or waste for the portfolio therefore all consumption or waste production is directly controlled by the tenant which is classified as indirect or as scope 3. As the portfolio continues to grow, we will capture any landlord procured data where possible and if feasible and we will try and capture tenant data to understand the operational performance of the assets |
| Elec-LfL | Like-for-like total electricity consumption | |
| DH&C-Abs | Total district heating & cooling consumption | |
| DH&C-LfL | Like-for-like total district heating & cooling consumption | |
| Fuels-Abs | Total fuel consumption | |
| Fuels-LfL | Like-for-like total fuel consumption | |
| Energy-Int | Building energy intensity | |
| GHG-Dir-Abs | Total direct greenhouse gas (GHG) emissions | |
| GHG-Indir-Abs | Total indirect greenhouse gas (GHG) emissions | |
| GHG-Int | Greenhouse gas (GHG) emissions intensity from | |
| Water-Abs | Building energy consumption | |
| Water-LfL | Total water consumption | |
| Water-Int | Like-for-like total water consumption | |
| Waste-Abs | Building water intensity | |
| Waste-LfL | Total weight of waste by disposal route | |
| Cert-Tot | Like-for-like total weight of waste by disposal route | Material |
| Waste-LfL | Type and number of sustainably certified assets | |
| Cert-Tot | Type and number of sustainably certified assets | |
| Social | | |
| Diversity-Emp | Employee gender diversity | Not material – ASEL1 does not have any employees |
| 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 | Not material – This is in the control of the tenants |
| H&S-Asset | Asset health and safety assessments | |
| H&S-Comp | Asset health and safety compliance | |
| Comty-Eng | Community engagement, impact assessments and development programs | Not material - This will become material over time as the assets develop |
| Governance | | |
| Gov-Board | Composition of the highest governance body | Material – Due to the new nature of the Company, these aspects cannot currently be reported but will be over time |
| Gov-Selec | Process for nominating and selecting the highest governance body | |
| Gov-Col | Process for managing conflicts of interest | |

Reporting Methodology

This is a new investment vehicle created to specifically invest in logistics assets and as a result, the Company is in a position where it can only report on some of the indicators as determined in the materiality assessment. The Company was launched in December 2017 and therefore data here is only reported for the calendar year of 2018 which is the reporting period defined. As the Company matures, the reporting boundary will expand to include the latest two calendar years.

Renewable energy

Solar PV is installed at one asset which is Avignon, France.

Auditing and assurance

The Investment Manager has not currently sought third party assurance for the ESG data included in this report although this is something that the Investment Manager is looking at introducing in future years.

Environmental Indicators

The below metric measures the percentage AUM of all properties held that have achieved a Green Building rating/certificate on completion compared to the percentage AUM 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 |
|-------|------|
| % AUM | 17 |

Certified properties

| Property | Unit | Certificate type | Rating |
|--------------------|-------|------------------|-----------|
| Flörsheim, Germany | Whole | DGNB | Gold |
| Avignon, France | Whole | HQE | Excellent |

It is worth noting the upcoming assets which are targeting green building certificates on completion during 2019:

Upcoming property completions

| Property | Unit | Certificate type | Target Rating |
|-----------------------|-------|------------------|---------------|
| Leon, Spain | Whole | BREEAM | Good |
| Oss, Netherlands | Whole | BREEAM | Very Good |
| Zeewolde, Netherlands | Whole | BREEAM | Very Good |

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

| Energy Performance Certificate (EPC) rating | % Net Lettable Area (NLA) |
|---|---------------------------|
| A | 32% |
| B | 23% |
| C | - |
| D | 32% |
| E | - |
| F | - |
| G | - |
| To be confirmed | 13% |

Sustainability

EPRA Financial Reporting (Unaudited)

One of EPRA's aims is to improve the transparency, comparability and relevance of the published results of listed real estate companies in Europe. EPRA performance

measures calculated in line with 'Best Practice Recommendation Guidelines – November 2016' are therefore enclosed.

EPRA Performance Measures

| | 31 December 2018 |
|---|------------------|
| | Total |
| EPRA earnings (€'000) | 340 |
| EPRA earnings per share (cents) | 0.18 |
| EPRA NAV (€'000) | 202,073 |
| EPRA NAV per share (cents) | 107.77 |
| EPRA NNNAV (€'000) | 202,073 |
| EPRA NNNAV per share (cents) | 107.77 |
| EPRA Net Initial Yield | 1.68% |
| EPRA topped-up Net Initial Yield | 1.78% |
| EPRA Vacancy Rate | 0.0% |
| EPRA Cost Ratios - including direct vacancy costs | 79% |
| EPRA Cost Ratios - excluding direct vacancy costs | 79% |
| A. EPRA Earnings | |
| Earnings per IFRS income statement (€'000) | (3,740) |
| Adjustments to calculate EPRA Earnings, exclude: | |
| Net changes in value of investment properties (€'000) | 4,080 |
| EPRA Earnings (€'000) | 340 |
| Basic number of shares | 187,500,001 |
| EPRA Earnings per share (cents) | 0.18 |
| B. EPRA Net Asset Value | |
| IFRS NAV (€'000) | 202,073 |
| Shares in issue at end of year | 1,875,001 |
| EPRA NAV per share (cents) | 107.77 |
| C. EPRA Triple Net Asset Value (NNNAV) | |
| EPRA NAV (€'000) | 202,073 |
| EPRA NNNAV (€'000) | 202,073 |
| EPRA NNNAV per share (cents) | 107.77 |

| | 31 December 2018 |
|--|------------------|
| | Total €'000 |
| D. EPRA Net Initial Yield and 'topped up' NIY disclosure | |
| Investment property - wholly owned | 149,185 |
| Less developments | (23,740) |
| Completed property portfolio | 125,445 |
| Allowance for estimated purchasers' costs | 5,279 |
| Gross up completed property portfolio valuation | 130,724 |
| Annualised cash passing rental income | 2,391 |
| Property outgoings | (198) |
| Annualised net rents | 2,193 |
| Add: notional rent expiration of rent free periods or other lease incentives | 138 |
| Topped-up net annualised rent | 2,331 |
| EPRA NIY | 1.68% |
| EPRA "topped-up" NIY | 1.78% |
| E. EPRA Cost Ratios | |
| Administrative / property operating expense line per IFRS income statement | 1,843 |
| EPRA Costs (including direct vacancy costs) | 1,843 |
| Direct vacancy costs | - |
| EPRA Costs (excluding direct vacancy costs) | 1,843 |
| Gross Rental income less ground rent costs | 2,323 |
| EPRA Cost Ratio (including direct vacancy costs) | 79% |
| EPRA Cost Ratio (excluding direct vacancy costs) | 79% |

Corporate Information

The Company's Investment Manager is Aberdeen Standard Investments Ireland Limited, a wholly owned subsidiary of Standard Life Aberdeen plc. Assets under management of the combined investment division, Aberdeen Standard Investments, were £505.1 billion as at 31 December 2018.



Avignon (France), new building with a 9 year lease and solar panels on roof

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").

Aberdeen Standard Investments

Worldwide, Aberdeen Standard Investments manages a combined £505.1 billion (as at 31 December 2018) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

Aberdeen Standard Investments operates a fully integrated property investment management platform and has an extensive regional presence with offices in

14 countries across the UK and Continental Europe.

The pan-European real estate team is comprised of over 280 real estate professionals in 17 offices with expertise in fund management, research, transactions, asset management, financing and other specialist property activities.

The real estate teams are based in well-established offices in London, Frankfurt, Paris, Madrid, Amsterdam and Brussels, as well as the Nordics, and these teams 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 Aberdeen Standard Investment'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 ASI 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

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.

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:

- re-negotiating 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.

Corporate Information

Investor Information

AIFMD

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and NatWest Trustee and Depositary Services 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. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 96.

Comparative Indices

The Company does not have a benchmark.

Website

Further information on the Company can be found on its own dedicated website: eurologisticsincome.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

Investor Warning

Aberdeen Standard Investments has been made aware that some investors may have received telephone calls from people purporting to work for Aberdeen Standard Investments, 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 Aberdeen Standard Investments and any third party making such offers has no link with Aberdeen Standard Investments. Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 94.

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

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Trust's website: eurologisticsincome.co.uk and the TrustNet website: trustnet.co.uk. Alternatively direct private investors can call 0808 500 00 40 (free when dialling from a UK landline) for trust information. Alternatively, internet users may email Aberdeen Standard Investments at inv.trusts@aberdeenstandard.com or write to Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

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 at Aspect House, Spencer Road, Lancing West Sussex BN99 6DA or by telephoning on 0371 384 2416. Lines are open 8.30a.m. to 5.30 p.m. (London Time) Monday to Friday. 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, Aberdeen Standard European Logistics Income PLC, 40 Princes Street, Edinburgh EH2 2BY or by emailing company.secretary@aberdeenstandard.com.

Direct Investment

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through the Aberdeen Standard Investment Plan for Children, Aberdeen Standard Investment Trust Share Plan and Investment Trust ISA.

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments 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%) where applicable on entry. 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 Aberdeen Standard Investments 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.

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments 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%) where applicable on entry. 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 Aberdeen Standard Investments 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.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2019/2020.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases where applicable. Selling costs are £15 + VAT. 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

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

Pre-investment Disclosure Document (PIDD)

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of the Company, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing at: eurologisticsincome.co.uk.

Literature Request Service

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Investment Manager's investment trust products, please contact:

Aberdeen Standard Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Telephone: 0808 500 00 40
(free when dialling from a UK landline)

Terms and conditions for the Aberdeen Standard Investments managed savings products can also be found under the literature section of invtrusts.co.uk.

Dealing details

Investor information

There are a number of other ways in which you can buy and hold shares in this investment company.

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; Alliance Trust Savings; Barclays Stockbrokers / Smart Investor; Charles Stanley Direct; Equiniti / Shareview; Halifax Share Dealing; Hargreave Hale; Hargreaves Lansdown; iDealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade.

Discretionary private client stockbrokers

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

Independent Financial Advisers

To find an adviser who recommends on investment trusts, visit unbiased.co.uk.

Regulation of Stockbrokers

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

Tel: 0800 111 6768 or at

www.fca.org.uk/firms/financial-services-register

Email: customer.queries@fca.org.uk

Suitable for Retail/NMPI Status

The Company's shares 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, and intends to continue to do so for the foreseeable future, in order that the shares issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs).

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.

Voting at Company Meetings

If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the forthcoming AGM or at any other Company meeting, then you will need to make arrangements with the administrator of your share plan or platform. For the purposes of voting at the AGM, investors that hold their shares in the Company via the Aberdeen Standard Investments Plan for Children, the Aberdeen Standard Investments Share Plan and/or the Aberdeen Standard Investments ISA will find a Letter of Direction enclosed with this Annual Report. Shareholders are encouraged to complete and return the Letter of Direction in accordance with the instructions printed thereon.

Further details on how to attend and vote at Company Meetings for holders of shares via other share plans and platforms can also be found at <https://www.theaic.co.uk/aic/shareholder-voting-consumer-platforms>.

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 93 to 95 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 Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

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. 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 19 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 93) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 30 September 2018 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 2018 | 94.8% | 94.8% |

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which 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 above 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

| | |
|---|---|
| Aberdeen Standard Investments or ASI | Aberdeen Standard Investments is a brand of the investment businesses of Standard Life Aberdeen plc |
| AIC | Association of Investment Companies |
| AIFMD | The Alternative Investment Fund Managers Directive |
| AIFM | the alternative investment fund manager, being ASFML |
| Alternative Performance Measures | Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP |
| Annual Rental Income | Cash rents passing at the Balance Sheet date |
| ASFML or AIFM or Manager | Aberdeen Standard Fund Managers Limited |
| ASIIL or the Investment Manager | Aberdeen Standard Investments Ireland Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's investment manager |
| Asset Cover | The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security |
| Contracted Rent | The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired |
| Covenant Strength | This refers to the quality of a tenant's financial status and its ability to perform the covenants in a lease |
| Discount | The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share |
| Earnings Per Share | Profit for the period attributable to shareholders divided by the average number of shares in issue during the period |
| EPRA | European Public Real Estate Association |
| 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 |
| Group | The Company and its subsidiaries |
| Gross Assets | The aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time |
| FRC | Financial Reporting Council |
| IFRS | International Financial Reporting Standards |

Index Linked

The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI), French Tertiary Activities Rent Index (ILAT)

Key Information Document or KID

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

Lease incentive

A payment used to encourage a tenant to take on a new lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period

Leverage

For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other

NAV total return

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

Net Asset Value or NAV

The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share

Ongoing Charges

Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the industry standard. A reconciliation of ongoing charges is below:

| | |
|---|---------|
| Group expenses excluding property costs (A) (€'000) | 2,023 |
| Average net asset value (B) (€'000) | 205,902 |
| Ongoing charges (excluding property costs) (A/B) | 0.98% |
| Group expenses including property costs (C) (€'000) | 2,498 |
| Ongoing charges (including property costs) (C/B) | 1.21% |

Passing Rent

The rent payable at a particular point in time

PIDD

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

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share

| | |
|--|---|
| Prior Charges | The name given to all borrowings including long and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment |
| Portfolio fair value | The market value of the company's property portfolio, which is based on the external valuation provided by CBRE Limited |
| The Royal Institution of Chartered Surveyors (RICS) | The global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure |
| Share price total return | 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. |
| SPA | Sale and purchase agreement |
| SPV | Special purpose vehicle |
| Standard Life Aberdeen Group or SLA Group | the Standard Life Aberdeen plc group of companies |
| Standard Life Aberdeen | Standard Life Aberdeen plc which was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017 |
| Total Assets | Total assets less current liabilities (before deducting prior charges as defined above) |
| Total Return | Total return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV total return (including diluted) involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned |
| WAULT | Weighted Average Unexpired Lease Term. The average time remaining until the next lease expiry or break date |

Notice of Annual General Meeting

Notice is hereby given that the first annual general meeting (the "Annual General Meeting") of Aberdeen Standard 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 11 June 2019 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 period ended 31 December 2018, 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 period ended 31 December 2018 (other than the directors' remuneration policy as set out on pages 40 to 42 of the Directors' Remuneration Report).
3. To approve the Directors' Remuneration Policy as set out on pages 40 and 41 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 (the "Directors") 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 elect Ms C. Gulliver as a Director.
6. To elect Mr J. Heawood as a Director.
7. To elect Mr T. Roper as a Director.
8. To 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 £618,750 (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 £618,750); 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 £1,237,500 (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 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2020 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 £187,500 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 2020, or, if earlier, at the conclusion of the next annual general meeting of the Company to be held in 2020 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 2020, or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2020 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
18 April 2019

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 7 June 2019 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. 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.
10. 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).

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11. 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.
 12. 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.
 13. 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.
 14. As at close of business on 18 April 2019 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 187,500,001 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 18 April 2019 is 187,500,001.
 15. 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.
 16. 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.
 17. 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.
 18. 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.
 19. 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.
 20. There are special arrangements for holders of shares through Aberdeen Standard Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ("Plan Participants"). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.
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Contact Addresses

Directors

Pascal Duval, (Chairman)
Caroline Gulliver
John Heawood
Tony Roper
Diane Wilde

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Registration Number

11032222

Legal Entity Identifier (LEI)

213800I9IYIKKNRT3G50

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number ("GIIN")

DF2TVL.99999.SL.826

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Lines open 8:30am to 5:30pm (UK time), Monday to Friday, (excluding public holidays in England and Wales)

