abrdn European Logistics Income plc

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

Half Yearly Report
30 June 2022

eurologisticsincome.co.uk

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 does not have a fixed life.

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.

Company Benchmark

The Company does not have a benchmark.

Investment Manager

The Company has appointed abrdn Fund Managers Limited (the "AIFM" or "aFML") (previously known as 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 abrdn Investments Ireland Limited as Investment Manager (the "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 carries out the on-going oversight functions and supervision to 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 and are wholly owned subsidiaries of abrdn plc.

Website

Details on the Company and its portfolio, together with up to date information including the latest share price can be found at: **eurologisticsincome.co.uk**.

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Tony Roper,
Chairman

"The underlying premise of income and capital growth, generated from in-demand assets buoyed by continuing e-commerce penetration, the near shoring of operations, land scarcity and rapidly rising construction costs remains compelling."

Evert Castelein,
Fund Manager

"One of the key themes today for many is without doubt inflation. With our focus on Continental Europe, our CPI indexed rents are a great benefit and will help grow our income stream."

Highlights and Financial Calendar

Financial Highlights

	30 June 2022	31 December 2021
Total assets (€'000)	767,802	728,386
Equity shareholders' funds (€'000)	539,609	487,505
Share price – Ordinary share (pence)	99.60	117.00
Net asset value per Ordinary share (€)	1.31	1.29
Share price (discount)/premium to sterling net asset value	(11.4)%	7.8%

Performance (total return)

	Six months ended 30 June 2022	Year ended 31 December 2021	Since Launch return
Share price[1]	(12.9)%	12.4%	19.9%
Net Asset Value (EUR)[1]	3.6%	12.4%	39.1%

[1] Considered to be an Alternative Performance Measure (see Glossary on page 31 for more information).

Financial Calendar

23 September 2022	Payment of second interim distribution for year ending 31 December 2022
27 September 2022	Announcement of unaudited half yearly results
October 2022	Half Yearly Report posted to Shareholders
30 December 2022	Payment of third interim distribution for year ending 31 December 2022
24 March 2023	Payment of fourth interim distribution for year ending 31 December 2022
April 2023	Announcement of Annual Financial Report for the year ending 31 December 2022
May 2023	Annual Report available on line (and posted to those registered Shareholders who have requested hard copies)
June 2023	Annual General Meeting in London
June 2023	Payment of first interim distribution for the year ending 31 December 2023

Company Overview

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

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

- A diverse portfolio of assets across 5 countries
- A strengthening focus on ESG and green performance
- Investment in the liquid urban logistics and mid-box segment of the real estate logistics market
- Modest gearing parameters
- Durable indexed income returns
- Local abrdn asset managers across Europe

Financial Highlights as at 30 June 2022

Net asset value total return for the 6 months to 30 June 2022[1]

3.6%

For the 12 months to 31 December 2021: 12.4%

Net Asset Value (€'000)

539,609

31 December 2021: 487,505

Net Asset Value per share (€)[1]

1.31

31 December 2021: 1.29

Share price total return for the 6 months to 30 June 2022[1]

(12.9)%

For the 12 months to 31 December 2021: 12.4%

(Discount)/ Premium to Net Asset Value[1]

(11.4)%

31 December 2021: 7.8%

Ordinary distribution per share declared for the 6 months to 30 June 2022

2.82¢

Declared for the 12 months to 31 December 2021: 5.64¢[2]

EPRA Net Tangible Assets per share (€)[1]

1.39

31 December 2021: 1.36

IFRS Earnings Per Share for the 6 months to 30 June 2022

4.82¢

For the 12 months to 31 December 2021: 15.43¢

Portfolio valuation (€'000)

675,692

31 December 2021: 660,973

Number of assets

23

31 December 2021: 23

Average lease length excluding breaks in years

8.0

31 December 2021: 8.0

Loan-To-Value (%)[3]

21.7%

31 December 2021: 25.1%

Average building size (sqm)

23,403

31 December 2021: 23,403

Rent collection

100%

31 December 2021: 100%

[1] Alternative Performance Measurements – see glossary on pages 28 to 32.
[2] Total dividend paid in respect of year ended 31 December 2021.
[3] 25.7% including €40m ING loan drawn after period end.

Chairman's Statement

Overview

I am pleased to be presenting the Company's half yearly report for the six months ended 30 June 2022.

The Company's investment objective remains solely focused on investing in logistics real estate in Europe, with our strategy targeting both medium sized "mid box" assets and smaller format "urban logistics" that will serve 'last mile' functions for Europe's growing e-commerce activities.

The current diversified portfolio of 26 modern logistics warehouses in established locations across five countries (including the soon to be acquired French asset near Dijon) has been carefully stock picked by our Investment Manager, with an increasing weighting towards urban assets. Whilst we are starting to see some pockets of outward yield movement in the portfolio, valuations are generally stable, reflecting occupier demand for our high specification buildings, which are located close to population hubs with excellent road, rail and port links. Our assets typically benefit from durable and growing income streams with long index-linked leases secured against a diversified range of tenants.

The prospective growth of the Company will follow the existing investment strategy, targeting a range of logistics real estate assets that the Investment Manager believes are well located, close to established distribution hubs and population centres that will provide the Company with increased asset and tenant diversification and enable it to meet its investment objective. A greater focus on such assets in a market with low vacancy rates, new development constraints and with CPI rent increases feeding through convinces us of the positioning of our portfolio.

We are facing a period of global economic uncertainty and concerns over increasing energy costs and the almost unprecedented inflationary pressures being witnessed. However, the underlying premise of income and capital growth, generated from in-demand assets buoyed by continuing e-commerce penetration, the near shoring of operations, land scarcity and rapidly rising construction costs, remains compelling. Added to this, we are starting to see higher inflation feeding through into annual lease reviews, which is a major benefit of many European lease agreements which are predominantly linked to CPI or its equivalent.

Investors continue to support the Company, recognising the qualities of the GRESB rated portfolio underpinned by the changing nature of both tenants and their customers in the desire for reliable and fast delivery lines and supported by indexed income-producing assets and competitive fees. It was good to finally be able to hold an in-person AGM on 6th June and to be able to present and meet shareholders again after the pandemic-induced closed meetings. The Board was also able to visit the Company's acquisitions in Madrid with the Investment Manager and to fully appreciate the quality and scale of these assets. The local transaction and asset management team based in central Madrid gave the Directors a great deal of comfort around the knowledge and expertise that helps manage our Spanish portfolio.

Much of the early part of H1 was spent bedding down the Madrid portfolio. The purchase of which was completed in December 2021. In July, as planned, the Company saw the completion of the construction and handover of the dedicated Amazon hub and its associated car parking deck for its fleet of delivery vans in Phase IV at Gavilanes. This was a milestone with Amazon now one of the largest tenants within the portfolio and occupying this newly-constructed last-mile warehouse on a 25 year indexed lease.

We have continued to acquire assets that meet our strict investment criteria. On 1 August 2022, the Company announced completion of the acquisition of two logistics properties, in Bordeaux and Niort, France. The aggregate purchase price of circa €23 million reflects a net initial yield of 4.0%.

Tony Roper
Chairman

Both buildings are leased to the same German-owned global third party logistics provider, operating as Dachser France. This long-standing 3PL operator has a strong financial covenant and both leases provide for annual indexation. Site coverage is also low, at 22% and 9% respectively, providing excellent opportunities for expansion in the future. We expect to announce the acquisition of a third French warehouse in Dijon shortly.

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

Results

The unaudited Net Asset Value ("NAV") per share as at 30 June 2022 was 130.9 euro cents (GBp - 112.4p), compared with the NAV per share of 129.1 cents (GBp – 108.5p) at the end of 2021, reflecting, with the interim dividends declared, a NAV total return of 3.6% for the six month period under review, in euro terms. Over the 12 months ended 30 June 2022, the NAV total return was 10.6%, reflecting continued strength in the sector.

The closing Ordinary share price at 30 June 2022 was 99.6p (31 December 2021 - 108.5p), representing a discount to the NAV per share of 11.4%.

Rent collection

Despite economic headwinds, the Company's rent collection remains strong with 100% of the expected rental income for the half year ended 30 June 2022 collected.

Dividend

On 18 February 2022 the Board declared a fourth interim distribution of 1.41 euro cents (equivalent to 1.21 pence) per Ordinary share in respect of the year ended 31 December 2021. In aggregate a total dividend of 5.64 euro cents was paid in respect of the 2021 financial year. The equivalent sterling rate paid was 4.84 pence.

First and second interim distributions of 1.41 euro cents (equivalent to 1.19 pence and 1.20 pence respectively) have been declared in respect of the year ending 31 December 2022.

Fund raising and share issuance

In January, the Company raised £38 million (€45.6 million) in aggregate via a Placing under the Company's Share Issuance Programme which included a retail offer.

A total of 34,545,455 new Ordinary Shares were issued at a price of 110 pence per new Ordinary Share and the Company's issued share capital now consists of 412,174,356 Ordinary Shares with voting rights.

Revolving credit facility/ financing

The Company's €70 million Revolving Credit Facility ("RCF") at the parent Company level provided by Investec Bank provides flexibility in the acquisition of new properties and can help to avoid immediate cash drag on investment returns. At the time of writing we have drawn €50 million against this to finance the Amazon leased Phase IV Madrid hub before fixing longer term debt on this asset.

On 7 July 2022 the Company secured a new €40m debt facility against Phases I to III of its Spanish Madrid portfolio. A three-year term was agreed with ING Bank at an all-in interest rate of 2.57%, effected using an interest rate swap.

At 30 June 2022 the asset level LTV was 21.7%. The ING loan saw this rise to 25.7%. The Company's non-recourse loans , including the ING loan, range in maturities between 2.9 and 6.6 years with interest rates ranging between 1.10% and 2.57% per annum.

The current average interest rate on the total fixed term debt arrangements of €201.6 million (excluding the RCF) is 1.66%. The Board continues to keep the level of borrowings under review, calculated at the time of drawdown for a property purchase. The actual level of gearing may fluctuate over the Company's life as and when new assets are acquired or whilst short term asset management initiatives are being undertaken. Banking covenants are reviewed by the Manager and the Board on a regular basis.

ESG and Asset Management

The Company believes that comprehensive assessment of ESG factors leads to better outcomes for shareholders and adopts the Manager's policy and approach to integrating ESG.

The current portfolio has strong ESG credentials having been awarded Sector Leader status and being placed first in the Listed European Industrial – Distribution Warehouse segment in the 2021 GRESB survey (Global Real Estate Sustainability Benchmark). We cannot rest on our laurels here and a programme of works continues to enhance areas where improvements can be made, including solar panel projects, LED lighting, analysis of energy and water consumption, partly informed by our tenant satisfaction survey.

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

Combilo to accommodate its growing client base and is accretive to returns.

Outlook

Given the evolving geopolitical and economic environment, it is understandable that market expectations are being downgraded and an element of de-risking in portfolios is taking place. Increasing interest rates may well translate into some of the 'hot' money that has chased logistics assets globally, whilst using high leverage, re-assessing the situation, leading to some softening of valuations. That said, the European logistics occupier market remains very active with strong leasing momentum, reflecting that Europe is at a much earlier stage of its supply chain reconfiguration and e-commerce penetration still some way behind the UK. The incontrovertible shift in the way consumers shop and the infrastructure required to service that demand close to population centres is a source of greater certainty.

With the majority of our tenants leases subject to uncapped CPI increases we should see attractive increases in income in the coming years. Whilst always mindful of tenant affordability the Company is in a strong position and early stage discussions may lead to lease extensions helping underpin the long term nature of our income generation.

The Investment Manager believes that our logistics assets remain relatively defensive against the downturns in economic activity being witnessed. The Company's portfolio is characterised by carefully selected assets in well-located areas close to population hubs with good transport links underpinned by low vacancy rates across Europe. The increasing construction costs for developers being witnessed will impact supply and long indexed leases secured against a financially robust and increasingly diverse tenants base, for whom rent remains a small percentage of revenues, for us underpins returns. We have seen an increasing focus on sustainability from investors and tenants alike and are working together with our advisers on an early plan and costings towards carbon neutrality. New regulations combined with evolving valuation guidance will drive a wider gap between future-fit assets and those facing obsolescence.

To date we have built a diversified portfolio of 26 modern, high quality logistics warehouses with long term, inflation linked income characteristics, which has underpinned the valuation gains we have witnessed and delivered attractive returns for Shareholders. We will seek to add to the portfolio at the opportune time, especially as we see attractive opportunities in the market as interest rate increases start to impact what has been a very buoyant market to date.

Tony Roper

Chairman

27 September 2022

Investment Manager's Review

Overview

The resilience of the logistics market is again being put to the test with the focus of the world in the first half of 2022 shifting towards the impact from the Russian invasion of Ukraine. European sanctions, rapidly rising inflation and increasing interest rates are impacting European economies leading to uncertainty and the risk of recession. Notwithstanding the cyclicality of financial markets, logistics has remained resilient thanks to its strong fundamentals with demand for good quality warehouse stock structurally exceeding new supply, especially with new developments looking increasingly constrained due to rising construction costs.

One of the key themes today for many is without doubt inflation. With our focus on Continental Europe, our CPI-indexed rents are a great benefit and will help to grow our income stream. With rents which increase annually predominantly in line with increasing inflation and our focus on what we believe is the most attractive part of the market and buildings which have every opportunity of a 'second-life' when leases end, we believe the Company is well positioned. Having options is key. Urban logistics and mid-sized boxes with modern specifications are highly sought after thanks to the continued growth in online sales and with companies seeking to move closer to end-customers in order to reduce transportation costs and delivery times. The limited supply witnessed in the market will support stronger rental growth especially for these assets, which is key for our income driven strategy.

Despite the market challenges, 100% of expected rental income was collected in 2021 and H1 2022 reflecting the strong and diverse tenant base. Property valuations increased by 2.16% (+€14.4m) over the first six months of the year resulting in further NAV growth.

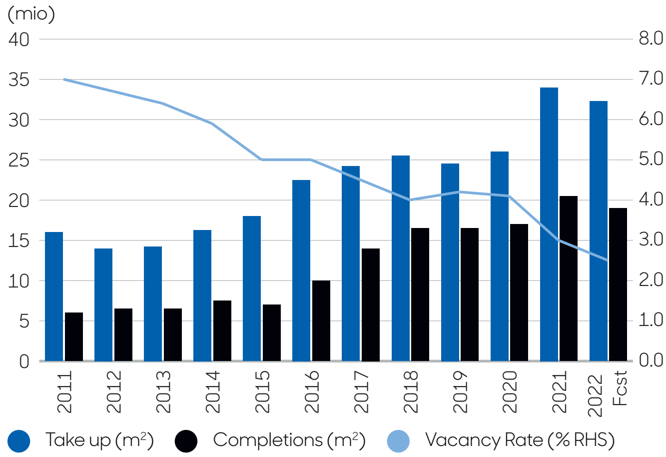
With the support of our local real estate teams located across Europe we have been able to build a well-diversified portfolio with 23 buildings as at 30 June, of which 16 were brand-new at the time of purchase. These assets have modern specifications and are situated in easily accessible locations with 12 located on the urban fringes of major cities . The development of the Amazon hub in Madrid, our largest warehouse, was completed in July and is urban located as well. Two further warehouses in France were purchased in July 2022 and we are working to complete a third shortly, two of these are urban located.

Given the uncertain market situation, we have taken a more cautious approach over the early part of 2022 with a focus on optimising the existing portfolio and closing pipeline deals. We believe a cautious approach is prudent in today's market with gearing at a level below target, giving us the flexibility to act quickly when there is more clarity on the direction of travel of markets.

The main achievements over the six months have been the signing of the purchase agreements in France with global logistics operator Dachser as tenant, the delivery of the Amazon development in Madrid, completion of a small extension project in Waddinxveen in the Netherlands and the signing of a new lease for a vacant unit in Spain, all of which closed early Q3 2022. A further priority is in seeking to keep the portfolio future-fit by focusing on sustainability and defining a carbon strategy whilst closely monitoring the market looking for attractive new investment opportunities.

Strong fundamentals will drive performance in the logistics sector

Each real estate sector has its own challenges. Clearly, the pandemic changed the way we work and how we use office space and accelerated growth in online sales affecting the retail market to a large extent. For logistics, the challenge is different and this is reflected in the supply-demand imbalance with logistics being business critical and essential for companies to operate. During the pandemic, demand for warehouse space held up well, benefiting from the growth in online sales with goods delivered directly from a warehouse to the consumer and with supermarkets embracing this business model rapidly. We have all witnessed supply chain disruptions and these have led to companies holding larger inventories in warehouses or even considering near-shoring some of their production facilities to Europe in order to make their supply chains more resilient. These trends have resulted in an increased take-up of logistics space leading to historic low vacancy rates with the development of modern warehouse space unable to keep up with demand. Costs for building materials such as timber, steel and concrete and also land scarcity have increased significantly making it hard for developers to undertake profitable projects, thus driving rents further upwards. So, despite economic turmoil in the short-term we strongly believe logistics will continue to outperform with rents growing especially in urban locations where demand is highest.



Source: CBRE, abrdn.

Attractive assets with growth potential

Our portfolio strategy is defined by the assets that we have invested in and their locations, where we think growth will be strongest. The ability to more easily let a warehouse to another company (liquidity) is hugely important and an element of the drivers for growth in the future. Diversification is another important consideration. With 26 assets (including July transactions and post completion of the next French purchase) spread across 5 European countries and leased to 47 tenants the Company is well positioned in this regard.

In July 2022, the Company exchanged contracts in Madrid on a state-of-the-art last mile Amazon hub of 16,500 sqm together with a 20,000 sqm decked Electric Vehicle van hub capable of accommodating 530 vehicles. This prime asset was the fourth and final phase of the Sky Gavilanes portfolio purchase, a deal which was closed in December 2021 with seven existing warehouses and this one forward commitment. Amazon has committed to a 25-year lease until March 2047, subject to a break option in March 2037. Net purchase price was €80.3 million reflecting a net initial yield of 3.4%, as agreed in Q4 2021.

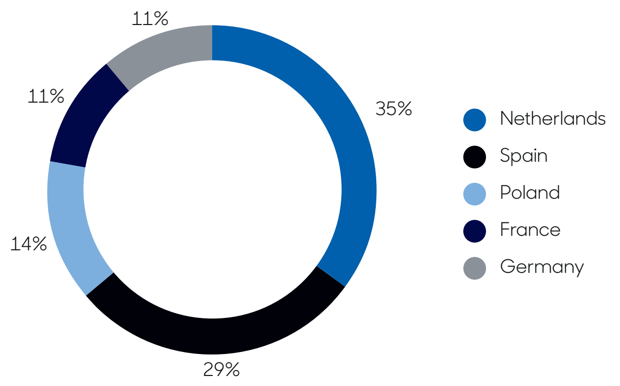
In July, the Company also exchanged contracts on a French portfolio of two warehouses for a net purchase price of €23.0 million reflecting a net initial yield of 4.0%. Both properties are leased out to Dachser, an international provider of transport and logistics solutions, and provide annual indexation, whilst they also offer medium term asset management opportunities due to their low site coverage. One building is located in Bordeaux, one of France's more populated cities, located just a few kilometres from the city centre. Total size of the asset is 6,504 sqm with a site cover of only 22% providing the option to expand the building further if required by the tenant. The second building is located in Niort with a site cover of only 9%. The Company expects to complete on the purchase of a third freehold building in France in Q3.

At the end of June 2022, the portfolio was tilted towards the Netherlands (35% of portfolio value) and Spain (29%), followed by Poland (14%), France and Germany (each 11%). The allocation to Spain grew to almost 36% with the addition of the Amazon warehouse in July and in France to 13% with the addition of the Dachser portfolio, with exposure to the other countries decreasing proportionally as shown on page 11.

Spain now represents our largest country exposure with one urban logistic warehouse in Barcelona, a mid-sized building in Leon and nine warehouses in Madrid. Madrid is the third largest city in Europe after London and Paris. The urban profile of these warehouses is exactly in line with our strategy and we are pleased to have Amazon in the portfolio. The Netherlands is our second largest market. The Gateway function with Rotterdam, the largest seaport in Europe, gives the Netherlands a strategic location in Europe and starting point for large transport corridors leading to Belgium, Germany and beyond. This is reflected in the second highest logistics stock per capita just behind Belgium. The combination of a densely populated country and a fierce debate around the impact of further construction on the environment and biodiversity makes it even harder to find locations for new logistics developments. This leaves us well positioned with the six Dutch assets in the portfolio. Including the two recent additions, we now have four warehouses in France with another in the pipeline providing further diversification to this large economy. The three warehouses in Poland provide higher yields over certain other regions. The Polish market has been amongst the strongest growing European logistics market benefiting from low labour costs. Its proximity to the neighbouring Ukraine has not impacted the portfolio. With Poland a member of NATO, its historically strong link to Ukraine has led to increased take-up as some Ukrainian companies have required extra storage. The two multi-let assets in Germany are located in the densely populated Frankfurt Rhine-Main region and have performed very well since being acquired.

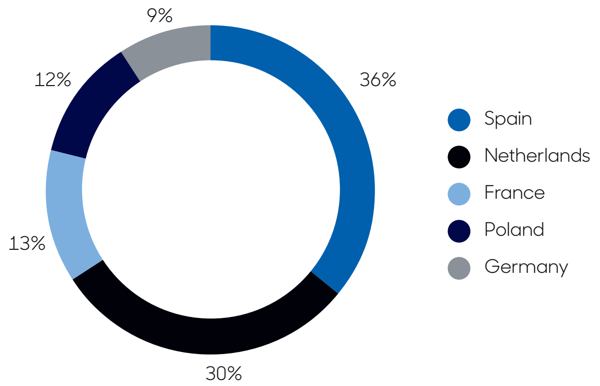
Country allocations

(based on valuations as at 30 June 2022)



Country allocations

(based on valuations as at 30 June 2022 plus Dachser and Amazon deals at purchase price)



Property portfolio

Country	Location	Built	WAULT incl breaks in yrs	WAULT excluding breaks in yrs	% of Portfolio
France	Avignon	2018	5.1	9.3	6.9
France	Meung sur Loire	2004	–	–	2.9
Germany	Erlensee	2018	5.5	7.6	5.7
Germany	Flörsheim	2015	2.6	6.3	3.6
Netherlands	Den Hoorn	2020	7.8	7.8	7.7
Netherlands	Ede	1999/2005	5.5	5.5	4.3
Netherlands	Oss	2019	12.0	12.0	2.3
Netherlands	's Heerenberg	2009/2011	9.4	9.4	4.3
Netherlands	Waddinxveen	1983 – 2018	11.4	11.4	6.4
Netherlands	Zeewolde	2019	12.0	12.0	4.9
Poland	Krakow	2018	3.3	3.3	4.0
Poland	Lodz	2020	5.8	5.8	4.1
Poland	Warsaw	2019	5.3	5.3	4.1
Spain	Barcelona	2019	4.0	7.0	2.5
Spain	Leon	2019	6.7	6.7	2.5
Spain	Madrid	1999	4.5	7.5	1.6
Spain	Madrid - Gavilanes 1.1	2019	7.2	7.2	4.8
Spain	Madrid - Gavilanes 1.2	2019	1.1	8.1	2.7
Spain	Madrid - Gavilanes 2.1	2020	4.1	14.1	2.1
Spain	Madrid - Gavilanes 2.2	2020	2.0	4.0	1.7
Spain	Madrid - Gavilanes 2.3	2020	–	–	1.6
Spain	Madrid - Gavilanes 3 (2 assets)	2019	4.9	8.9	6.1
Total at 30 June 2022 (1)			**6.6**	**8.0**	**86.8**
Spain (July 2022)	Madrid - Gavilanes 4	2022			10.2
France (July 2022)	Bordeaux	2005			1.5
France (July 2022)	Niort	2014			1.5
Total (2)					**13.2**
Total (1+2)					**100.0**

Asset loans as at 30 June 2022

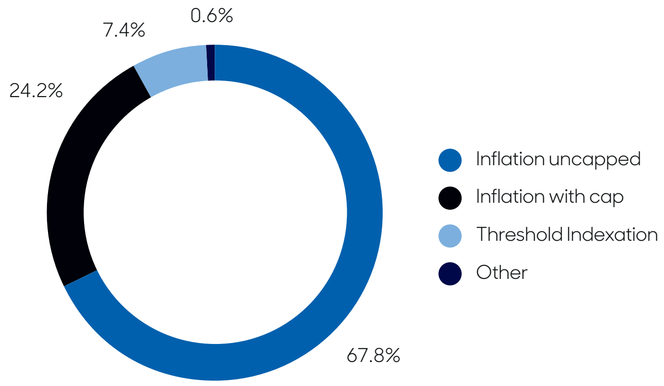
Country	Property	Bank	Existing loan €million	End date	Remaining Years	Interest (incl margin)
Germany	Erlensee	DZ Hyp	17.8	January 2029	6.6	1.62%
Germany	Florsheim	DZ Hyp	12.4	January 2026	3.6	1.54%
France	Avignon + Meung sur Loire	BayernLB	33.0	February 2026	3.6	1.57%
Netherlands	Ede + Oss + Waddinxveen	Berlin Hyp	44.2	June 2025	2.9	1.35%
Netherlands	s Heerenberg	Berlin Hyp	11.0	June 2025	3.0	1.10%
Netherlands	Den Hoorn + Zeewolde	Berlin Hyp	43.2	January 2028	5.5	1.38%
Total as at 30 June 2022			**161.6**		**4.2**	**1.43%**
Spain	Madrid, Gavilanes 1-3	ING	40.0	July 2025	4.0	2.57%
Total including ING loan			**201.6**			**1.66%**

Indexed rental income

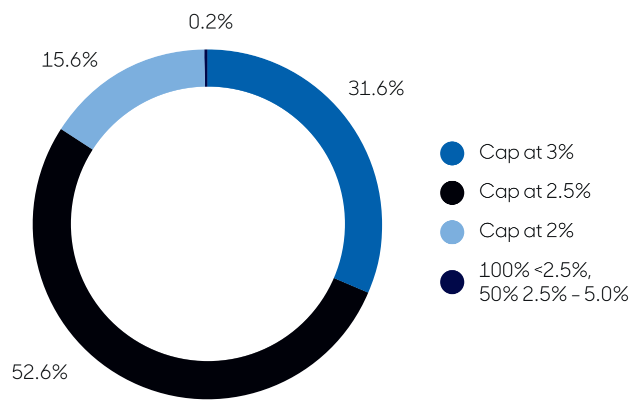
2022 has experienced unprecedented levels of inflation driven by the impact from the pandemic and the war in Ukraine with increased costs of energy one of the main drivers. In June inflation in the Eurozone was 8.6% (year-on-year)[2]. One of the key benefits of the Continent, compared to the UK, is the relatively standard annual indexation clause seen in leases. The majority of our contracts have upward only indexation clauses, sometimes with a cap. In the portfolio, a total of 68% of rent is fully indexed with no cap, 24% has a cap between 2% and 5%, whilst 7% attracts German threshold indexation.

The affordability of rents for our tenants with this increasingly high indexation is an important consideration. As a landlord at this stage we feel our position is strong with the logistics business of many tenants critical to their success. Overall, rent may often be a smaller portion of overall operating expenses for companies meaning the impact may be limited for them, especially where companies have pricing power in their particular market. Our local asset managers will enable us to manage this process well, as with the challenges of the pandemic.

Rental income inflation linkage



Level of caps



[2] Source: Eurostat 2022.

ESG

Environmental, Social and Governance (ESG) is one of the key strategic goals where the Investment Manager is distinguishing itself from its peer group. The Company was awarded Sector Leader Status in the 2021 GRESB survey and was first in its peer group of six listed logistics strategies in Europe. GRESB is the Global Real Estate Sustainability Benchmark assessment and a leading indicator worldwide for measuring green performance. The Company received 84 out of 100 points resulting in four out of five green stars. Our starting point is strong thanks to the younger age of the portfolio, the installation of solar panels on ten of our buildings and a dedicated ESG Team helping to optimise the sustainability credentials.

As a next step, the Investment Manager is working on defining a Net Zero Carbon strategy with the Board with clear reduction targets for the future. We have undertaken a first stage pathway analysis with a third party specialist in this field. Knowing the carbon footprint of each building in the portfolio will help guide to creating a real structure to our ambitions for both the near and long term.

Outlook

We should not underestimate the challenges that markets face in the short term. Tighter yield spreads and looming recession will present challenges for sections of the real estate market. Longer term we are confident that the structural drivers of supply chain evolution are deeply embedded – particularly on the Continent. Europe is at a much earlier stage of the growth in e-commerce penetration and substantial investment in modern warehousing is required to make this a profitable model for occupiers. In a global context, Europe is a large logistics market and should continue to grow further due to supply chain diversification/near-shoring, as political risks and the costs of running long distance global supply chains have escalated.

Construction costs, lead times and development financing margins have also increased sharply, which is likely to restrict development pipelines, suppressing future supply. This should support the strength of cash flows and the potential for structurally higher market rents in the sector. Furthermore, it is much more typical in Europe for rents to contractually increase through indexation to annual inflation, which is a key point of differentiation compared to most UK lease structures. This gives cash flows from European logistics assets a stronger direct link to inflation, boosting our revenue earning capabilities. That said we are always cognisant of the possible impact that such increases may have on our tenants businesses. The high levels of inflation being witnessed as lease renewal negotiations come up means that there may well be options to help limit increases for certain tenants whilst agreeing longer lease terms, to the benefit of both sides. We have recently seen examples of reduced indexation agreed in exchange for lease extensions or the removal of breaks, which is a positive for investors looking for longer term cash flows.

We still hold strong conviction in our strategy to focus on urban and mid-box assets as supported by the continued structural demographic trends such as urbanisation and suburbanisation, automation and digitalisation. Combine this with a post-pandemic emergence across the Continent to implement improved public health guidance and a wider recognition of the huge change needed to deliver a pathway to net zero and this only serves to underline our robust investment philosophy in targeting best in class assets, in the strongest locations, underpinned by excellent fundamentals.

The proven resilience of the logistics sector throughout challenging market conditions maintains its justification as being the most compelling commercial real estate sector to hold. We have built a high-quality, diverse, tenant and geographical mix across the portfolio. With the reach of our pan-European teams on the ground, we are well-placed to engage and collaborate with our tenants as we look to optimise our assets to support their operations. Fundamentally for an income fund, being underpinned by robust index-linked income streams to good covenants will, in addition to the aforementioned factors, help support valuations and continue to deliver for our shareholders.

Evert Castelein

Fund Manager

abrdn Investments Ireland Limited

27 September 2022

Disclosures

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are set out on pages 12 to 16 of the Annual Report and Financial Statements for the year ended 31 December 2021 (the "2021 Annual Report") together with details of the management of the risks and the Company's internal controls. Notwithstanding the risk of recession, higher inflation and tenant rental negotiations discussed in the Chairman's Statement and Investment Manager's Review, these risks have not changed materially and can be summarised as follows:

- Strategic Risk: Strategic Objectives and Performance;
- Investment and Asset Management Risk: Investment Strategy;
- Investment and Asset Management Risk: Developing and Refurbishing Property;
- Investment and Asset Management Risk: Health and Safety;
- Investment and Asset Management Risk: Environment;
- Financial Risks: Macroeconomic;
- Financial Risks: Gearing;
- Financial Risks: Liquidity and FX Risk;
- Financial Risks: Credit Risk;
- Financial Risks: Insufficient Income Generation;
- Regulatory Risks: Compliance;
- Operational Risks: Service Providers; and
- Operational Risks: Business Continuity.

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

The Board has reviewed the risks related to the Covid-19 pandemic and the on-going conflict in Ukraine which has impacted the underlying tenants in the Company's warehouse portfolio in varying degrees due to the disruption of supply chains and demand for products and services, increased costs and potential issues around changes in cash flow forecasts. However, the Board notes the Investment Manager's robust and disciplined investment process which continues to focus on high quality warehouses located across Europe and prudent cash flow management. The Board, through the Manager, closely monitors all third party service arrangements and has not suffered any interruption to service. The Board therefore believes that the Manager and all other key third party service providers have in place appropriate business interruption plans and are able to maintain their service levels to the Company.

Related party transactions

aFML acts as Alternative Investment Fund Manager, abrdn Investments Ireland Limited acts as Investment Manager and Aberdeen Asset Management PLC acts as Company Secretary to the Company; details of the service and fee arrangements can be found in the 2021 Annual Report, a copy of which is available on the Company's website. Details of the transactions with the Manager including the fees payable to abrdn plc group companies are disclosed in note 16 of this Half Yearly Report.

Going concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Directors have undertaken a rigorous review and consider that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. This review included the additional risks relating to the ongoing Covid-19 pandemic and conflict in Ukraine and, where appropriate, action taken by the Manager and Company's service providers in relation to those risks. An analysis of the level of rental payments from tenants together with operational and other Company costs has been modelled covering a range of potential risk scenarios. In addition, the Company maintains an overdraft facility which allows the Company to draw down additional funds if unexpected short term liquidity issues were to arise. The Board notes that the Investment Manager remains in regular contact with tenants and third party suppliers and continues to have a constructive dialogue with all parties. Accordingly, the Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and at least 12 months from the date of this Half Yearly Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Directors' Responsibility Statement

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

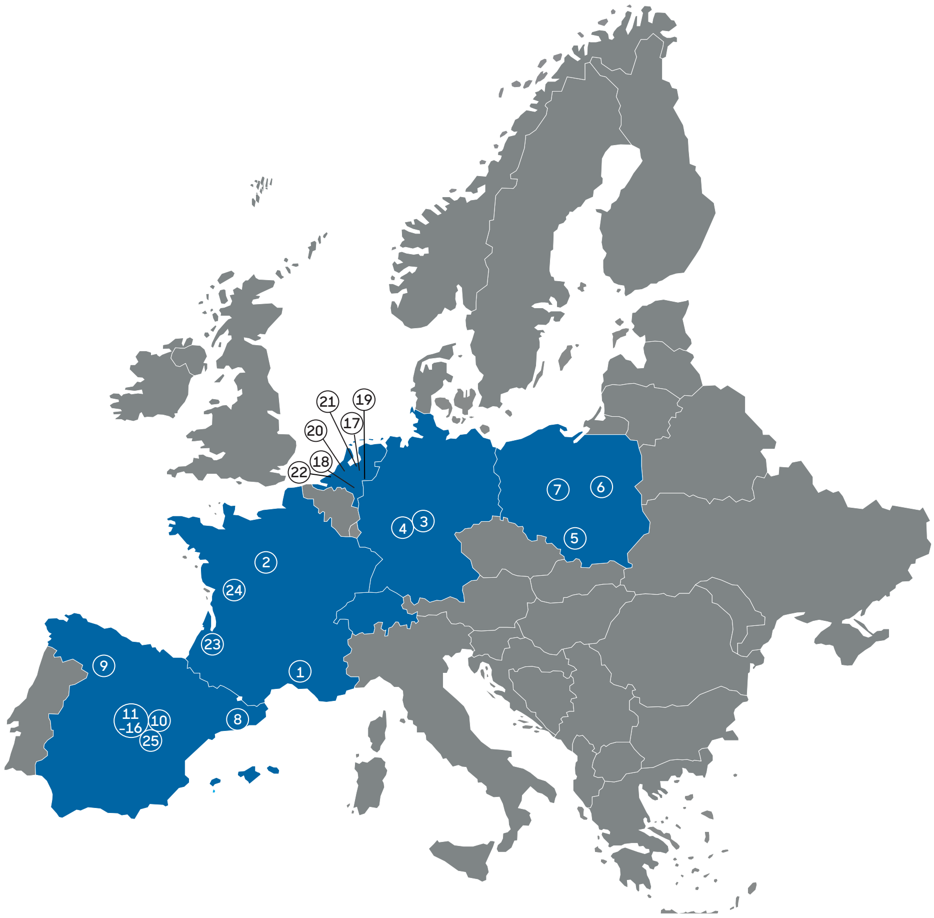
- the condensed set of financial statements contained within the half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and net return of the Company as at 30 June 2022; and
- the Interim Board Report (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the UK Listing Authority Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period).

Tony Roper

Chairman

27 September 2022

Property Portfolio



Property Portfolio as at 30 June 2022

	Property	Tenure	Principal Tenant
1	France, Avignon (Noves)	Freehold	Biocoop
2	France, Meung sur Loire	Freehold	Vacated – agents appointed
3	Germany, Erlensee	Freehold	Bergler
4	Germany, Flörsheim	Freehold	Ernst Schmitz
5	Poland, Krakow	Freehold	Lynka
6	Poland, Warsaw	Freehold	DHL
7	Poland, Lodz	Freehold	Compal
8	Spain, Barcelona	Freehold	Mediapost
9	Spain, Leon	Freehold	Decathlon
10	Spain, Madrid (Coslada)	Freehold	DHL
11	Spain, Madrid 1.1	Freehold	Talentum
12	Spain, Madrid 1.2	Freehold	Amazon
13	Spain, Madrid 2.1	Freehold	Carrefour
14	Spain, Madrid 2.2	Freehold	MCR
15	Spain, Madrid 2.3	Freehold	ADER[1]
16/17	Spain, Madrid 3 (2 buildings)	Freehold	Arrival
18	the Netherlands, Ede	Freehold	AS Watson (Kruidvat)
19	the Netherlands, Oss	Freehold	Orangeworks
20	the Netherlands, 's Heerenberg	Freehold	JCL Logistics
21	the Netherlands, Waddinxveeen	Freehold	Combilo International
22	the Netherlands, Zeewolde	Freehold	VSH Fittings
23	the Netherlands, Den Hoorn	Leasehold	Van der Helm
	Acquired after 30 June 2022		
24	France, Bordeaux	Freehold	Dachser
25	France, Niort	Freehold	Dachser
26	Spain, Madrid 4	Freehold	Amazon

[1] ADER occupation post period end.

Condensed Consolidated Statement of Comprehensive Income

		1 January to 30 June 2022 Unaudited			1 January to 30 June 2021 Unaudited			1 January to 31 December 2021 Audited		
	Notes	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
REVENUE										
Rental income		13,593	–	13,593	11,121	–	11,121	23,283	–	23,283
Property service charge income		2,777	–	2,777	1,648	–	1,648	3,435	–	3,435
Other operating income		383	–	383	201	–	201	219	–	219
Total Revenue	**2**	**16,753**	**–**	**16,753**	**12,970**	**–**	**12,970**	**26,937**	**–**	**26,937**
GAINS ON INVESTMENTS										
Gains on revaluation of investment properties	8	–	15,676	15,676	–	15,290	15,290	–	41,031	41,031
Total Income and gains on investments		**–**	**15,676**	**15,676**	**12,970**	**15,290**	**28,260**	**26,937**	**41,031**	**67,968**
EXPENDITURE										
Investment management fee		(2,017)	–	(2,017)	(1,201)	–	(1,201)	(2,756)	–	(2,756)
Direct property expenses		(981)	–	(981)	(1,123)	–	(1,123)	(1,851)	–	(1,851)
Property service charge exposure		(2,777)	–	(2,777)	(1,648)	–	(1,648)	(3,435)	–	(3,435)
SPV property management fee		(89)	–	(89)	(93)	–	(93)	(371)	–	(371)
Other expenses		(1,169)	–	(1,169)	(882)	–	(882)	(1,735)	–	(1,735)
Total expenditure		(7,033)	–	(7,033)	(4,947)	–	(4,947)	(10,148)	–	(10,148)
Net operating return before finance costs		**9,720**	**15,676**	**25,396**	**8,023**	**15,290**	**23,313**	**16,789**	**41,031**	**57,820**
FINANCE COSTS										
Finance costs	3	(1,687)	–	(1,687)	(1,373)	–	(1,373)	(3,449)	–	(3,449)
Effect of foreign exchange differences		516	48	564	53	(507)	(454)	264	753	1,017
Net return before taxation		**8,549**	**15,724**	**24,273**	**6,703**	**14,783**	**21,486**	**13,604**	**41,784**	**55,388**
Taxation	4	(367)	(4,363)	(4,730)	(391)	(4,832)	(5,223)	(651)	(10,294)	(10,945)
Net return for the period		**8,182**	**11,361**	**19,543**	**6,312**	**9,951**	**16,263**	**12,953**	**31,490**	**44,443**
Total comprehensive return for the period		**8,182**	**11,361**	**19,543**	**6,312**	**9,951**	**16,263**	**12,953**	**31,490**	**44,443**
Basic and diluted earnings per share	**6**	**2.02¢**	**2.80¢**	**4.82¢**	**2.47¢**	**3.90¢**	**6.37¢**	**4.50¢**	**10.93¢**	**15.43¢**

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

Condensed Consolidated Balance Sheet

	Notes	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
NON-CURRENT ASSETS				
Investment properties	8	698,463	492,280	683,878
Deferred tax asset	4	2,993	1,081	2,978
Total non-current assets		**701,456**	**493,361**	**686,856**
CURRENT ASSETS				
Trade and other receivables	9	12,705	15,522	11,175
Cash and cash equivalents	10	44,189	30,832	23,280
Other assets		9,452	200	6,966
Derivative financial assets		–	77	109
Total current assets		**66,346**	**46,631**	**41,530**
Total assets		**767,802**	**539,992**	**728,386**
CURRENT LIABILITIES				
Bank loans	13	–	19,500	15,500
Lease liability	11	550	550	550
Trade and other payables	12	12,929	8,780	14,466
Total current liabilities		**13,479**	**28,830**	**30,516**
NON-CURRENT LIABILITIES				
Bank loans	13	160,552	143,453	160,447
Lease liability	11	22,221	22,487	22,355
Deferred tax liability	4	31,941	20,204	27,563
Total non-current liabilities		**214,714**	**186,144**	**210,365**
Total liabilities		**228,193**	**214,974**	**240,881**
Net assets		**539,609**	**325,018**	**487,505**
SHARE CAPITAL AND RESERVES				
Share capital	14	4,717	2,970	4,309
Share premium		269,569	83,791	225,792
Special distributable reserve		178,207	182,368	178,207
Capital reserve		74,619	41,719	63,258
Revenue reserve		12,497	14,170	15,939
Equity shareholders' funds		**539,609**	**325,018**	**487,505**
Net asset value per share	**7**	**€1.31**	**€1.24**	**€1.29**

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

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2022 (unaudited)	Notes	Share capital €'000	Share premium €'000	Special distributable reserve €'000	Capital reserve €'000	Revenue reserve €'000	Total €'000
Balance at 31 December 2021		4,309	225,792	178,207	63,258	15,939	487,505
Share issue		408	44,513	–	–	–	44,921
Share issue costs		–	(736)	–	–	–	(736)
Total comprehensive return for the period		–	–	–	11,361	8,182	19,543
Interim distributions paid		–	–	–	–	(11,624)	(11,624)
Balance at 30 June 2022		**4,717**	**269,569**	**178,207**	**74,619**	**12,497**	**539,609**
Six months ended 30 June 2021 (unaudited)							
Balance at 31 December 2020		2,756	61,691	185,661	31,768	11,720	293,596
Share Issue		214	22,325	–	–	–	22,539
Share Issue costs		–	(225)	–	–	–	(225)
Total comprehensive return for the period		–	–	–	9,951	6,312	16,263
Interim distributions paid		–	–	(3,293)	–	(3,862)	(7,155)
Balance at 30 June 2021		**2,970**	**83,791**	**182,368**	**41,719**	**14,170**	**325,018**
Year ended 31 December 2021 (audited)							
Balance at 31 December 2020		2,756	61,691	185,661	31,768	11,720	293,596
Share Issue		1,553	166,924	–	–	–	168,477
Share Issue costs		–	(2,823)	–	–	–	(2,823)
Total comprehensive return for the year		–	–	–	31,490	12,953	44,443
Dividends paid		–	–	(7,454)	–	(8,734)	(16,188)
Balance at 31 December 2021		**4,309**	**225,792**	**178,207**	**63,258**	**15,939**	**487,505**

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

Condensed Consolidated Cash Flow Statement

	Notes	1 January to 30 June 2022 Unaudited €'000	1 January to 30 June 2021 Unaudited €'000	1 January to 31 December 2021 Audited €'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net gain for the period before taxation		24,273	21,486	55,388
Adjustments for:				
Gains on investment properties	8	(15,676)	(15,290)	(41,031)
Land leasehold liability decreases		134	132	265
Increase in operating trade and other receivables		(1,669)	(6,534)	(9,088)
(Decrease)/increase in operating trade and other payables		(4,503)	(207)	2,939
Finance costs	3	1,687	1,373	3,449
Tax paid		(361)	(314)	(473)
Cash generated by operations		3,885	646	11,449
Net cash inflow from operating activities		**3,885**	**646**	**11,449**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment properties		962	(28,490)	(193,475)
Derivative financial instruments		109	(51)	(83)
Net cash inflow/(outflow) from investing activities		**1,071**	**(28,541)**	**(193,558)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid		(11,624)	(7,155)	(16,188)
Bank loans interest paid		(1,108)	(806)	(1,311)
Bank loans drawn		–	19,500	68,860
Bank loans repaid		(15,500)	-	(36,500)
Proceeds from share issue		44,921	22,539	168,477
Issue costs relating to share issue		(736)	(225)	(2,823)
Net cash inflow from financing activities		**15,953**	**33,853**	**180,515**
Net increase/(decrease) in cash and cash equivalents		20,909	5,958	(1,594)
Opening balance		23,280	24,874	24,874
Closing cash and cash equivalents	10	44,189	30,832	23,280
REPRESENTED BY				
Cash at bank		**44,189**	**30,832**	**23,280**

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

Notes to the Financial Statements

1. Accounting Policies

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 'Interim Financial Reporting' and are consistent with the accounting policies set out in the statutory accounts of the Group for the year ended 31 December 2021.

The Unaudited Condensed Consolidated Financial Statements for the six months ended 30 June 2022 do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2021. These were prepared in accordance with IFRS, which comprises standards and interpretations approved by the International Accounting Standards Board ('IASB'), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect, and to the extent that they have been adopted by the United Kingdom, and the Listing Rules of the UK Listing Authority.. The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. Those financial statements have been delivered to the Registrar of Companies and included the report of the auditor which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months ended 30 June 2022 and 30 June 2021 has not been audited or reviewed by the Company's auditor.

2. Revenue

	Half year ended 30 June 2022 Unaudited €'000	Half year ended 30 June 2021 Unaudited €'000	Year ended 31 December 2021 Audited €'000
Rental income	13,593	11,121	23,283
Property service charge income	2,777	1,648	3,435
Other income	383	201	219
Total revenue	**16,753**	**12,970**	**26,937**

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

3. Finance Costs

	Half year ended 30 June 2022 Unaudited €'000	Half year ended 30 June 2021 Unaudited €'000	Year ended 31 December 2021 Audited €'000
Interest on bank loans	1,342	1,046	2,587
Bank interest	195	205	606
Amortisation of loan costs	150	122	256
Total finance costs	**1,687**	**1,373**	**3,449**

4. Taxation

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

	Half year ended 30 June 2022			Half year ended 30 June 2021			Year ended 31 December 2021		
	Unaudited			Unaudited			Audited		
	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000	Revenue €'000	Capital €'000	Total €'000
Current taxation:									
Overseas taxation	367	–	367	391	–	391	651	–	651
Deferred taxation:									
Overseas taxation	–	4,363	4,363	–	4,832	4,832	–	10,294	10,294
Total taxation	**367**	**4,363**	**4,730**	**391**	**4,832**	**5,223**	**651**	**10,294**	**10,945**

(b) Tax in the Group Balance Sheet

	As at 30 June 2022	As at 30 June 2021	As at 31 December 2021
	Unaudited	Unaudited	Audited
	Total €'000	Total €'000	Total €'000
Deferred tax assets:			
On tax losses	2,655	712	2,828
On other temporary differences	338	369	150
	2,993	**1,081**	**2,978**

	As at 30 June 2022	As at 30 June 2021	As at 31 December 2021
	Unaudited	Unaudited	Audited
	Total €'000	Total €'000	Total €'000
Deferred tax liabilities:			
Differences between tax and property revaluation	31,941	20,204	27,563
Total taxation on return	**31,941**	**20,204**	**27,563**

5. Distributions

	30 June 2022 Unaudited €'000
2021 Fourth interim dividend of 1.21p per Share paid 25 March 2022	5,812
2022 First interim dividend of 1.19p per Share paid 24 June 2022	5,812
Total dividend paid	**11,624**

A fourth quarterly interim dividend for 2021 of 1.21p per share was paid on 25 March 2022 to shareholders on the register on 4 March 2022. The distribution was split 1.01p dividend income and 0.20p qualifying interest income.

A first quarterly interim dividend for 2022 of 1.19p per share was paid on 24 June 2022 to shareholders on the register on 6 June 2022. The distribution was split 0.86p dividend income and 0.33p qualifying interest income.

6. Earnings Per Share (Basic and Diluted)

	30 June 2022 Unaudited	30 June 2021 Unaudited	31 December 2021 Audited
Revenue net return attributable to ordinary shareholders (€'000)	8,182	6,312	12,953
Weighted average number of shares in issue during the period	405,685,155	255,406,907	288,114,820
Total revenue return per ordinary share	**2.02¢**	**2.47¢**	**4.50¢**
Capital return attributable to ordinary shareholders (€'000)	11,361	9,951	31,490
Weighted average number of shares in issue during the period	405,685,155	255,406,907	288,114,820
Total capital return per ordinary share	**2.80¢**	**3.90¢**	**10.93¢**
Total return per ordinary share	**4.82¢**	**6.37¢**	**15.43¢**

Earnings per Share is calculated on the revenue and capital return for the period and is calculated using the weighted average number of Shares in the period.

7. Net Asset Value Per Share

	30 June 2022 Unaudited	30 June 2021 Unaudited	31 December 2021 Audited
Net assets attributable to shareholders (€'000)	539,609	325,018	487,505
Number of shares in issue	412,174,356	262,950,001	377,628,901
Net asset value per share (€)	**1.31**	**1.24**	**1.29**

8. Investment Properties

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
Opening carrying value	683,878	448,418	448,418
Purchase at cost and capital expenditure	(1,091)	28,572	194,429
Gains on revaluation to fair value	15,676	15,290	41,031
Total carrying value	**698,463**	**492,280**	**683,878**

The fair value of investment properties amounted to €680,391,000. The difference between the fair value and the value per the Consolidated Balance Sheet at 30 June 2022 consists of accrued income relating to the pre-payment for rent-free periods recognised over the life of the lease, and a lease asset relating to future use of the leasehold at Den Hoorn. These total €4,699,000 and €22,771,000 respectively. The rent incentive balance is recorded separately in the financial statements as a current asset, and the lease asset is offset by an equal and opposite lease liability. The purchase cost of €1,091,000 includes a true up receipt of €1,210,000 in the purchase price of Madrid Phase 1 to 3 and capitalised expenses of €119,000.

9. Trade and Other Receivables

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
Trade debtors	7,718	4,274	5,549
VAT receivable	265	6,590	591
Lease incentives	4,699	4,658	5,035
Other receivables	23	–	–
Total receivables	**12,705**	**15,522**	**11,175**

10. Cash and Cash Equivalents

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
Cash at bank	44,189	30,832	23,280
Total cash and cash equivalents	**44,189**	**30,832**	**23,280**

11. Leasehold Liability

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
Maturity analysis – contractual undiscounted cash flows			
Less than one year	550	550	550
One to five years	2,201	2,201	2,201
More than five years	25,339	25,753	25,615
Total undiscounted lease liabilities	**28,090**	**28,504**	**28,366**
Lease liability included in the Consolidated Balance Sheet			
Current	550	550	550
Non – Current	22,221	22,487	22,355
Total lease liability included in the Consolidated Balance Sheet	**22,771**	**23,037**	**22,905**

12. Trade and Other Payables

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
Rental income received in advance	2,700	1,517	1,964
Accrued acquisition and development costs	146	147	41
Management fee payable	2,023	622	931
VAT payable	761	972	643
Accruals	1,146	1,346	2,850
Trade creditors	3,423	2,711	5,164
Tenant deposits	2,730	1,465	2,873
Total payables	**12,929**	**8,780**	**14,466**

13. Bank Loans

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
External bank loans payable in less than 12 months	–	19,500	15,500
External bank loans payable in greater than 12 months	160,552	143,453	160,447
Total payables	**160,552**	**162,953**	**175,947**

The total drawdown of the bank loans amounted to €161,600,000. The difference between the external loans drawdowns and the value per the condensed consolidated balance sheet consists of financing fees and their amortised portion related to the external bank loans totaling €1,048,000. It is recorded in the financial statements in the same line as bank loans.

14. Share Capital

	30 June 2022 Unaudited €'000	30 June 2021 Unaudited €'000	31 December 2021 Audited €'000
Opening balance	4,309	2,756	2,756
Ordinary shares issued	408	214	1,553
Closing balance	**4,717**	**2,970**	**4,309**

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

The group commenced the year with 377,628,901 Ordinary shares in issue. On 4 February 2022, the Group increased its share capital by the issue of 34,545,455 new shares at £1.10 per share. The number of Ordinary shares in issue at 30 June 2022 was 412,174,356. The nominal value of each share is £0.01.

15. Financial Instruments and Investment Properties

Fair value hierarchy

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

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

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

Level 3 – significant unobservable inputs.

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

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
30 June 2022 Investment properties	–	–	698,463	698,463
30 June 2021 Investment properties	–	–	492,280	492,280
31 December 2021 Investment properties	–	–	683,878	683,878

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

The following table shows an analysis of the fair values of derivative financial instruments recognised in the balance sheet by level of the fair value hierarchy:

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total fair value €'000
30 June 2022 Derivative financial instruments	–	–	–	–
30 June 2021 Derivative financial instruments	–	77	–	77
31 December 2021 Derivative financial instruments	–	109	–	109

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

The Company used forward foreign exchange contracts to mitigate potential volatility of income returns and to provide greater certainty as to the level of Sterling distributions expected to be paid in respect of the period covered by the relevant currency hedging instrument. Derivatives are measured at fair value calculated by reference to forward exchange rates for contracts with similar maturity profiles.

16. Related Party Transactions

The Company's Alternative Investment Fund Manager ('AIFM') throughout the period was abrdn Fund Managers Limited ('aFML'). Under the terms of a Management Agreement dated 17 November 2017 the AIFM is appointed to provide investment management, risk management and general administrative services including acting as the Company Secretary. The agreement is terminable by either the Company or aFML on not less than 12 months' written notice.

Under the terms of the agreement portfolio management services are delegated by aFML to abrdn Investments Ireland Limited ("aIIL"). The total management fees charged to the Consolidated Statement of Comprehensive Income during the period were €2,017,000 and €2,023,000 was payable at the period end. Under the terms of a Global Secretarial Agreement between aFML and Aberdeen Asset Management PLC ("AAM PLC"), company secretarial services are provided to the Company by AAM PLC.

The Directors of the Company received fees for their services totaling €94,000.

17. Post Balance Sheet Events

On 7 July 2022 , the Group entered into an agreement with ING Bank N.V for a loan facility of €40 million secured against Phases 1 to 3 of its Spanish Madrid portfolio for a three year term at an all-in interest rate of 2.57%.

On 28 July 2022, the Group acquired two logistics properties, in Bordeaux and Niort, France. The aggregate purchase price of €23 million reflects a net initial yield of 4%.

On 10 August 2022, the Group signed the purchase agreement for the acquisition of the recently completed warehouse extension at Waddinxveen, the Netherlands, for a total net purchase price of €4.9 million and a yield of 5%.

A second quarterly interim dividend for 2022 of 1.20p per Share was paid on 23 September 2022 to shareholders on the register on 2 September 2022. The distribution was split 0.95p dividend income and 0.25p qualifying interest income.

18. Ultimate Parent Company

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

19. Half Yearly Report

This Half Yearly Report was approved by the Board and authorised for issue on 27 September 2022.

Glossary of Terms and Definitions and Alternative Performance Measures

abrdn	The brand of the investment businesses of abrdn plc
abrdn plc group	The abrdn plc group of companies
AIC	Association of Investment Companies
AIC SORP	Association of Investment Companies Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued November 2014 and updated February 2018
AIFMD	The Alternative Investment Fund Managers Directive
AIFM	The alternative investment fund manager, being aFML
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP
Annual Rental Income	Cash rents passing at the Balance Sheet date
aFML or AIFM or Manager	abrdn Fund Managers Limited
aIIL or the Investment Manager	abrdn Investments Ireland Limited is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security
Contracted Rent	The contracted gross rent receivable which becomes payable after all the occupier incentives in the letting have expired
Covenant Strength	This refers to the quality of a tenant's financial status and its ability to perform the covenants in a lease
Dividend Cover[1]	The ratio of the Company's net profit after tax (excluding the below items) to the dividends paid

	1 January to 30 June 2022	1 January to 31 December 2021
Earnings per IFRS income statement	19,543	44,443
Adjustments to calculate dividend cover:		
Net changes in the value of investment property	(15,676)	(41,031)
Deferred Taxation	4,363	10,294
Effects of foreign exchange differences	(564)	(1,017)
Profits (A)	7,666	12,689
Dividend (B)	11,624	16,188
Dividend Cover (A)/(B)	65.9%	78.4%

[1] Defined as an Alternative Performance Measure.

Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the NAV per share. The opposite of a discount is a premium

	Half year ended 30 June 2022	Year ended 31 December 2021
Share price (A)	99.6p	117.0p
NAV (B)	112.4p	108.5p
(Discount)/Premium (A-B)/B	(11.4)%	7.8%

Earnings Per Share	Profit for the period attributable to shareholders divided by the average number of shares in issue during the period
EPRA	European Public Real Estate Association
EPRA Earnings per Share	Earnings per share calculated in line with EPRA best practice recommendations

	30 June 2022 €'000	31 December 2021 €'000
Earnings per IFRS income statement	19,543	44,443
Adjustments to calculate EPRA Earnings, exclude:		
Net changes in value of investment properties	(15,676)	(41,031)
Deferred tax	4,378	11,847
Changes in fair value of financial instruments	109	(83)
EPRA Earnings	8,354	15,176
Weighted average basic number of shares ('000)	405,685	288,115
EPRA Earnings per share (euro cents per share)	2.06c	5.27c

EPRA Net Asset Value Metrics	A set of standardised NAV metrics prepared in compliance with EPRA best practice recommendations

	30 June 2022 €'000	31 December 2021 €'000
IFRS NAV	539,609	487,505
Exclude:		
Fair value of financial instruments	–	109
Deferred tax adjustment in relation to fair value gain on investment property	31,941	27,563
	571,550	515,177
Shares in issue at period end ('000)	412,174	377,629
EPRA NAV (Net Tangible Assets) per share (euro cents per share)	138.7c	136.4c

ERV	The estimated rental value of a property, provided by the property valuers
Europe	The member states of the European Union, the European Economic Area ("EEA") and the members of the European Free Trade Association ("EFTA") (and including always the United Kingdom, whether or not it is a member state of the European Union, the EEA or a member of EFTA)
Green Leases	Agreements between a landlord and a tenant as to how a building is to be occupied, operated and managed in a sustainable way
Group	The Company and its subsidiaries
Gross Assets	The aggregate value of the total assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
FRC	Financial Reporting Council
IFRS	International Financial Reporting Standards
Index Linked	The practice of linking the review of a tenant's payments under a lease to a published index, most commonly the Retail Price Index (RPI) but also the Consumer Price Index (CPI) and French Tertiary Activities Rent Index (ILAT)
Key Information Document or KID	The Packaged Retail and Insurance-based Investment Products (PRIIPS) Regulation requires the Manager, as the Company's PRIIP "manufacturer," to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed
Lease incentive	A payment used to encourage a tenant to take on a new lease, for example by a landlord paying a tenant a sum of money to contribute to the cost of a tenant's fit-out of a property or by allowing a rent free period

Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other . At period end the loan to value was 21.7%
Loan to Value	Calculated as gross external bank borrowings dividend by total assets

	As at 30 June 2022	As at 31 December 2021
Bank Loans	€161.6m	€177.1m
Gross Assets	€767.8m	€728.4m
Exclude IFRS 16 right of use asset	(€22.8m)	(€22.9m)
	€745.0m	€705.5m
Gearing	21.7%	25.1%

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 on the ex dividend date, excluding transaction costs

	Half year ended 30 June 2022	Year ended 31 December 2021
Opening NAV	129.1c	120.1c
Movement in NAV	1.8c	9.0c
Closing NAV	130.9c	129.1c
% increase in NAV	1.4%	7.5%
Impact of reinvested dividends	2.2%	4.9%
NAV total return	3.6%	12.4%

Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share
Ongoing Charges	Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the industry standard
Passing Rent	The rent payable at a particular point in time
PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share. The opposite of a premium is a discount

Prior Charges	The name given to all borrowings including long and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment
Portfolio fair value	The market value of the company's property portfolio, which is based on the external valuation provided by Savills (UK) Limited
The Royal Institution of Chartered Surveyors (RICS)	The global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure
Share Price Total Return	The return to shareholders, expressed as a percentage of opening share price, calculated on a per share basis by adding dividends paid in the period to the increase or decrease in share price. Dividends are assumed to have been reinvested on the ex dividend date, excluding transaction costs

	Half year ended 30 June 2022	Year ended 31 December 2021
Opening Share Price	117.0p	108.5p
Movement in share price	(17.4)p	8.5p
Closing share price	99.6p	117.0p
%(decrease)/increase in share price	(14.9)%	7.8%
Impact of reinvested dividends	2.0%	4.6%
Share price total return	(12.9)%	12.4%

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

How to Invest in abrdn European Logistics Income plc

Keeping You Informed

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

Twitter:

@abrdn Trusts

LinkedIn:

abrdn Investment Trusts

Investor Warning

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

Dividend Tax Allowance

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

Direct

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

abrdn Investment Plan for Children

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

abrdn Share Plan

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

abrdn Investment Trust ISA

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

abrdn Investment Trust ISA Transfer

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

Shareholder Enquiries

Registered Shareholders

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, Telephone enquiries 0371 384 2416 Overseas helpline number: +44 (0)121 415 7047 (Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays). Changes of address must be notified to the registrars in writing.

General Enquiries

Any general enquiries about the Company should be directed to the Company Secretary, abrdn European Logistics Income plc, 1 George Street, Edinburgh EH2 2LL or by email **CEF.Cosec@abrdn.com**

abrdn Savings Plan Enquiries

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

Literature Request Service

For literature and application forms for the Company and the abrdn range of investment trust products, please telephone: **0808 500 4000**. For information on the abrdn Investment Plan for Children, Share Plan, ISA or ISA Transfer please write to abrdn Investment Trust Administration, PO Box 11020, Chelmsford, Essex, CM99 2DB or telephone the Manager's Customer Services Department on 0808 500 0040 (free from a UK landline). Terms and conditions for the abrdn managed savings products can be found under the literature section of **invtrusts.co.uk**.

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found in the 'Literature Library' section of the Company's website: **eurologisticsincome.co.uk**.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include: AJ Bell Youinvest; Barclays Smart Investor; Charles Stanley Direct; Fidelity; Halifax Share Dealing; Hargreaves Lansdown; Interactive Investor; Novia; Transact; and Standard Life.

Discretionary Private Client Stockbrokers

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

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 **https://register.fca.org.uk/** or email: **register@fca.org.uk**

Suitable for Retail/NMPI Status

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

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

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH which is authorised and regulated by the Financial Conduct Authority.

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Diane Wilde

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Foreign Account Tax Compliance Act ("FATCA")IRS Registration Number ("GIIN")

DF2TVL.99999.SL.826

Legal Entity Identifier (LEI)

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Registered Number

Incorporated in England & Wales with number 11032222

For more information visit **eurologisticsincome.co.uk**