Aberdeen Standard European Logistics Income PLC

Alternative Investment Fund Managers Directive
Pre-investment Disclosure Document
Article 23 AIFMD/Rule 3.2 FCA FUND Sourcebook

31 May 2021

This document is issued by Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of Aberdeen Standard European Logistics Income PLC ("the Company") in order to make certain information available to prospective investors prior to such investors' investment in the Company, in accordance with the requirements of the FCA FUND Sourcebook implementing the EU Alternative Fund Managers Directive (Directive 2011/61/EU) in the United Kingdom and is being made available on the Company's website: **eurologisticsincome.co.uk**

Defined terms used in this pre-investment disclosure document can be found in section 20 below.

1. A description of the investment strategy and objectives of the Company, types of assets the Company may invest in, Investment techniques, Principal risks and Investment restrictions

Information about the Company's investment strategy, policy and objectives, the types of assets in which the Company may invest, the investment techniques and any investment restrictions are contained in the Prospectus which is available on the Company's website: www.**eurologisticsincome.co.uk**.

Sustainable Finance Disclosure Regulation

The Manager integrates sustainability risks and opportunities into its research, analysis and investment decision-making processes. The AIFM believes that the consideration of sustainability risks and opportunities can have a material impact on long-term returns for investors. The Company is managed using an investment process integrating environmental, social and governance ("**ESG**") factors but does not promote ESG characteristics or have specific sustainable investment objectives. This means that whilst ESG factors and risks are considered, they may or may not impact portfolio construction. The Manager's ESG integration requires, in addition to its inclusion in the investment decision making process, appropriate monitoring of sustainability considerations in risk management, portfolio monitoring, engagement and stewardship activities. The Manager also engages with policymakers on ESG and stewardship matters. Combining the integration of sustainability risks and opportunities with broader monitoring and engagement activities may affect the value of investments and therefore returns. Furthermore, investments within the Company's portfolio do not take into account the EU Taxonomy criteria for environmentally sustainable economic activities. Further information on the Manager's ESG integration approaches by asset classes can be found at www.aberdeenstandard.com under "Responsible Investing".

2. Key risks

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of the principal risks set out in the table below together with a description of the mitigating actions taken by the Board. The Board confirms that it has a process in place for regularly reviewing emerging risks that may affect the Company in the future. The Board collectively discusses with the Investment Manager areas where there may be emerging risk themes and maintains a register of these. Such risks may include, but are not limited to, future pandemics, negative interest rates and climate change. In the event that an emerging risk has gained significant weight or importance, that risk is categorised and added to the Company's risk register and is monitored accordingly. The principal risks associated with an investment in the Company's shares can be found in the Company's latest Prospectus dated 5 July 2019, published on the Company's website.

The Board continues to monitor the impact of the UK's departure from the EU ("Brexit") which became effective on 31 January 2020. Following the expiry of the transition period on 1 January 2021 the Board and Manager do not believe that there will be a significant short to medium term impact on the Company from Brexit but will continue to monitor the longer term impact and associated trends. Further details on the impact of Brexit are disclosed in note 25 to the financial statements.

The Board has kept the risks related to the Covid-19 pandemic under regular review throughout the year and subsequently. The impact of the pandemic on markets continues to affect the Company and its tenants due to the ongoing disruption of supply chains and changes in demand for products and services, increased costs and potential cash flow issues. The pandemic has significantly impacted world markets as well as creating uncertainty around future dividend payments. However, the Board notes the Investment Manager's robust and disciplined investment process which continues to focus on asset quality. The pandemic has also impacted the Company's third party service providers, with business continuity and home working plans having been implemented. The Board, through the Investment Manager, has been closely monitoring all third party service arrangements and is pleased to report that it has not seen any reduction in the level of service provided to the Company to date. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the current financial year.

Description	Mitigating Action
Strategic Risk: Strategic Objectives and Performance - The Company's strategic objectives and performance, both absolute and relative, become unattractive to investors leading to a widening of the discount, potential hostile shareholder actions and the Board fails to adapt the strategy and/or respond to investor demand.	• The Company's strategy and objectives are regularly reviewed by the Board to ensure they remain appropriate and effective. • The Board receives regular presentations on the economy and also the property market to identify structural shifts and threats so that the strategy can be adapted if necessary. • There is regular contact with shareholders both through the Investment Manager and the broker with additional direct meetings undertaken by the Chairman and other Directors. • Board reports are prepared by the Investment Manager detailing performance, NAV return and share price analysis versus peers. • Cash flow projections are prepared by the Investment Manager and reviewed quarterly by the Board. • Shareholder/market reaction to Company announcements is monitored.
Investment and Asset Management Risk: Investment Strategy - Poorly judged investment strategy, regional allocation, use of gearing, inability to deploy capital and the mis-timing of disposals and acquisitions, resulting in poor investment returns.	• ASI has real estate research teams which provide performance forecasts for different sectors and regions. • There is a team of experienced portfolio managers who have detailed knowledge of the markets in which they operate. • ASI has a detailed investment process for both acquisitions and disposals that require to be signed off internally before the Board reviews any final decision. • The Board is very experienced with Directors having a knowledge of property markets.

Description	Mitigating Action
Investment and Asset Management Risk: Developing and refurbishing property - Increased construction costs, construction defects, delays, contractor failure, lack of development permits, environmental and third party damage can all impact the resulting capital value and income from investments.	• ASI has experienced investment managers with extensive development knowledge with in-depth research undertaken on each acquisition/development. • Development contracts are negotiated by experienced teams supported by approved lawyers. • Due diligence is undertaken on developers including credit checks and current pipelines. • Construction and risk insurance checked. • Post completion the developer is responsible for defects and monies are held in escrow for a period of time after handover.
Investment and Asset Management Risk: Health and Safety - Failure to identify and mitigate major health & safety issues or to react effectively to an event leading to injury, loss of life, litigation and any ensuing financial and reputational impact.	• For new properties health and safety is included as a key part of due diligence. • Asset managers visit buildings on a regular basis. • Property managers are appointed by ASI to monitor health & safety in each building and reports are made to the asset managers on a monthly basis. • Asset managers visit each building at least twice a year. • Tenants are responsible for day to day operations of the properties.
Investment and Asset Management Risk: Environment - Properties could be negatively impacted by hazardous materials (for example asbestos or other ground contamination) or an extreme environmental event (e.g. flooding) or the tenants' own operating activities could create environmental damage. Failure to achieve environmental targets could adversely affect the Company's reputation and result in penalties and increased costs and reduced investor demand. Legislative changes relating to sustainability could affect the viability of asset management initiatives.	• The Investment Manager undertakes in depth research on each property acquisition with environmental surveys and considers its impact on the environment and local communities. • The Investment Manager has adopted a thorough environmental policy which is applied to all properties in the portfolio. • Experienced advisers on environmental, social and governance matters are consulted both internally (within the Investment Manager) and externally where required.
Financial Risks: Macroeconomic - Macroeconomic changes (e.g. levels of GDP, employment, inflation, interest rate and FX movements), political changes (e.g. new legislation) or structural changes (e.g. new technology or demographics) negatively impact commercial property values and the underlying businesses of tenants (market risk and credit risk). Falls in the value of investments could result in breaches of loan covenants and solvency issues.	• ASI Research teams take into account macroeconomic conditions when collating forecasts. This research is fed into Investment Manager decisions on purchases/sales and regional allocations. • The portfolio is EU based and diversified across a number of different countries and also has a diverse tenant base seeking to minimise risk concentration. • There is a wide range of lease expiry dates within the portfolio in order to minimise re-letting risk. • The Company has no exposure to speculative development and forward funding is only undertaken where the development is predominantly pre-let. • Rigorous portfolio reviews are undertaken by the Investment Manager and presented to the Board on a regular basis. • Annual asset management plans are developed for each property and individual investment decisions are subject to robust risk versus return evaluation and approval.

Description	Mitigating Action
Financial Risks: Gearing - Gearing risk - an inappropriate level of gearing, magnifying investment losses in a declining market, could result in breaches of loan covenants and threaten the Company's liquidity and solvency. An inability to secure adequate borrowing with appropriate tenor and competitive rates could also negatively impact the Company.	• Regular covenant reporting to banks is undertaken as required. • The gearing target is set at an indicative 35% asset level limit and an absolute Company limit of 50%. • The Company's diversified European logistics portfolio, underpinned by its tenant base, should provide sufficient value and income in a challenging market to meet the Company's future liabilities. • The portfolio has attracted very competitive terms and interest rates from lenders for the Company's loan facilities. • The Investment Manager has relationships with multiple funders and wide access to different sources of funding on both a fixed and variable basis. • Financial modelling is undertaken and stress tested annually as part of the Company's viability assessment and whenever new debt facilities are being considered. • Loan covenants are continually monitored and reported to the Board on a quarterly basis and would also be reviewed as part of the disposal process of any secured property.
Financial Risks: Liquidity Risk and FX Risk - The inability to dispose of property assets in order to meet financial commitments of the Company or obtain funds when required for asset acquisition or payment of expenses or dividends. Movements in foreign exchange and interest rates or other external events could affect the ability of the Company to pay its dividends.	• The diversified portfolio is geared towards a favoured sector. • A cash buffer is maintained and an overdraft facility is currently in place. • Investment is focused on mid-sized properties which is considered the more liquid part of the sector.
Financial Risks: Credit Risk - Credit Risk – the risk that the counterparty will be unable or unwilling to meet a commitment entered into by the Group: failure of a tenant to pay rent or failure of a deposit taker, future lender or a current exchange rate swap counterparty.	• The property portfolio has a balanced mix of generally good quality tenants and reflects diversity across business sectors. • Rigorous due diligence is performed on all prospective tenants and their financial performance continues to be monitored during their lease. • Rent collection from tenants is closely monitored so that early warning signs might be detected. • Deposits are spread across various ASI approved banks and AAA rated liquidity funds. • The assets of the Company are denominated in a non-sterling currency, predominantly the Euro. No currency hedging is planned for the capital, but the Board periodically reviews the hedging of dividend payments having regard to availability and cost.
Financial Risks: Insufficient Income Generation - Insufficient income generation due to macro-economic factors including the current COVID-19 pandemic, and/or due to inadequate asset management resulting in long voids or rent arrears or insufficient return on cash; dividend cover falls to a level whereby the dividend needs to be cut and/or the Company becomes unattractive to investors. Level of ongoing charges becomes excessive.	• At regular Board meetings forecast dividend cover is considered. There is regular contact with the broker and shareholders to ascertain, where possible, views on dividend cover. The Investment Manager seeks a good mix of tenants in properties. • A review of tenant risk and profile is undertaken using, for example, the Dun & Bradstreet Failure Scoring method and tenant covenants are thoroughly considered before a lease is granted. • The ASI team consists of asset managers on the ground who undertake asset management reviews and implementation and there is a detailed approval process within ASI for lettings.

Description	Mitigating Action
Regulatory Risks: Compliance - The regulatory, legal and tax environment in which the Company's assets are located is subject to change and could lead to a sub-optimal corporate structure and result in increased tax charges or penalties.	• The Company has an experienced Company Secretary and engages lawyers who will advise on changes once any new proposals are published. There is regular contact with tax advisers in relation to tax computations and transfer pricing. • Directors have access to updates on relevant regulatory changes through the Company's professional advisers. • The highest corporate governance standards are required from all key service providers and their performance is reviewed annually by the Management Engagement Committee.
Operational Risks: Service Providers - Poor performance/inadequate procedures at service providers leads to error, fraud, non-compliance with contractual agreements and/or with relevant legislation or the production of inaccurate or insufficient information for the Company (NAV, Board Reports, Regulatory Reporting) or loss of regulatory authorisation. Key service providers include the AIFM, Company Secretary, the Depositary, the Custodian, the managing agents and the Company's Registrar.	• ASI have an experienced Investment Manager and Property Administration Team. • The Company has engaged an experienced registrar: Equiniti is a reputable worldwide organisation. • All service providers have a strong control culture that is regularly monitored. • ASI aim to meet all service providers once a year and the Management Engagement Committee reviews all major service providers annually. • The Company has the ability to terminate contracts.
Operational Risks: Business continuity - Business continuity risk to any of the Company's service providers or properties, following a catastrophic event e.g. pandemic, terrorist attack, cyber attack, power disruptions or civil unrest, leading to disruption of service, loss of data etc.	• ASI has a detailed business continuity plan in place with a separate alternative working office if required and the ability for the majority of its workforce to work from home. • ASI has a dedicated Chief Information Security Officer who leads the Chief Information Security Office (including the following functions: Security Operations & Delivery, Security Strategy, Architecture & Engineering, Data Governance & Privacy, Business Resilience, Governance & Risk (Security & IT). • Properties within the portfolio are all insured. • The IT environment of service providers is reviewed as part of the initial appointment and on an ongoing basis.

Sustainability Risk

Applying ESG and sustainability criteria in the investment process may result in the exclusion of properties in which the Company might otherwise invest. This may have a positive or negative impact on performance and may mean that the Company's performance profile differs to that of comparable companies in the market with a similar investment strategy but without applying ESG or sustainability criteria. Furthermore, the lack of common or harmonised definitions and labels regarding ESG and sustainability criteria may result in different approaches by managers when evaluating investments from an ESG aspect. This means that it may be difficult to compare companies with ostensibly similar strategies and that these companies will employ different asset selection and exclusion criteria. Consequently, the performance profile of otherwise similar companies may deviate more substantially than might otherwise be expected. Additionally, in the absence of common or harmonised definitions and labels, a degree of subjectivity is required and this will mean that the Company may invest in a property that another manager or an investor would not.

3. Risk management systems

The directors of Aberdeen Standard Fund Managers Limited collectively assume responsibility for ASFML's obligations under the AIFMD including monitoring the Company's risk profile during the year.

ASFML, as a fully integrated member of the Standard Life Aberdeen plc group of companies, receives a variety of services and support in the conduct of its business activities from the resources of the Group. ASFML conducts its risk oversight - including in the conduct of its risk oversight function, through the operation of the Group's risk management processes and systems. Further details of the Group's risk management programme and systems are set out in the Appendix to this document.

4. Leverage

Leverage limits

The maximum leverage which the Manager is entitled to employ on behalf of the Company (expressed as a ratio to total assets) is:

Commitment Method	185%
Gross Method	365%

Types of leverage

Although leverage is often used as another term for gearing, under the AIFMD regulations leverage is expressed as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. It defines two types of leverage, the gross method and the commitment method. These are essentially the same other than the commitment method allows derivative instruments to be netted off to reflect 'netting' or 'hedging arrangements'. Non-sterling cash is deemed to carry a currency exposure so is considered to be leverage. In accordance with the AIFMD the Company is obliged to disclose the maximum expected leverage levels under both methods and this is disclosed above. In order to comply with the AIFMD the maximum leverage levels have been set in accordance with the maximum gearing allowable by the Company's Articles of Association. However, the day-to-day management of gearing and leverage levels will be conducted within the tighter limits set by the Company's investment policy.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities. Leverage is considered in terms of the Company's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the Company is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. ASFML is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the Company, expressed as the ratio between the total exposure of the Company and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Company requires the calculation to:

- Include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities
- Exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond
- Include derivative instruments which are converted into the equivalent position in their underlying assets
- Exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known
- Include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed
- Include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable

Exposure values under the commitment method basis are calculated on a similar basis but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The calculation of leverage assumes that a leverage ratio of 1.00:1 equates to zero leverage. A ratio of less than 1.00:1 would mean that the portfolio included uninvested cash whilst a ratio above 1.00:1 would mean that the portfolio had leverage to the ratio amount above 1.00:1.

The Company does not have in place any collateral or asset reuse arrangements.

5. Modification of Investment policy

In accordance with the Financial Conduct Authority's (FCA) listing rules, any material change to the Company's investment policy will require the FCA's prior approval as well as the approval of Shareholders. In considering what is a material change the Company must have regard to the cumulative effect of any changes since Shareholders last had the opportunity to vote.

6. Contractual relationship between the Company and Investors, applicable law and the enforcement of judgements

The Company is incorporated as a closed ended investment company under the provisions of the Companies Act 2006 (as amended) and its Shares are listed on the premium segment of the Official List of the UK Listing Authority and traded on the London Stock Exchange.

Investors who acquire shares in the Company will do so subject to the Articles. The Articles are one of the Company's constitutional documents and contain the rights and restrictions attaching to the Company's shares. The Articles are governed by English law and may only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the value of the shares held by such shareholder.

As the Company is incorporated in England, it may not be possible for an investor located outside that jurisdiction to effect service of process upon the Company within the local jurisdiction in which that investor resides. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result, it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

A number of legal instruments provide for the recognition and enforcement in England of judgments given in other states. Where no particular legal instrument applies, a judgment creditor may nevertheless have rights to seek to enforce a judgement under English law.

7. Information on the AIFM, Depositary and Service providers

AIFM/Manager

The Company has appointed Aberdeen Standard Fund Managers Limited, which is a company limited by shares and incorporated in England, as its alternative investment fund manager. The Manager is a subsidiary of Aberdeen Asset Management PLC which is itself a subsidiary of Standard Life Aberdeen plc, a company incorporated in Scotland. Aberdeen Standard Investments is a brand of the investments businesses of Aberdeen Asset Management and Standard Life Investments.

The Manager is authorised and regulated by the FCA as an alternative investment fund manager. Pursuant to the Management Agreement, the Manager provides investment management services (including portfolio management), risk management services and general administrative services to the Company.

The duties of the Manager also include (but are not limited to) the following:

- The proper valuation of the Company's assets and the calculation and publication of the Net Asset Value of the Company
- To review its delegation of the portfolio management function to the Investment Manager on an ongoing basis
- To ensure that appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the Company can be performed
- To implement a risk management system to identify, measure and manage appropriately all risks relevant to the Company's investment strategies and to review this system on an annual basis
- To provide fund accounting services in respect of the Company.
- To ensure that a single depositary is appointed to ensure, among other things, the proper monitoring of the Company's cash flows and the safe-keeping of the Company's assets that can be held in custody
- To employ an appropriate liquidity management system
- To adopt procedures enabling it to monitor the liquidity risk of the Company and ensure that the liquidity profile of the Company's investments complies with its underlying obligations
- To use adequate and appropriate human and technical resources necessary for the proper management of the Company
- To make available an annual report for the Company no later than six months following the end of its annual accounting period

. Either party may terminate the Management Agreement by giving the other party not less than 12 months' prior written notice. The Company may also terminate the Management Agreement immediately inter alia if the Manager ceases to maintain its regulatory permission to act as AIFM or if the Investment Manager ceases to maintain its regulatory permissions. In addition, either party may terminate the agreement immediately by notice upon the occurrence of certain events including the insolvency or winding up of the other party and a material breach of contract.

The Manager has delegated the portfolio management of the Company to Aberdeen Standard Investments Ireland Limited ("ASIIL"). Further details of the delegation arrangements are set out in paragraph 9 below.

Depositary

The Company has appointed NatWest Trustee and Depositary Services Limited to act as its depositary. Pursuant to the Depositary Agreement, the Depositary must carry out the duties specified in AIFMD, including:

- Safekeeping of the assets of the Company which are entrusted to it
- Cash monitoring and verifying the Company's cash flows
- Oversight of the Company and the Manager, including
  - Ensuring that the sale, issue, re-purchase, redemption, transfer, buy back and valuation of shares are carried out in accordance with the Company's constitutional documentation and applicable laws, rules and regulations
  - Ensuring that in transactions involving the Company's assets the consideration is remitted to the Company within the usual time limits
  - Ensuring that the Company's income is applied in accordance with the Company's constitutional documentation and applicable laws, rules and regulations
  - Carrying out instructions received from the Manager unless they conflict with the Company's constitutional documentation or any applicable law, rule or regulation, or the provisions of the Depositary Agreement

In carrying out such functions the Depositary must act honestly, fairly, professionally, independently and in the interests of Shareholders.

The Depositary is liable to the Company and/or Shareholders for the loss of a financial instrument held in custody by the Depositary or a delegate, unless the Depositary is permitted to discharge and has discharged such liability under AIFMD and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of a financial instrument held in its custody. The Depositary is also liable to the Company and/or the shareholders for all other losses suffered by them as a result of the Depositary's negligent and/or intentional failure to properly fulfil its duties.

Under the Depositary Agreement, the Company has indemnified the Depositary against certain liabilities suffered by the Depositary arising directly out of the performance of its obligations under the Depositary Agreement, except in the case of any liability arising from the fraud, negligence, intentional failure or breach of contract of the Depositary or any of its affiliates or delegates, or the loss of financial instruments as described above.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving six months' notice in writing. The Depositary may only be removed from office when a new depositary is appointed by the Company.

Auditor

KPMG LLP has been appointed as the Company's auditor responsible for auditing the annual financial statements in accordance with auditing standards and, as appropriate, regulations, and for providing its report to the Company's Shareholders in the annual report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

Registrar

The registrar of the Company is Equiniti Limited which is responsible for keeping the register of Shareholders, which may be inspected at the Registrar's office at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA during normal business hours.

Stockbroker

Investec Bank plc has been appointed as the Company's stockbroker to provide the Company with corporate broking and associated financial advisory services.

Investors' rights against service providers will vary depending on a range of factors. If the relevant service provider is an authorised person under FSMA carrying out a regulated activity with respect to the Company, then a contravention by it of a Rule contained within the FCA Handbook may in certain circumstances give rise to a claim for breach of statutory duty against that service provider by an investor who suffers loss as a result of that contravention. Investors may also be afforded certain rights against service providers by the general law.

8. Protection from professional liability risks

The Manager has effective internal operational risk management policies and procedures in order to appropriately identify measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The Manager is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company, and complies with such requirement by maintaining an amount of its own funds in accordance with AIFMD.

9. Delegation arrangements and management of conflicts

Delegation arrangements

From time to time, the AIFM may sub-delegate certain management functions to its affiliated subsidiaries, including Standard Life Investments Limited, or third parties. The AIFM has delegated:

- Portfolio management to the Investment Manager, Aberdeen Standard Investments Ireland Limited
- Property management services relating to the assets of the AIF in Norway, Sweden, Denmark and/or Finland (the "Nordic Markets") is delegated to Aberdeen Standard Investments Deutschland AG which in turn has sub delegated certain asset management advisory services to DEAS Asset Management A/S;
- Administration to Brown Brothers Harriman (Luxembourg) S.C.A.;
- Company secretarial duties to Aberdeen Asset Management PLC; and
- Certain promotional and distribution services to Aberdeen Asset Managers Limited.

Portfolio management

The Manager has sub-delegated portfolio management to the Investment Manager, which is authorised to provide fund management and investment advice by the Central Bank of Ireland . The Investment Manager is part of the Standard Life Aberdeen plc group of companies of which the Manager is also part.

Pursuant to the Investment Management Agreement the Investment Manager will be responsible for advising on the purchase and sale of investments within the categories allowed. The Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Company, without prior reference to the Manager. The Manager is entitled to give further instructions to the Investment Manager. Notwithstanding the delegation of portfolio management to the Investment Manager, the Manager will at all times remain responsible for the portfolio management function and the Investment Manager has undertaken to abide by, and be subject to, the Manager's overall supervision, direction and control.

Administration duties

The Manager has delegated fund administration and accounting services to Brown Brothers Harriman (Luxembourg) S.C.A. Notwithstanding the delegation of fund administration and accounting service to the Administrator, the Manager will at all times remain responsible for such functions and the Administrator has undertaken to abide by, and be subject to, the Manager's overall supervision, direction and control.

Company secretarial duties

The Manager has delegated the company secretarial duties to Aberdeen Asset Management PLC. Pursuant to the CoSec Agreement, the Company Secretary provides company secretarial services including convening meetings of Directors and general meetings of the Company, keeping the statutory books and records of the Company, maintaining the Company's register, preparing and delivering company announcements and other company secretarial duties properly or reasonably performed by the secretary of a company or as the Manager may reasonably require.

Depositary delegation

The Depositary has given notice that it will delegate certain safekeeping functions entrusted to it by the Company to various formally appointed delegates and third parties including in countries outside the domicile of the Company or the Depositary (including central securities depositaries, securities settlement systems, clearing houses, book-entry securities system and similar depositaries, systems or facilities) in accordance with the provisions of AIFMD and the Depositary Agreement.

Conflicts of interests

The Manager and the Investment Manager are committed to treating clients and shareholders fairly and have implemented procedures and processes to ensure that this is the case. In particular, the Manager and the Investment Manager have approved and adopted the Group's Conflicts of Interests Policy.

The objective of the Conflicts of Interests Policy is to ensure the fair treatment of clients and shareholders in cases of conflicts of interests or potential conflicts of interests which may arise in the course of providing management, advisory or administrative services to the Company.

To achieve this objective, the Conflicts of Interests Policy seeks to ensure that the Company and its service providers and the Manager and its delegates have adequate organisational and structural measures in place:

- To identify circumstances which constitute or may give rise to a conflict of interests entailing a material risk of damage to the interests of the Company or its shareholders
- To provide procedures, mechanisms and systems to manage or resolve any such conflicts of interests; where such conflict cannot otherwise be avoided, ensuring that the Company, the Manager and the Investment Manager always act in the best interests of shareholders
- To maintain a proper record of any such conflict or potential conflict and to ensure proper reporting to affected shareholders

The following circumstances have been identified as constituting or potentially giving rise to conflicts of interests:

- The Depositary is responsible for the oversight of the Manager's discharge of its duties
- Directors of the Manager are senior executives of, and employed by, the Group
- The Manager and the Investment Manager are affiliated entities of Standard Life Aberdeen plc. The key terms of the Investment Management Agreement are similar to those which might be agreed between independent third parties
- The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy
- Standard Life Aberdeen plc and its affiliates may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the Company; they may also utilise the same or similar strategies as those adopted by the Investment Manager on behalf of the Company. In addition, the Company may make investments in other funds managed or advised by Standard Life Aberdeen plc or its affiliates

In order to ensure that actual and potential conflicts of interests are appropriately identified, managed and monitored, Standard Life Aberdeen plc has established a formal committee which operates under documented terms of reference and which meets regularly to maintain oversight of the Conflicts of Interests Policy and the management of live conflicts situations. Standard Life Aberdeen plc maintains a documented matrix of known or inherent conflicts of interests, as well as a documented register of live actual or potential conflicts of interests arising in the carrying on of its business operations.

10. Valuation procedures

Properties are valued quarterly by the AIFM (as advised by independent third party valuation advisers as may be appointed by the AIFM from time to time) in accordance with locally accepted professional valuation standards, with such valuations being reviewed quarterly by the Board. The Net Asset Value per Ordinary Share is prepared by the AIFM (or its affiliates) and published quarterly, together with details of the Portfolio, based on the properties' most recent valuation, calculated under IFRS. Such Net Asset Values are published through a Regulatory Information Service as soon as practicable after the end of the relevant quarter. Consistent with other listed European real estate investment companies, the Directors follow the guidance published by EPRA and to disclose adjusted measures of Net Asset Value per Ordinary Share and earnings per Ordinary Share which are designed by EPRA to better reflect the core long-term operations of the business.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

11. Liquidity risk management and redemption rights

The Manager has a Liquidity Policy in place. Shares in the Company are not redeemable and shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the Liquidity Policy ensures that the Company's investment portfolio is sufficiently liquid to meet the following principal obligations:

- the Company's operating and financing expenses: in practice, these expenses are typically covered by the rent received from the Company's investments; and
- the possible need to repay borrowings at short notice, which would require to be met by the sale of assets.

For closed ended funds such as the Company, due to the illiquid nature of the underlying assets and the risks to the Company of not being able to realise a sale or acquire a property quickly enough, this policy focuses, primarily, upon the potential issues with regard to the mis-pricing of illiquid securities and sets out primary and secondary controls, to monitor and manage liquidity in the Company. There are primary controls (diversified portfolio, appropriate prime / secondary emphasis to portfolio, risk limits on development exposure); and secondary controls (e.g. stress tested cash projections, solvency reports, covenant reporting).

The Aberdeen Standard Investments Valuation and Pricing Committee is responsible for the pricing of illiquid securities. This policy involves an assessment by the AIFM of the values at which it expects to be able to liquidate its assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors. None of the Company's assets are subject to special arrangements arising from their illiquid nature but a significant proportion of the Company's assets are, and are expected to be, invested in property assets which are not highly liquid.

The Liquidity Policy is reviewed and updated, as required, on at least an annual basis.

12. Fees, charges and expenses

The Manager charges a tiered annual fee comprising: 0.75% of the Company's net assets of €1.25 billion or less, and 0.60% on net assets above €1.25 billion. The fee is payable quarterly in Euros in arrears. The Manager is also entitled to an administration fee of €145,000 per annum.

The Company also incurs annual fees, charges and expenses in connection with directors' fees, promotional activities, auditors' fees, lawyers' fees and depositary charges. The Ongoing Charges ratio as at 31 December 2020 was 1.3 % (group expenses only) and 1.6% (group and property expenses).

13. Fair treatment/preferential treatment of Investors

The Manager is subject to the FCA's rules on treating customers fairly and has adopted a policy regarding treating customers fairly, the operation of which is overseen by a formal committee comprised of senior managers from Standard Life Aberdeen plc's various business units and from its risk division. The role of the Conduct Risk Committee, which meets regularly and operates under documented terms of reference, is to ensure, among other matters, that Conduct Risk Policy is implemented and maintained and to consider any actual or potential Conduct Risk Policy issues arising in connection with Standard Life Aberdeen plc carrying on its business operations. General awareness training on the Conduct Risk Policy and what it means to Standard Life Aberdeen plc and its customers is delivered to all Standard Life Aberdeen plc staff.

No investor in the Company obtains preferential treatment or the right to obtain preferential treatment.

14. Availability of the AIF's latest annual report

The Company's Annual Report is available on the Company's website: **eurologisticsincome.co.uk.** The latest Annual Report was published in May 2020.

15. Procedure and conditions for the Issue and sale of shares

The issue of new shares by the Company, either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA listing rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker. They can also be purchased through Aberdeen Standard Investments' savings schemes and qualify fully for inclusion within tax-efficient ISA wrappers. Further information about how shares in the Company is set out in the section headed 'Investor Information' in the Annual Report.

16. Latest NAV of the AIF

The Company's NAV is published quarterly by way of an announcement on a regulatory information service.

For internet users, additional data on the Company, including the latest published NAV, the closing price of ordinary shares for the previous day of trading on the London Stock Exchange, performance information and a monthly factsheet, is available on the Company's website: www. **eurologisticsincome.co.uk**

17. AIF's historical performance

The Company's historical performance data, including copies of the Company's previous annual report and financial statements, are and will be available on the Company's website: **eurologisticsincome.co.uk**

18. Prime brokerage

The Company has not appointed a prime broker.

19. Periodic disclosures

The Manager will, at least as often as the annual report and financial statements are made available to Shareholders, make the following information available to shareholders:

- Any changes to (i) the maximum level of Leverage that the Manager may employ on behalf of the Company and (ii) any right of reuse of collateral or any guarantee granted under any leveraging arrangement
- The total amount of Leverage employed by the Company
- The percentage of the Company's investments which are subject to special arrangements resulting from their illiquid nature
- The current risk profile of the Company outlining (i) measures to assess the sensitivity of the Company to the most relevant risks to which the Company is or could be exposed and (ii) if risk limits set by the Manager have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and, the remedial measures taken
- The risk management systems employed by the Manager outlining the main features of the risk management systems employed by the Manager to manage the risks to which the Company is or may be exposed. In the case of a change, information relating to the change and its anticipated impact on the Company and shareholders will be made available.

The Manager will inform Shareholders as soon as practicable after making any material changes to its liquidity management system and procedures. Any material change to the periodic disclosures will be provided to Shareholders by way of an announcement to a regulatory news service.

20. Defined terms

The following defined terms are used in this pre-investment disclosure document:

Administrator	Brown Brothers Harriman (Luxembourg) S.C.A., a *société en commandite par actions*, organised under the laws of the Grand Duchy of Luxembourg and having its registered office at 80 route d'Esch, L-1470 Luxembourg
AIFMD	European Union Directive 2011/61/EU, together with its implementing measures
AIFM or **Manager** or **ASFML**	Aberdeen Standard Fund Managers Limited
Annual Report	the Company's Annual Report and financial statements published for the relevant financial year, the first financial period being the period ended 31 December 2020
Articles	the Company's articles of association, as amended from time to time
Auditor	KPMG LLP
Brussels Regulation	Council Regulation (EC 44/2001) of 22 December 2000, concerning the recognition and enforcement in England and Wales of judgments given by the courts of most EU member states in civil and commercial matters
Commitment Method	the commitment method for calculating leverage as prescribed under Article 8 of the AIFMD, which excludes certain hedging instruments from the calculation
Company or **AIF**	Aberdeen Standard European Logistics Income PLC
Company Secretary	Aberdeen Asset Management PLC

Conduct Risk Committee	Standard Life Aberdeen plc's formal committee for overseeing, among other matters, the Conduct Risk Policy
Conduct Risk Policy	Standard Life Aberdeen plc's documented policy regarding treating customers fairly
CoSec Agreement	the company secretarial agreement between the Manager and Company Secretary dated 17 November 2017
Conflicts of Interests Policy	the Group's documented conflicts of interests policy
Depositary	NatWest Trustee and Depositary Services Limited, a private company having its registered office at 135 Bishopsgate, London EC2M 3UR
Depositary Agreement	Depositary agreement among the Company, the Manager and the Depositary dated 17 November 2017
ESG	environmental, social and governance
FCA	the Financial Conduct Authority
FCA Handbook	the FCA's Handbook on rules and guidance
FSMA	Financial Services and Markets Act 2000, as amended
Gross Method	the gross notional method for calculating leverage as prescribed under Article 7 of the AIFMD, which includes certain hedging instruments within the calculation
Group	Standard Life Aberdeen plc and its subsidiaries
Investment Manager	the Amsterdam branch of Aberdeen Standard Investments Ireland Limited
Investment Management Agreement	Investment management agreement between the Manager and the Investment Manager dated 17 November 2017 as amended
Leverage	any method by which the AIFM increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means
Liquidity Policy	Standard Life Aberdeen plc's documented policy regarding liquidity risk management
Management Agreement	management agreement between the Company and the Manager dated 17 November 2017 as amended
Net Asset Value or **NAV**	the net asset value of the Company
Ongoing Charges	ratio of expenses as a percentage of average daily shareholders' funds calculated as per the Association of Investment Company's industry-standard method
Prospectus	the Company's Placing, Open Offer and Offer for Subscription of Ordinary Shares and Share Issuance Programme prospectus dated 5 July 2019
Registrar	Equiniti Limited
Shareholders	Shareholders in the Company
SRI RE Approach	the Investment Manager's sustainable and responsible investment real estate approach which is focussed on promoting positive ESG outcomes
Stockbroker	Investec PLC
Valuation Policy	Standard Life Aberdeen plc's documented valuation policy regarding the production and oversight of net assets values of collective funds in the Europe, Middle East and Africa region

Other important information

Appendix to Pre-investment Disclosure Document

Aberdeen Standard Fund Managers Limited: Risk management

Appendix to Pre-investment Disclosure Document

Risk Management function

Standard Life Aberdeen plc and its subsidiaries ("the Group") is committed to building and continuously improving a sound and effective system of internal control and a risk management framework that is embedded within its operations; this is the Group's first line of defence.

The Group's Risk Division, as the second line of defence, exists to support management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Conduct & Compliance, Operational Risk and investment risk Oversight. The team is headed by the Group's CRO, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system.

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the chair of the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment; it is the Group's third line of defence.

The Group's corporate governance structure is supported by several committees that bring together Group's subject matter experts from different departments, to assist the Boards of Directors of Standard Life Aberdeen plc, its subsidiaries and the funds to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those that deal with investment recommendations to the Boards. The specific goals and guidelines on the functioning of these committees are described in their respective terms of reference.

Description of the process of identifying, assessing and managing risks

- **Market risk:** Is monitored through factor modelling used to calculate both absolute and relative ex ante quantities such as tracking error (TE) and Value at Risk (VaR). The VaR is computed on a NAV basis as the maximum loss that the portfolio should incur over 20 days, 99% of the time under normal market conditions. The fund's portfolio risks are decomposed into intuitive components to pinpoint areas of unexpected market risk. The techniques are applied to all relevant asset classes. The market risk is further monitored through the computation of the level of leverage by both the gross and net approach. The leverage is calculated by converting each FDI into the equivalent position in the underlying assets of those derivatives, on a NAV basis. The market risk linked to the concentration risk is mitigated through investment restrictions set according to the basic principle of diversification.
- **Liquidity risk:** The Group has a Liquidity Risk Management Policy in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity Risk is monitored on both the asset and liability sides. To measure and monitor asset liquidity risk the Group employs a number of methods specific to the underlying assets. In all cases, the approach is to reference the actual holdings of the sub-fund against a true measure of the market at both an aggregate and a position level. The Group has implemented a Group Pricing Policy which details the operational responsibilities for pricing assets, this policy is owned and overseen by the Group pricing Committee. On the liability side, investor transactions and, beyond this, investor behaviour are the main driver of liquidity within each sub-fund. In this context, the articles and prospectuses contain certain key provisions or limits which provide protection to the funds and ultimately investors, in situations where liquidity might become a concern. In addition, the fund receives and analyses periodic reports in respect of the shareholder concentration within each sub-fund. Any shareholder concentrations and transactional behaviour are identified at sub-fund level and any particular concerns noted are escalated to the relevant Group Committee and respective Boards, if material.
- **Credit and counterparty risk:** The credit and counterparty risks linked to derivatives transactions are managed through processes outlined in the Group's Counterparty Credit Risk Policy. This Policy underpins on the following principles: Internal Credit assessments; credit limits; exposure calculation and oversight and Control. Credit research on counterparties is carried out by the Credit Investment Team. Research is conducted on the basis of qualitative and quantitative analysis and is presented for discussion at the Credit Committee on a monthly basis. Each counterparty is reviewed at least once per annum. Furthermore the Risk and Exposure Committee (REC) and/or credit Committee can impose house level restrictions on concentrations. Credit risk exposures are calculated net of collateral received. The methodology for calculating an amount for potential exposure arising from movements in mark to market is approved by the REC. Acceptable collateral and other commercial and credit terms for inclusion in the International Swap and Derivative Association (ISDA) documentation is defined in the Group Derivative Management Policy. Counterparty credit exposures are monitored against internal limits by an investment control team and monitored by the Group Credit Committee and Risk and Exposure Committee.
- **Legal risk:** All key contractual arrangements entered into by the funds are reviewed by the Legal Department and, where required, by external legal counsel. If these contracts refer to delegation arrangements, where applicable, there is an operating memorandum defining information flows between the parties, frequency of services and deadlines, a clear attribution of rights and responsibilities of each party and, when applicable, the key performance indicators to measure performance. Any litigation issues are also handled by the Legal Department.

  Each OTC derivatives are framed within the legal provisions of the ISDA Master agreement which defines the rights and obligations of parties engaging in derivatives trading. The ISDA master agreements are negotiated and signed between each umbrella/sub-fund and the counterparty. The Credit Support Annexe (CSA) is a legally binding document which is annexed to the ISDA agreement and details the Minimum Transfer Amount (MTA) or collateral required by AAML when engaging in OTC derivatives trading with counterparties. The Group Derivative Management Committee is responsible for approving the commercial terms associated to derivative documentation for the Group.
- **Tax risk:** The Group uses external tax consultants to advise on tax structuring, transactions and tax reporting.
- **Operational risk:** The Operational Risk Management Framework ensures that the operational risks taken and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented. The identification, measurement, management and monitoring of operational risk within the Group are achieved through the use of the Group's Operational Risk Management System. This system provides the following key Risk Management Modules:
  - *Event Management:* This module serves as a historical database in which any operational failures (Events) will be recorded. The records include professional liability damages. The process for recording, investigation and mitigation of Events aims to ensure that they are not repeated.
  - *Issues and Actions Plan:* The issues and actions module provides a standardised mechanism for identifying, prioritising, classifying, escalating and reporting internal audit findings and other on-going / unresolved matters impacting the Group from a risk or regulatory perspective (Issues).
  - *Risk and Control Self Assessment (RCSA)*: The RCSA process is to ensure key risks and key controls are identified and managed effectively in order to satisfy, at a Group level, Internal Capital Adequacy (ICAAP) requirements. The RCSA also provides a systematic and holistic means of identifying risk and control gaps that could impact business or process objectives which are agreed by senior management to complete.

Measuring risk

Where appropriate the Group applies the following measurements for each fund:

- **Leverage:** Has the effect of gearing a fund's expected performance by allowing a fund to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).
- **Volatility, Value-at-Risk (VaR) and Conditional VaR (CVaR):** Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. VaR measures

with a degree of confidence the maximum the fund could expect to lose in any one given day, assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected loss, under the assumption that the VaR has been reached.

- **Tracking error (TE):** Measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Systematic and stock specific risk:** Systematic risk represents the proportion of a fund's risk that is attributable to market exposure; and specific risk represents the risk that is intrinsic to individual stocks (i.e. particular to a given stock's attributes).
- **Stress test and scenario analysis:** Captures how much the current portfolio will make or lose if certain market conditions occur.
- **Concentration risk:** By grouping the portfolio through various different exposures: country, sector, issuer, asset etc., to identify where concentration risk exists.

Escalation and reporting

The Group recognises timely and adequate reporting measures as well as escalation channels to be key components of the control process and management of risk.

The Risk team provide regular updates to the Board/senior management on the adequacy and effectiveness of the Risk Management Process indicating, where applicable, actual or anticipated deficiencies and the remedial measures.

In addition, all issues and events impacting any Group entity or the funds are logged in the relevant system, by the relevant area within the prescribed time limits.