

## Managed Wind-Down

On 23 July 2024, shareholders voted overwhelmingly to approve a change to the Company's investment objective and policy to enable the implementation of a managed wind-down of the Company. Investors should note that the new investment objective impacts the future of the company and its dividend paying ability.

## New Investment Objective

To realise all existing assets in the Company's portfolio in an orderly manner.

## Previous 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.

## Cumulative performance (%)

	30/06/24	3 months	1 year	3 years	5 years
Share Price (GBp)	60.0p	(1.3)	(5.6)	(41.8)	(23.4)
NAV (Eur) <sup>A</sup>	87.9c	(2.7)	(15.1)	(18.5)	3.6
NAV (Converted to GBp) <sup>A</sup>	74.4p	(4.2)	(18.8)	(28.9)	(17.9)

## Discrete performance (%)

	30/06/24	30/06/23	30/06/22	30/06/21	30/06/20
Share Price (GBp)	(5.6)	(29.5)	(12.6)	18.5	11.2
NAV (Eur) <sup>A</sup>	(15.1)	(13.2)	10.6	14.7	10.8
NAV (Converted to GBp) <sup>A</sup>	(18.8)	(13.5)	10.9	8.3	12.6

The Company launched on 15 December 2017.

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

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

Source: abrdn Investments Limited, Lipper and Morningstar.

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

## Fund managers' report

### Highlights

- NAV per Ordinary share decreased by 4.2% to 87.9c (GBp – 74.4p<sup>B</sup>) (31 March 2024: 91.8c (GBp – 78.5p)) with the decrease largely attributable to the recognition of the estimated costs of realising the portfolio. Excluding these costs, the NAV per Ordinary share decrease was 0.6%

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

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

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

<sup>D</sup> Exchange rate £1 : €1.18 (31 March 2024: £1 : €1.27).

## Asset allocation (%)

Direct Property	95.7
Cash & Cash Equivalents	4.3
<b>Total</b>	<b>100.0</b>

**Total number of investments** 26

## Key information Calendar

Year end	31 December
Accounts published	April, September
Distributions	March, June, September, December
Launch date	December 2017
Fund manager	Direct Property Team
Annual management fee <sup>B</sup>	0.75%
Historic Yield <sup>C</sup>	7.0%
Premium/(Discount)	(19.4%)
Gearing	39.0%
Net Asset Value	€362m

## AIFMD Leverage Limits

Gross Notional	3.65x
Commitment	1.85x

## Capital structure

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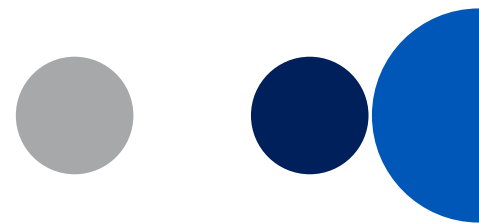
## Allocation of management fees and finance costs

Revenue	100%
Capital	0%

## Trading details

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

All sources (unless indicated): abrdn: 30 June 2024.



## Fund managers' report – continued

- EPRA Net Tangible Assets decreased by 4.3% to 89.7c per Ordinary share (31 March 2024 – 93.7c)<sup>£</sup>
- The portfolio valuation itself increased 0.17% to €607.35 million (31 March 2024: €606.29 million), as asset values in aggregate stabilised
- Loan to Value ('LTV') is 39.0% – fixed debt facilities totalled €248.5 million at an average all-in interest rate of 2.0%, with no major refinancings until mid-2025
- Following the quarter end, the Company partially repaid €2.9 million of the variable loan with ING Spain and reduced the hedging exposure by the same amount. The repayment reduced the LTV to 38.7% and the all-in interest rate to 1.99%.

### Performance

The independent unaudited external valuation of the Company's property portfolio undertaken by Savills (UK) Limited increased by €1 million, or 0.17%, in the quarter. The Dutch, Spanish and French assets witnessed increases (1.8%, 0.3% and 0.1% respectively) and Poland and Germany saw declines in value (–2.2% and –1.6% respectively).

For the six months ended 30 June 2024, the Company's net asset value total return with quarterly distributions reinvested was –4.3% in Euro terms (–5.9% in sterling terms). Excluding costs associated with realisation of the portfolio, these returns were –0.8% in Euro terms (–2.9% in sterling terms).

As at 30 June 2024, the Company's share price was 60.0p.

### Debt Financing

At the end of the quarter, the Company's fixed rate debt facilities totalled €248.5 million at an average all-in interest rate of 2.0%, with the earliest refinancing of debt in mid-2025. The loan-to-value was 39.0%. The increase in LTV is largely attributable to the reduction in portfolio value due to the recognition of estimated disposal costs. Excluding these provisions, the LTV was 38.2%.

Subsequent to the end of the quarter, the Company partially repaid €2.9 million of the variable loan with ING Spain in July 2024 and reduced the hedging exposure by the same amount. The repayment reduced the LTV to 38.7% (38.0% excluding costs associated with realisation of the portfolio) and the all-in interest rate to 1.99%.

### Interim Dividend

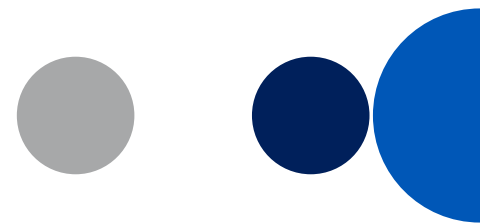
A first interim distribution in respect of the year ending 31 December 2024 of 1.41c was paid to shareholders on 5 July 2024.

In line with previous Company communications, the distributions made to date have been materially uncovered by ongoing earnings and this in part led to the strategic review that was undertaken by the Board. In addition, as the asset disposal programme commences, the rental income generated by the Company's portfolio will diminish further. As a result, the Company's ability to maintain the level and frequency of distributions will also decrease as the sale programme progresses. Distributions will still be required, however, to ensure that the Company's investment trust status is maintained through the process and may take the form of either dividend income or "qualifying interest income" which may be designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investments trusts.

With this in mind, the Board has moved to paying a distribution covered by income earned and expenses paid or accrued (excluding accounting provisions in relation to liquidation costs under the non-going concern basis) for the relevant quarter and has today declared a second interim distribution of 0.90 euro cents (equivalent to 0.77 pence) per Ordinary share, in respect of the year ending 31 December 2024 (2023: 1.41 euro cents), payable in sterling on 27 September 2024 to Ordinary shareholders on the register on 6 September 2024 (ex-dividend date of 5 September 2024).

Of the second interim distribution declared of 0.77 pence per Ordinary share, 0.67 pence (equivalent to 0.78 euro cents) was declared as dividend income with 0.10 pence (equivalent to 0.12 euro cents) treated as qualifying interest income.

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



## European Market Overview and Outlook

The outlook is gradually improving. Nervousness around refinancing challenges has cooled substantially, but pockets of distress are filtering out into the market. Challenges also persist in other areas, including geopolitics and in France due to the snap parliamentary elections. Yet there are signs that the market is finding its feet. In the first quarter of 2024, INREV reported that Europe delivered its first positive quarterly return (0.41%) for seven consecutive quarters. Capital values were still down 0.6%, yet the pace of decline is notably slower and is now being offset by the highest income return in five years for the index.

Returns are expected to improve, given evidence of stabilising valuations. According to data from CBRE, the share of market segments in their monthly yield sheet that were stable over the three months to June 2024 increased to 86%. This rose from 70% in March 2024. While this reflects prime quality in most cases, and is only indicative market estimates, the sense that valuations are stabilising is growing.

The logistics occupational market has produced mixed signals. Take-up has been recovering and reached 6.2 million square metres in the first quarter of 2024, just 2.6% below the pre-pandemic, first-quarter average. The vacancy rate increased from 3.3% in 2022 to 5.9% in March 2024, yet the availability of best-in-class warehouses is scarce. The development pipeline suggests new supply will begin to fall back in the coming quarters.

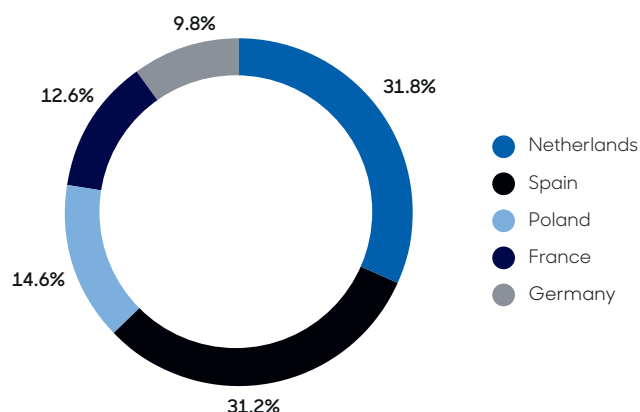
Logistics rents on average increased by 6.8% over the year to March 2024. While this represents strong market performance, the pace slowed from 9% in 2022. We expect rental growth to remain above the long-term average and above inflation in 2024 and 2025, as supply in good locations remains tight. We remain very cautious of poorer-quality assets that face significant capital expenditure to avoid becoming stranded.

Given the strong fundamentals and sharp correction in logistics values, sentiment is now clearly turning a corner ahead of most other sectors. Competition is returning for the right kind of logistics assets in good locations. Logistics investment in the first quarter of 2024 retained its 19% share of the total.

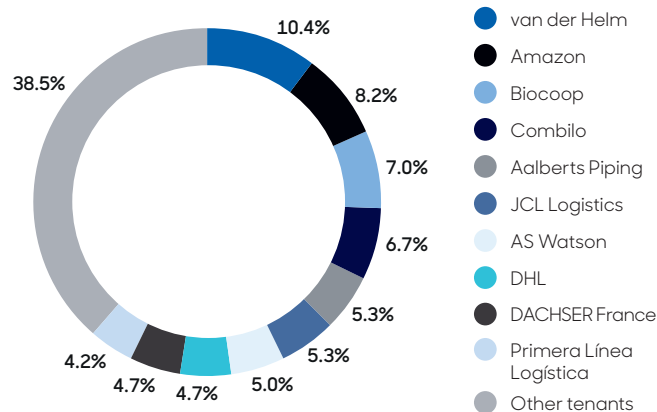
## Change of Policy

With the change of investment objective and policy voted on by shareholders, the investment management team and support across Europe has been working over the summer to ready assets for sale. With a gradually increasingly positive outlook we remain hopeful of delivering sensible sales over the coming months allowing the Company to commence its return of capital to shareholders in early 2025.

Country allocation (% of portfolio value)



Tenant exposure (% of total rent)



## Important information

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

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

### Other important information:

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#### Contact

##### Private investors

[trusts@abrdn.com](mailto:trusts@abrdn.com)

##### Institutional Investors

[InvestmentTrustInvestorRelations-UK@abrdn.com](mailto:InvestmentTrustInvestorRelations-UK@abrdn.com)

##### Ben Heatley

Head of Closed End Fund Sales

[Ben.Heatley@abrdn.com](mailto:Ben.Heatley@abrdn.com)

For more information visit [abrdn.com/trusts](http://abrdn.com/trusts)

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