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Date: 20 May 2024

For Immediate Release

abrdn European Logistics Income plc

Conclusion of the Strategic Review and Formal Sale Process

The Board of abrdn European Logistics Income plc (the "Company") announces the outcome of the Strategic Review (the “Strategic Review”) and Formal Sale Process that commenced on 27 November 2023.

Strategic Review Background

The Board launched the Strategic Review recognising that the Company faces a number of challenges, at both a macro and company specific level. As previously noted, these challenges include the Company’s materially uncovered annual target dividend of 5.64 cents (€) per share, a market capitalisation of £234 million[1] liable to deter some potential investors due to lower share liquidity, and the Company’s shares trading at a significant and persistent discount to the net asset value per share. Additionally, in line with its constitutional terms as set out on launch in December 2017, the Company has proposed a continuation vote at the forthcoming Annual General Meeting on 24 June 2024.

Following the commencement of the Strategic Review, the Company’s Financial Adviser, Investec Bank plc (“Investec”) has engaged with a significant number of interested parties with a view to facilitating an indicative proposal which would fulfil the Strategic Review’s objective of maximising returns for Shareholders. Following a period of due diligence, eleven interested parties submitted an initial indicative proposal in the first quarter of 2024. Submissions included proposals regarding all-share mergers, changes to the investment management arrangements, recapitalisation schemes and cash offers for the portfolio or Company. Reflecting continued Shareholder feedback, the Board and Investec focused efforts on those submissions proposing a cash offer for the portfolio or the Company. Access to additional confidential non-public Company information was provided and following a further period of due diligence, remaining interested parties were invited to submit revised offers, as a result of which a limited number of indicative offers were forthcoming.

As part of the Strategic Review, the Company’s investment manager, abrdn Fund Managers Limited (the “Investment Manager”), provided the Board with analysis of, and a proposal involving, a managed disposal of the portfolio in a timely manner. The analysis comprised a range of detailed disposal scenarios over an illustrative period of 12-24 months for the entire portfolio, with capital being returned to Shareholders from Q4 2024 and expected quarterly thereafter; and it considered the impact of likely disposal costs, local applicable capital gains taxes, the ongoing running costs of the Company and the optimal approach to repaying or maximising the value of the Company’s fixed cost debt.

Outcome of the Strategic Review

Following a detailed review of the options available to the Company and after consultation with its advisers, as well as taking into account feedback received from a number of larger Shareholders, the Board has concluded 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 (the "Managed Wind-Down"). In arriving at this decision, the Board placed particular importance on the following factors:

- **Shareholder Value Maximisation:** the indicative potential value from the Managed Wind-Down is materially in excess of the net value achievable from the indicative cash offers received, all of which were subject to a number of preconditions and all of which represented material discounts to the Company's current net asset value. With an EPRA vacancy rate of 6.5%[2], the Managed Wind-Down provides the potential opportunity to capture the value associated with letting this vacant space ahead of a disposal.

- **Feedback from Potential Offerors:** a significant majority of interested parties communicated a strong preference to acquire assets within certain geographies or individual assets as an alternative to acquiring the entire portfolio, providing comfort as to the likely level of offeror interest in the Managed Wind-Down process. With a diversified portfolio of 25 urban and mid-box logistics assets with an aggregate value of approximately €616 million[3], the pool of potential offerors is expected to be large, with many of these parties now conversant with the Company's assets.

- **Indicative Timeline:** while further details will be provided in due course, under the Managed Wind-Down it is expected that the majority of the assets will have been disposed of by the end of the second quarter of 2025. The Company's advisers have completed a substantial amount of preparatory work including commissioning fully updated technical and environmental due diligence reports for the entire portfolio, ensuring that the Managed Wind-Down process can commence promptly after Shareholder approval of the required amendments to the Company's investment objective and investment policy.

- **Macroeconomic Backdrop:** alongside positive thematic demand drivers for logistics tenants such as e-commerce and nearshoring, a forecast lower interest rate environment in the second half of 2024 and first half of 2025 is expected to support transaction volumes and pricing, resulting in a more favourable investment backdrop against which to wind down the portfolio.

As the Strategic Review and Formal Sale Process have now concluded, the Company is no longer in an "offer period" as defined by the City Code on Takeovers and Mergers (the "Takeover Code") and the disclosure requirements pursuant to Rule 8 of the Takeover Code are no longer applicable from the time of this announcement.

Amendments to the Investment Objective and Policy

The implementation of the Managed Wind-Down will require amendments to the Company's investment objective and investment policy. Such amendments are subject to the approvals of the Financial Conduct Authority and Shareholders pursuant to Listing Rule 15. Accordingly, the Board intends to publish a circular (the "Circular") in June 2024 to convene a general meeting (the "General Meeting") at which it will seek approval from Shareholders of the proposed new investment policy by way of ordinary resolution.

Investment Management Arrangements

The Board has commenced discussions with the Investment Manager in respect of proposals for the provision of investment management services during the Managed Wind-Down under revised terms that will seek to further align the Investment Manager to achieve the objective of maximising Shareholder returns in a timely manner. Further information will be set out in the Circular.

Dividend Policy

Should Shareholders vote to approve the Managed Wind-Down, it is the Board's current intention to continue paying dividends in order to maintain the Company's investment trust status and on the basis of being fully covered by adjusted earnings. The level of dividend payments will decline as the portfolio reduces in size and as capital is returned to Shareholders. Ahead of the General Meeting, the Board expects to declare a first quarterly interim dividend and a further announcement is expected shortly on this.

Continuation Vote

In line with its constitutional terms as set out on launch in December 2017, the Company has proposed a continuation vote (the "Continuation Vote") at the forthcoming Annual General Meeting on 24 June 2024. In the 2023 Annual Report, the Board recommended that Shareholders vote in favour of the Company's continuation to ensure that the Strategic Review could be satisfactorily completed. In light of the outcome of the Strategic Review, the Board now recommends that Shareholders vote against resolution 13 at the Annual General Meeting (being the Continuation Vote resolution).

Tony Roper, Chairman, abrdn European Logistics Income, commented: "The Board undertook the Strategic Review to enable it to comprehensively evaluate all options for Shareholders, with strong interest shown in the Company. Despite retaining a high conviction in the logistics asset class and investment strategy, given the challenges facing both the Company and the broader investment trust sector, the Board has concluded that a Managed Wind-Down in a timely manner is the optimal route to maximise Shareholder value in the short to medium term. The Board thanks Shareholders for their engagement and feedback throughout this process."

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This announcement is released by the Company and the information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Article 7 of the UK version of the EU Market Abuse Regulation (Regulation (EU) No.596/2014) which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended. Upon the publication of this announcement via a Regulatory Information Service, such information is now considered to be in the public domain.

LEI Number
The Company's LEI Number is 213800I9IYIKKNRT3G50

[1] Market capitalisation as at 24 November 2023

[2] EPRA vacancy rate as at 31 March 2024

[3] Portfolio valuation as at 31 December 2023, excluding the Meung Sur Loire asset which has been disposed of per the announcement on 27 March 2024