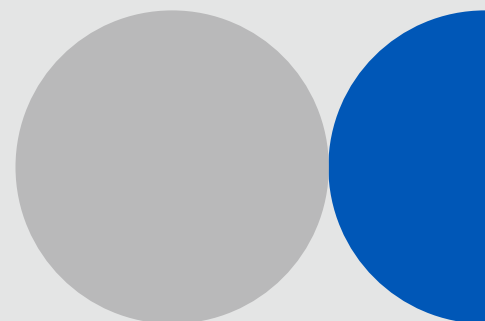


# abrln European Logistics Income plc

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

Performance Data and Analytics for Quarter 1, 2024



## Managed Wind-Down

On 20 May 2024, the Board announced the conclusion of the strategic review and plans for a managed wind-down. A Circular will be published by the Company shortly. Investors should note that resolutions planned to be put to shareholders in general meeting will, if passed, change the investment objective, impacting the future of the company and its dividend paying ability.

## Investment objective

To aim 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.

## Strategy

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

## Cumulative performance (%)

	31/03/24	3 months	1 year	3 years	5 years
Share Price (GBp)	60.8p	(1.3)	(6.0)	(34.7)	(19.3)
NAV (Eur) <sup>A</sup>	91.8c	(1.7)	(13.9)	(13.9)	9.2
NAV (Converted to GBp) <sup>A</sup>	78.5p	(3.0)	(16.2)	(13.6)	8.4

## Discrete performance (%)

	31/03/24	31/03/23	31/03/22	31/03/21	31/03/20
Share Price (GBp)	(6.0)	(34.3)	5.8	24.8	(0.9)
NAV (Eur) <sup>A</sup>	(13.9)	(11.5)	13.0	13.1	12.2
NAV (Converted to GBp) <sup>A</sup>	(16.2)	(8.0)	12.1	8.8	15.2

The Company launched on 15 December 2017.

Share price total return is on a mid-to-mid basis.

Dividend calculations are to reinvest as at the ex-dividend date.

Source: abrln Investments Limited, Lipper and Morningstar.

Past performance is not a guide to future results. Investors should read the latest Company announcement regarding a proposed managed wind-down before making any investment decision.

## Fund managers' report

### Highlights

- Post period end, the Board announced the outcome of the Strategic Review on 20 May 2024, concluding that it would be in the best interests of Shareholders as a whole to put forward a proposal for a managed wind-down of the Company

<sup>A</sup> Total return; NAV to NAV, net income reinvested.

<sup>B</sup> 0.75% per annum of net assets up to €1.25bn and 0.60% thereafter.

<sup>C</sup> Calculated using the company's historic net dividends and quarter end share price.

## Asset allocation (%)

Direct Property	95.5
Cash & Cash Equivalents	4.5
<b>Total</b>	<b>100.0</b>

**Total number of investments** 25

## Key information Calendar

Year end	31 December
Accounts published	April, September
Distributions	March, June, September, December
Launch date	December 2017
Fund manager	Direct Property Team
Annual management fee <sup>B</sup>	0.75%
Yield <sup>C</sup>	4.0%
Premium/(Discount)	(22.6)%
Gearing	38.2%
Net Asset Value	€378m

## AIFMD Leverage Limits

Gross Notional	3.65x
Commitment	1.85x

## Capital structure

Ordinary shares	412,174,356
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## Allocation of management fees and finance costs

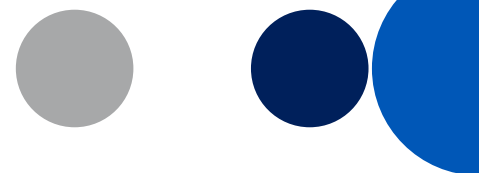
Revenue	100%
Capital	0%

## Trading details

Bloomberg code	ASLI LN
ISIN code	GB00BD9PXH49
Sedol code	BD9PXH4
Stockbroker	Investec
Market makers	INV, JEFF, JPMS, MREX, NUMS, PEEL, PMUR, WINS

All sources (unless indicated): abrln: 31 March 2024.





## Fund managers' report – continued

- The portfolio value declined 1.6% on a like-for-like basis to €606.29 million (31 December 2023: €633.81 million), driven by continued, albeit slowing, outward yield movement, predominantly related to the assets in France and Germany
- NAV per Ordinary share decreased by 1.7% to 91.8c (GBP – 78.5p) (31 December 2023: 93.4c (GBP – 81.2p))<sup>D</sup>
- EPRA Net Tangible Assets decreased by 2.1% to 93.7c per Ordinary share (30 December 2023 – 95.7c)<sup>E</sup>
- Interim dividend for 2024 of 1.41c (GBP – 1.21p) declared, payable on 5 July 2024
- Completed the sale of the vacant French warehouse in Meung sur Loire, for €17.5 million, in line with the 31 December 2023 valuation and reflecting a modest discount to the 30 September 2023 valuation
- Proceeds from the sale of Meung sur Loire were used to pay down €11 million of a securitised loan with Bayern LB, reducing Loan to Value ('LTV') to 38.2% – fixed debt facilities totalled €248.5 million at an average all-in interest rate of 2.0%, with no major refinancings until mid-2025
- Completed a new three plus two year lease for 5,131 sqm of highly sustainable logistics space in Gavilanes, Madrid, 8.7% above the previous passing rent, with Spanish transportation company METHOD Advanced Logistics.

### Performance

The independent unaudited external valuation of the Company's property portfolio undertaken by Savills (UK) Limited decreased on a like-for-like basis by €10 million, or 1.6%, in the quarter. The French and German assets witnessed the biggest declines (-5.2% and -4.2% respectively) with the balance of the portfolio broadly flat.

### Rent Collection & Portfolio Update

96% of the expected rental income for the quarter ended 31 March 2024 has been collected.

During the quarter, the Company concluded discussions and agreed a surrender of the lease agreement with Arrival, taking full possession of Units 3A, B and C, Gavilanes, Madrid. As previously indicated, both the Investment Manager and the Board believe that this was the best outcome allowing the Company to take full control of these units and progress an active leasing programme.

Reflecting the demand for Grade-A, sustainable logistics space in Spain, the Company signed a new lease for 5,131 sqm of space, at Unit 3B with Spanish transportation company METHOD Advanced Logistics ("METHOD"), completed 8.7% above the previous passing rent. METHOD operate a fully flexible shipment operation including large, complex bulky goods, as well as smaller, nimble, last mile options. The new lease provides for a three plus two year agreement. METHOD is implementing a capex programme at its own expense to deliver four new docks in the façade of the building. The Investment Manager's locally-based team continues to actively market the remaining units with strong interest in the adjoining c. 6,000 sqm and c. 16,500 sqm units at Phase 3, Gavilanes.

During the quarter, the Company also completed the sale of its 30,180 sqm vacant warehouse in Meung sur Loire, France, to Castignac. The €17.5 million disposal price was in line with the 31 December 2023 valuation and reflected a c. 7% discount to the 30 September 2023 valuation. The transaction increased the portfolio occupancy rate and represented the Company's second disposal in the last 12 months. The proceeds from the sale and associated repayment of an €11 million securitised loan with Bayern LB reduced the Company's LTV to 38.2%, with an all-in interest rate of 2.0%, as well as improving the Company's cash position.

The weighted average unexpired lease term (to break) now stands at 6.8 years with the weighted average lease term (to expiry) now 8.1 years.

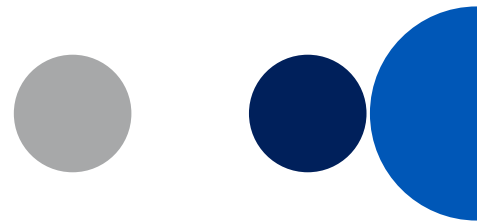
### Debt Financing

At the end of the quarter, the Company's fixed rate debt facilities totalled €248.5 million at an average all-in interest rate of 2.0%, the earliest refinancing of debt is required in mid-2025. The current loan-to-value of 38.2% is above the Company's target of c. 35%.

### Fund managers' report continues overleaf

<sup>D</sup> Exchange rate £1 : €1.27 (31 December 2023: £1 : €1.23).

<sup>E</sup> EPRA Net Tangible Assets focuses on reflecting a company's tangible assets and the calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.



## Fund managers' report - continued

### Interim Dividend

Following the conclusion of the Strategic Review, the Company announced an interim dividend for 2024 of 1.41c (GBP - 1.21p), payable on 5 July 2024 to shareholders on the register on 7 June 2024 (ex-date of 6 June 2024).

### Market outlook

#### European real estate market overview

The European market went through a phase of relative stability in the first quarter of 2024. Yields proved to be remarkably stable, with 70% of the 380 segments covered by CBRE remaining static in March – the highest number since June 2022. After the global financial crisis, yields moved out for around 25 to 30 months. Yields have moved out for 21 months so far in the current market downturn, taking the two market corrections towards a similar duration.

The benign feeling of the first quarter has delayed real estate's journey back to good value. We estimate that values edged lower by around 2%, on average. This would take the valuation-based peak-to-trough capital value decline to 19% since June 2024. Our analysis suggests that valuations lag market transaction pricing by around 7%, on average, across sectors and by 15% in offices.

The three big themes in the first quarter of 2024 were the outlook for interest rates, signs of distress among Europe's lenders (and borrowers), and the expected turning point for the asset class. The first two of these have conspired to delay the likely turning point, as hawkish central bank messaging and a rise in non-performing loans have dragged on sentiment.

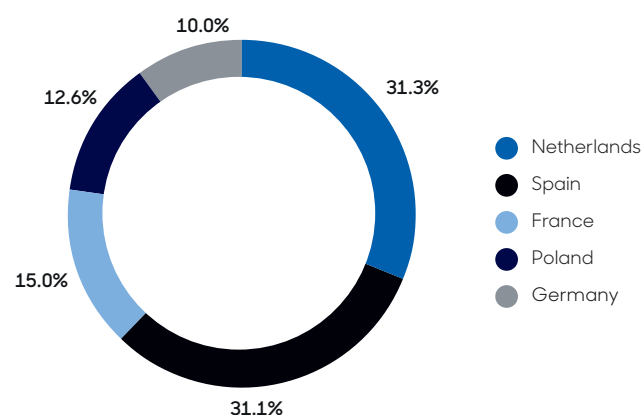
At the tail-end of 2023, there was a surge in expectations for interest rate cuts by the key central banks and fixed income yields fell sharply. Lower borrowing costs and improving relative value against fixed-income assets drove a 25% rally in global real estate investment trust (REIT) share prices. However, this cooled-off during the first quarter, with expectations for the ECB main deposit rate cut pushed back to June. Swap rates have been volatile during this period, meaning overall debt costs have remained stubbornly high.

The logistics occupational market has begun to stabilise. Take-up for European logistics increased in the fourth quarter of 2023 to reach 8.1 million square metres, beating the long-term average. Vacancy rates have increased from 3.3% in 2022 to 5.4% in December 2024, yet the availability of best-in-class warehouses is scarce.

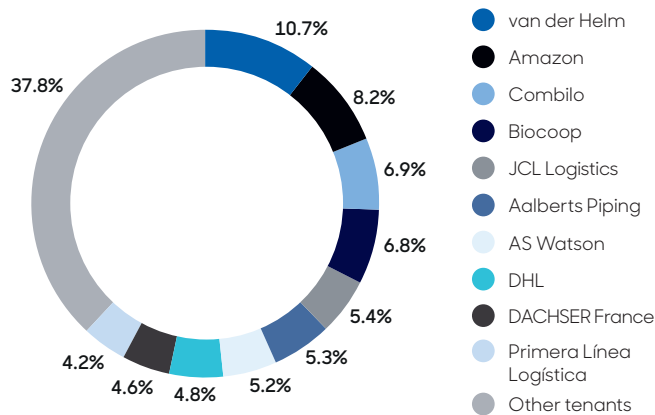
Conflicts in the Middle East have acted as a reminder of the case for nearshoring and for diversifying risks in logistics operations. The cost of shipping a container doubled between November 2023 and February 2024. We remain positive about the long-term drivers of demand from ecommerce, nearshoring, supply chain diversification, and modernisation.

Logistics rents increased by 6.9% in 2023. While this represents strong performance, the pace slowed from 9% in 2022. We expect rental growth to remain above the long-term average and above inflation in 2024 and 2025, as supply in good locations remains tight. We remain very cautious of poorer-quality assets that face significant capital expenditure, unless they are extremely well located.

#### Country allocation (% of portfolio value)



#### Tenant exposure (% of total rent)



## Important information

### Risk factors you should consider prior to investing:

- The value of investments and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment companies can borrow money in order to enhance investment returns. This is known as 'gearing' or 'leverage'.
- However, the use of gearing can result in share prices being more volatile and subject to sudden or large falls in value. Where permitted an investment company may invest in other investment companies that utilise gearing which will exaggerate market movements, both up and down.
- There is no guarantee that the market price of the Company's shares will fully reflect its underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment.
- The Company may hold a limited number of investments. If one of these investments declines in value this can have a greater impact on the fund's value than if it held a larger number of investments.
- Property values are a matter of the valuers' opinions and can go up and down. There is no guarantee that property values, or rental income from them, will increase so you may not get back the full amount invested.
- Property investments are relatively illiquid compared to bonds and equities and can take a significant length of time to sell and buy.
- The Company invests in a specialist sector and it will not perform in line with funds that have a broader investment policy.
- Derivatives may be used, subject to restrictions set out for the Company, for efficient portfolio management in order to manage risk. The market in derivatives can be volatile and there is a higher than average risk of loss.

### Other important information:

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