Aberdeen Standard European Logistics Income PLC

Investment Trust

Quarter 2, 2019

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

Cumulative performance (%)

	as at 30/06/19	3 months	1 year
Share Price (GBp)	99.8p	3.29	0.42
NAV (Eur)[D]	107.1c	2.64	0.94
NAV (Converted to GBp)[D]	95.9p	2.68	(1.73)

Discrete performance (%)

Year ending	30/06/19	30/06/18	30/06/17	30/06/16	30/06/15
Share Price	0.42	-	-	-	-
NAV (Eur)[D]	0.94	-	-	-	-
NAV (Converted to GBp)[D]	(1.73)	-	-	-	-

The Company launched on 15 December 2017, therefore discrete performance figures are not available for full years prior to 2019
Share price total return is on a mid-to-mid basis.
[D] Total return; NAV to NAV, net income reinvested.
Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt at fair value.
Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.
Past performance is not a guide to future results

Fund managers' report

Market commentary

- The Eurozone economy has been slowing sharply with economic growth just 0.7% annualized in the second half of 2018, compared with 2.7% annualised in the same six-month period at the end of 2017.
- The slowdown has been driven by two factors: a big swing in the contribution to growth from net trade, reflecting the weaker global environment as well as earlier euro appreciation; and a series of temporary domestic disruptions, including new car emissions standards hitting German auto production, street protests in France and a sharp rise in political uncertainty in Italy.
- Logistics rents have been flat in recent years as developers have been happy to concede lower rents in favour of securing longer tenancies. However, there are some hotspots emerging. Alongside pockets of rental tension in more tightly constrained locations, higher construction cost inflation is expected to feed into higher rental values.
- Investment demand remains strong. Logistics remains one of the hottest property sectors, globally.
- In continental Europe (excluding the UK and Russia), in Q1 2019 €4.4 billion was invested in industrial property, the third highest Q1 total in the last ten years. Over the last four quarters combined, the volume reached €25.2 billion, representing the second highest annualised volume in the last 10 years. While the general trend is declining, we believe the absolute and relative levels of liquidity in the logistics sector should remain healthy for some time supported by 'investor intentions surveys' highlighting a preference for the sector.

Fund managers' report continues overleaf

Asset allocation (%)

Direct Property	92.0
Cash & Cash Equivalents	8.0
Total	**100.0**

Figures may not add up due to rounding.

Total number of investments at 30 June 2019	**10**

Key information calendar

Year end	31 December
Accounts published	April, September
Distributions[A]	March, July, October, December
Launch date	December 2017
Fund manager	Direct Property Team
Annual management fee[B]	0.75%
Yield[C]	3.6%
Premium/(Discount)	4.1%
Gearing	30.3%
Net Asset Value	€200.9m

AIFMD leverage limits

Gross Notional	3.65x
Commitment	1.85x

Capital structure

Ordinary shares	187,500,001

Allocation of management fees and finance costs

Capital	0%
Revenue	100%

Trading details

Bloomberg code	ASLI LN
ISIN code	GB00BD9PXH49
Sedol code	BD9PXH4
Stockbroker	Investec
Market makers	CFEP INV. JEFF JPMS NUMS WINS

All sources (unless indicated):
Aberdeen Asset Managers Limited 30 June 2019.

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[A] Planned timetable once fully invested.
[B] 0.75% per annum of net assets up to €1.25bn and 0.60% thereafter.
[C] Yields shown are estimates based on a snapshot of the portfolio and are not guaranteed. In accordance with the launch Prospectus, the company paid, in aggregate, distributions totalling 3.0p in respect of the period from initial admission to 31 December 2018.

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Fund managers' report - continued

- Based on the healthy fundamentals, we believe the medium to long term outlook for the logistics sector remains very favourable. Despite more benign tailwinds from economic output, the structural shifts in consumption patterns and overall demand drivers are likely to remain supportive, while construction levels remain relatively low. Development finance is still a barrier to a substantial increase in construction, while investors are more cautious of large scale speculative development projects.
- Yields have compressed sharply for quality assets in prime locations, and we expect further compression over the next 12 to 18 months. Generally, net operating income should grow as occupancy rates rise, inflation comes through in indexation in lease terms and headline rents continue to edge upwards in supply constrained markets.
- Our overall European real estate outlook remains positive in relation to other global markets, with the big box and urban logistics segments and the best cyclical office markets expected to outperform.

Performance summary

The Net Asset Value total return amounted to 2.64% for the quarter in euro terms.

Property portfolio

At the end of June 2019, the Company had 10 properties in portfolio representing a total net market value of €272.7 million. Two new warehouses were delivered in the second quarter of 2019 as planned. These were the forward commitment in Leon (€15.3 million) and the forward funding in Zeewolde (€30 million). A third new warehouse, the forward funding in Oss (€15.7 million), was delivered in early July. The Trust has fully invested IPO proceeds (plus 35% gearing) since 9 July when completion of the eleventh deal, a standing investment in 's Heerenberg (€24 million), took place.

During the quarter the Company completed the acquisition of a newly built freehold logistics warehouse in **Leon**, Spain for a net value of €15.3 million, providing a net initial yield of 6.2%. The warehouse is located in a logistics park near Leon city centre and its airport with excellent road connections to the AP71, A66 and A231.

The Company also completed on the newly built warehouse in **Zeewolde**, the Netherlands, for the previously indicated purchase price of €29.25 million providing a net initial yield of 5.0%. The agreement with developer Borghese was structured as a forward funded transaction with a 2.55% coupon rate.

This high quality freehold property had been pre-let to VSH Fittings B.V., a strong covenant tenant, on a 15 year lease with capped CPI indexation of 2.4% per annum in accordance with local provisions. Zeewolde is in the heart of the Netherlands in the province of Flevoland, close to Almere, the fastest growing municipality in the Netherlands and Lelystad, an ideal location for national distribution being situated close to several motorways, the A6, A27 and A28.

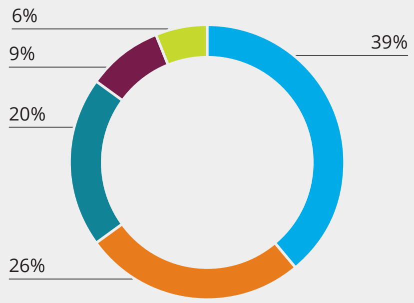
The Company also announced that its remaining forward funded project in **Oss**, the Netherlands, built in conjunction with developer Heembouw Breda B.V., had been handed over to the new tenant, Orangeworks Group B.V., a company specialising in machinery for the food industry. This is on a 15 year triple net lease, with no breaks and full CPI indexation. The purchase price of €15.7 million provides a net initial yield of 5.3%.

The freehold property, located on the Vorstengrafdonk business park in Oss, itself a new logistic / industrial development, comprises approximately 10,200 square metres of warehouse space with associated mezzanine and office space with 160 parking places. Road accessibility is excellent, being at the junction of main motorways A50, A59 and N329, and the total plot size is 27,900 square metres providing additional space for any plans to extend in the future.

Post the quarter end, the Company announced that it had signed an agreement to acquire a freehold logistics warehouse in **'s-Heerenberg**, the Netherlands, for a net value of €24.0

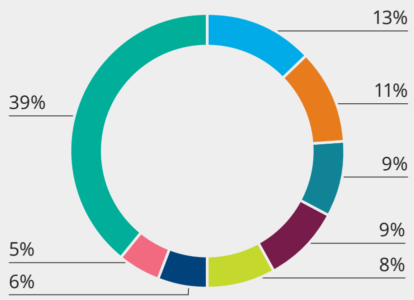
Fund managers' report continues overleaf

Country allocation (%)



Netherlands | France | Germany | Poland | Spain

Tenant exposure (%)



Biocoop | Combilo | VSH Fittings | Kruidvat | Office Depot | Decathlon | Orangeworks | Others

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Fund managers' report - continued

million providing an expected net initial yield of 5.0%. The transaction closed later in July. The freehold facility provides a high quality warehouse, cross dock and 40 loading bays covering almost 23,000 square metres. The total site size of 45,000 square metres offers expansion opportunities in the future.

The warehouse has an attractive income profile and is fully leased to third-party logistics operator JCL Logistics Benelux BV, a wholly owned subsidiary of JCL Switzerland AG. The lease has a remaining term of 12.5 years and is fully CPI indexed. JCL have a long history in 's-Heerenberg and provide services to their clients who produce bikes and associated parts in Asia and the USA. 's-Heerenberg itself is located close to the German border (Emmerich barge terminal) and has good accessibility to the A12 and A3 motorways with the A12 being the main connection between the port of Rotterdam and Germany.

Financing

In the quarter, the Company signed an agreement for long term financing on its Dutch properties in **Ede and Waddinxveen.** The secured loan facility arranged with Berlin Hyp for a total amount of €29.7 million was fixed for a six year term at an attractive all-in interest rate of 1.22% per annum. The facility will be further cross-collateralized with the draw-down of the €8 loan facility million linked to the Oss building.

The Company also finalised and signed an agreement for long term financing on the 's-Heerenberg property. This secured loan facility arranged with Berlin Hyp for a total value of €8.0 million was again fixed for a six year term at an attractive all-in interest rate of 0.94%.

The Board keeps the level of borrowings under review and the aggregate borrowings will always be subject to the absolute maximum set at the time of the Company's launch, calculated at the time of drawdown for a property purchase, of 50 per cent. of gross assets. On completion of all purchases and following finalisation of bank facilities, overall asset-level gearing should sit, as determined by the Board, at or around 35 per cent. of gross assets. Shareholders should note that this level may fluctuate as and when new assets are acquired until longer term funding has been established or whilst short term asset management initiatives are being undertaken.

Share issuance

On 26 July 2019, the Company announced that it had raised gross proceeds of approximately £46.4 million (equivalent to approximately €51.8 million at the then prevailing exchange rate) through the issue of 47 million new Ordinary Shares pursuant to a placing, open offer and offer for subscription.

These proceeds will be used to help fund the pipeline of attractive investment opportunities identified by the Company's Investment Manager, in particular two logistics warehouses in Poland and the Netherlands.

The Company also put in place a new share issuance programme in July, pursuant to which it has the ability to issue up to 200 million Ordinary Shares and/or C Shares in aggregate. The programme is flexible and may have a number of closing dates, providing the Company with the ability to issue Shares on appropriate occasions over a 12 month period in a timely and cost-effective fashion to fund further acquisitions from its strong pipeline of investment opportunities.

Key financial and property data based on assets in portfolio + under construction

	Portfolio (Q219)
Number of properties	10
Number of countries	5
Number of tenants	27
Lettable space in sqm	288,331
Net purchase price (EUR m)	264.8
Occupancy rate	100%
WAULT (excluding breaks)	10.0

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Important information

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

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 are specialised investments and may not be appropriate for all investors.
- 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 Ordinary Shares may trade at a discount to the Net Asset Value per Ordinary Share and Shareholders may be unable to realise their investments through the secondary market at the Net Asset Value per Ordinary Share.
- There is no assurance that the Company will be able to secure suitable logistics assets. This may affect the Company's ability to meet the Target Returns and may have an adverse effect on the Company's performance, financial condition and business prospects.
- 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 can take significantly longer to buy and sell than other investments, such as bonds and company shares. If properties have to be sold quickly this could result in lower prices being obtained for them.
- 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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