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Aberdeen Standard European Logistics Income PLC
(the “Company” or “ASLI”)

Company Update

ASLI acquires €18.8 million urban logistics asset in Barcelona, Spain, delivers strong valuation uplift and provides tenant update

Aberdeen Standard European Logistics Income PLC (LSE: ASLI), the Company which invests in high quality European logistics properties, today provides a business update. Alongside completing the acquisition of a sixteenth logistics asset in Barcelona, Spain, the Company expects to report a robust net unaudited portfolio valuation uplift of 1.9% for the quarter ended 30 June 2021.

Barcelona urban logistics acquisition

ASLI is pleased to announce the acquisition of a modern urban logistics warehouse in Barcelona, Spain’s second most populous city. The purchase price of €18.8 million reflects a net initial yield of 3.7% and net reversionary yield of 4.7%.

This 13,907 square metre asset is located in the first ring of Barcelona, within a 25 minute drive (27km) of the city centre and is well positioned to benefit from the growth of e-commerce and the scarcity of development opportunities, which provides strong rental growth potential. The local market is characterised by a low vacancy rate of 3%, which falls to 1% for the first ring, reflecting naturally occurring land constraints, with the city surrounded by the sea and mountains.

The asset is located on the Polinyà Logistic Park, a strategically positioned and highly consolidated industrial area just off the AP-7 motorway that connects Barcelona with France and the wider European market in the north, and to the south to Zaragoza, Madrid and other key cities along the Mediterranean coast of Spain.

This freehold asset, which was built in 2019 and meets modern specifications, is fully let to Mediapost, a subsidiary of LA POSTE Group, the French state-owned company, serving as its Spanish headquarters. The property offers a high-grade specification of c.11.5 metres clear height in the warehouse area, high quality office accommodation, 10 loading docks, LED lighting and a small solar PV installation which the Company will seek to enhance, making this a very sustainable investment. Accelerating e-commerce penetration and favourable demand supply dynamics offers rental growth potential at the first mutual break option in 2026 or at lease expiry in 2029, whilst rental income is indexed from 2023 onwards.

This is the Company’s third investment in Spain and its first in Barcelona, providing further diversification and taking the portfolio gross asset value to c.€500 million across sixteen assets. The acquisition has been funded using the Company's credit facility. The debt is due to be recapitalised

through the addition of asset level financing on existing loan facilities in the Netherlands where financing costs are amongst the lowest in Europe.

Meung-sur-Loire update

As noted in previous announcements, Office Dépôt France, the sole tenant occupying the Company's Meung-sur-Loire asset in France, had sought court protection and the appointment of an administrator. While the Company is yet to receive definitive confirmation from the administrator as to the final outcome from the completed sales process, the Company believes it is increasingly likely that the purchaser of the business will seek to terminate its tenancy of the warehouse.

Whilst recognising that this temporary loss of income will impact dividend cover for the full year 2021, the Investment Manager and the Board are confident of a positive outcome for what is a highly attractive asset located in an area with strong demand fundamentals underpinning stable rents.

As previously announced, the Q4 2020 rent was paid in full and since the appointment of the administrator, the rent due for February and March 2021 together with that due for Q2 2021 has also been paid in full. In total, one month's rent plus a small element of deferred rent, amounting in aggregate to €258k, remains outstanding and is not expected to be collected. The annual passing rent on the property currently represents 5.8% of the overall portfolio's annual contracted rent, with the Company benefitting from a three month rental security deposit held at bank.

The warehouse is ideally located for national distribution just south of Orleans and close to main motorways towards Bordeaux/ Northern Spain and towards Marseille/ Lyon/ Toulouse, in an area which has grown in importance due to the lack of greenfield locations in and around Paris. The process of appointing agents to seek new tenants and indications of interest is underway and the Investment Manager will provide a further update in due course.

Following discussions with the asset level lending bank regarding any potential temporary covenant breach, the bank has indicated that it is satisfied with the current position thereby avoiding any potential rental income cash traps.

Portfolio Valuation Update

Whilst the Company's unaudited Q2 2021 NAV is not expected to be released until mid-August 2021, an initial valuation of the portfolio indicates continuing strong momentum. Despite the short term impact of a reduction in the value of the Meung-sur-Loire asset of €6.5 million due to the expected temporary vacancy, the overall unaudited portfolio valuation is expected to increase by c.€8.7 million, or 1.9%. Excluding the Meung-sur-Loire asset, this represents a strong portfolio valuation increase of 3.5%. Yield compression and considerable demand for logistics warehousing continues to drive valuations.

Evert Castelein, Fund Manager for ASLI, commented: "Adding another high quality, modern urban logistics asset to the Company's portfolio is a significant milestone, taking the gross portfolio value close to €500 million. This newly built asset further enhances the Company's strong sustainability

credentials, with ten of the sixteen assets constructed in 2018 or later. Barcelona, Spain's second largest city by population, is a key business hub within Europe and lies at the heart of a highly industrialised and populated area along the Mediterranean Corridor, and we are confident that this well-located asset will deliver real shareholder value in the coming years.

"With the Investment Manager's offices located throughout Europe, we believe we are well placed to continue sourcing attractive investment opportunities for our shareholders and delivering on our ambition to significantly scale the Company."

Tony Roper, Chairman of the Company, added: "The diversified nature of our portfolio of warehouses and its long term inflation linked income continues to attract strong interest supporting the Company's share price growth. There is no doubt that investors recognise the strong structural tailwinds benefitting the European logistics real estate sector.

"The portfolio continues to deliver attractive valuation gains for our shareholders. This reflects the modern, fit for purpose nature of the assets sourced by our Investment Manager and the strong credit profile of our occupiers, the majority of which are directly exposed to the e-commerce sector. Despite the near term impact the Meung-sur-Loire vacancy will bring, we remain confident in the ability of the portfolio to deliver long-term value and in our Investment Manager's ability to leverage its network of local teams across Europe to source further value enhancing acquisitions."

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