Investment Managers

Real Assets

AXA CoRE Europe Fund S.C.S., SICAV-SIF

An open-ended variable capital investment fund (société d'investissement à capital variable-fonds d'investissement spécialisé) incorporated as a common limited partnership (société en commandite simple) under the laws of the Grand Duchy of Luxembourg

Annual report and audited consolidated financial statements for the year ended 31 December 2021

R.C.S. Luxembourg B 202 722
2 - 4, rue Eugène Ruppert
L - 2453 Luxembourg
Grand Duchy of Luxembourg

Index

Management and administration

Registered Office
c/o The Bank of New York Mellon SA/NV,
Luxembourg Branch
2 - 4, rue Eugène Ruppert, L-2453 Luxembourg
Grand Duchy of Luxembourg

General Partner
AXA CoRE Europe GP S.à r.l.
21, boulevard Grande-Duchesse Charlotte
L-1331 Luxembourg
Grand Duchy of Luxembourg

Board of Managers of the General Partner
Tom Loesch
Sylvie Reisen
Keith Burman

Alternative Investment Fund Manager (the "AIFM")
AXA Real Estate Investment Managers SGP
Tour Majunga, 6 place de la Pyramide
92908 Paris - La Défense Cedex
France

Depositary and Paying Agent
The Bank of New York Mellon SA/NV,
Luxembourg Branch
2 - 4, rue Eugène Ruppert, L-2453 Luxembourg
Grand Duchy of Luxembourg

Central Administration, Registrar and Transfer Agent
The Bank of New York Mellon SA/NV,
Luxembourg Branch
2 - 4, rue Eugène Ruppert, L-2453 Luxembourg
Grand Duchy of Luxembourg

Auditor
PricewaterhouseCoopers, Société Coopérative
2 rue Gerhard Mercator, B.P. 1443
L-1014 Luxembourg
Grand Duchy of Luxembourg

Legal Advisor
Linklaters LLP
35 avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Tax Advisor
Linklaters LLP
35 avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Real Estate Appraisers
Jones Lang LaSalle Limited
30 Warwick Street
London W1B 5NH
United Kingdom

CBRE Limited
Henrietta House, Henrietta Place
London W1G 0NB
United Kingdom

Cushman & Wakefield Valuation France S.A.
Tour Opus 12
77 Esplanade du Générale-de-Gaulle
92932 Paris La Défense Cedex
France

C&W (U.K.) LLP – German Branch
Rathenauplatz 1
60313 Frankfurt
Germany

Fund summary

MANAGEMENT REPORT

In 2021, AXA CoRE Europe Fund has again demonstrated its capacity to generate strong performance and has completed the year with a strong rump up to a well-diversified portfolio of EUR 5,6 billion in property value and 368 assets located across 15 European countries amongst 5 sectors. As of 31 December 2021, the Fund has delivered a record performance in this respect: +8.3% (YTD). Over the past twelve months, the Fund has deployed €820m of investments, leveraging AXA IM – Real Assets' unique ability to source deals in a very competitive real estate market. In line with Fund convictions, approximatively 80% of the Fund investments have been done in the logistics and residential fields.

In 2021, the Fund has issued 2 'Green Bond' offerings for the total amount of EUR 1 billion under its Green Finance Framework which has been approved by Sustainalytics, a market leading independent ESG and corporate governance research, ratings, and analytics firm. The Fund and the two Green Bond issuances have been rated BBB+ (investment grade rating) by S&P Global Rating. As of 31 December 2021, approximatively 55% of the Fund external financing was considered as unsecured. This change in terms of financing strategy will continue in the upcoming years thanks to a EUR 3 billions EMTN programme in place.

European economy

The Eurozone economy expanded by 2.2% quarter-on-quarter (q-o-q) in Q3 2021. Household consumption accelerated, government expenditure slowed, and gross fixed capital formation declined. Meanwhile, net trade contributed positively. Among Europe's largest economies, Germany, France, Italy, the UK, and Spain saw q-o-q growth amount to 1.7%, 3.0%, 2.6%, 1.1% and 2.6% respectively. As of December 2021, AXA IM Research estimates Eurozone and UK GDP to have grown by 5.0% and 6.8% in 2021 respectively. Looking ahead, greater immunity levels, lower intrinsic virus severity, a lower degree of sensitivity of activity to Covid restrictions compared with previous waves, as well as significant pent-up demand in services spending, a normalisation in savings rates and persistent fiscal support are set to be supportive of growth. AXA IM Research expect Eurozone and UK GDP to grow at 3.9% and 5.0% respectively in 2022 and at 2.1% and 2.3% respectively in 2023.

Inflation, fuelled by higher energy prices, base effects, and supply chain bottlenecks, has surged across Europe. As of December 2021, AXA IM Research estimates 2021 CPI inflation in the Eurozone and the UK to average 2.6% and 2.4% respectively. The ECB anticipates high inflation will persist in the near term but should ease during 2022 and end below 2% by the end of the year. In line with these expectations, the ECB announced the end of the Pandemic Emergency Purchase Program (PEPP), but it will, however, scale up the Asset Purchase Program (APP) to €40 billion/month in Q2 2022, before reducing it to €30 billion in Q3 and €20 billion/month from October 2022 onwards "for as long as necessary". A rate hike appears unlikely before 2023. In comparison, the Bank of England's (BoE) Monetary Policy Committee (MPC) voted to increase Bank Rate to 0.25% from 0.1% in December 2021. Despite the uncertainty posed by the omicron variant, the MPC viewed the threat of elevated inflation and a tight labour market as warranting an increase from the low emergency rates. The MPC highlighted that any future tightening would depend on uncertain future developments in the virus. However, it suggested that further modest tightening was viewed as "likely". AXA IM forecast two hikes by the BoE in 2022 and one in 2023.

According to AXA IM, 2022 is expected to see CPI average 2.7% in the Eurozone and 3.8% in the UK. 2023 is expected to see some normalization with CPI inflation amounting to 1.8% in the Eurozone and 1.9% in the UK.

European Investment

Pent-up demand from cross-border capital boosted European investment volumes in 2021, according to CBRE. Despite a return to social and economic restrictions in Q4 due to the Omicron variant, volumes hit a quarterly record of €136 billion in Q4 and an annual record of c.€359 billion for full year 2021.

Germany once again had the highest total investment volumes, posting a 39% year-on-year (y-o-y) increase to reach €110 billion, with €48.9 billion in Q4 alone. The UK saw the next highest volumes at €71 billion, a 49% y-o-y increase in 2021. Sweden (€28.1 billion), Norway (€15.9 billion), Denmark (€12.7 billion) and Finland (€6.9 billion) rose 60%, 46%, 29% and 16% y-o-y respectively in 2021 highlighting the continued focus on the Nordic markets. Elsewhere, Ireland, Spain and Italy also recorded robust annual growth while the Netherlands, France and Portugal saw declines.

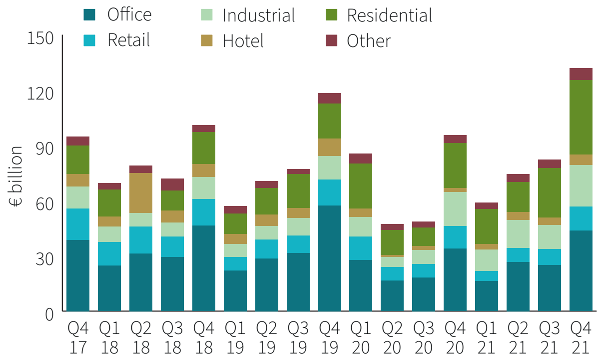
Office volumes totalled €43.6 billion in Q4, a rise of 76% quarter-on-quarter (q-o-q) and 29% y-o-y, closely followed by residential with €40.5 billion, reflecting 50% q-o-q and 67% y-o-y as residential volumes hit an annual record of €102.6 billion. The industrial and logistics sector posted €22.3 billion in Q4, the retail sector saw little over €13 billion, and hotels, with €5.8 billion, continued to see investor appetite improve (possibly interrupted again given Omicron).

Fund summary

MANAGEMENT REPORT (CONTINUED)

Prime pricing continued to tighten across the board supported by rental value growth, further widening the gap between prime and the rest.

European investment volumes



Source: CBRE, AXA IM - Real Assets. Data as at 19 January 2022.

European Retail

As of mid-January, more than 334 million people had been infected with the Covid-19 virus and billions of people have been, and still are, facing new waves of contamination. The spread of the Delta variant in early summer 2021 and the Omicron variant from November 2021 has raised concerns, but the expansion of the vaccination programme has proven to be quite effective in Europe at protecting the most vulnerable from severe cases. Additionally, the emergence of the more contagious but apparently less deadly Omicron variant could help to raise herd immunity on the path out of the health crisis, whereby Covid-19 becomes widely manageable.

From a retail perspective, the health crisis has accelerated the headwinds that the retail sector was already facing. Lockdowns and the repeated closures of shopping malls have exacerbated the profitability pressures that retailers were already grappling with due to omni-channel investment. Retailers continue to optimise their real estate costs. Forced social distancing for many months has eased the last resistance towards e-commerce for many users, which should reinforce brands in their strategy to reduce their physical footprint. PMA expects the share of e-commerce in Europe to increase to 21% by 2026 compared to 7.1% in 2018. More and more landlords are launching repurposing plans, as an increasing amount of retail space is no longer fit for purpose.

The marked drop in rents and changes in rental conditions started before the pandemic, but the crisis precipitated the correction. However, according to CBRE, several positive signals seem to indicate that the correction is almost over. Downward pressure on prime rents for shopping malls and high street shops continued in the fourth quarter of 2021 in only a handful of European markets and to a much lesser extent than in previous quarters. This was the case for some markets in Sweden, the Netherlands, the UK, and Ireland. Prime yields remained broadly stable for high streets, with compression recorded in Germany and the Netherlands. Shopping centre prime yields remained broadly stable; while an increase of 0.25% was recorded in Sweden, a few markets in the UK and Germany recorded yield compression of between 0.05% and 0.15%.

Shopping centres continue to raise questions in the context of structural changes, but opportunities should emerge as a result of the strong repricing that occurred during the pandemic. Food-anchored local formats and retail parks are still arousing strong interest and are experiencing strong yield compression across the board.

European Offices

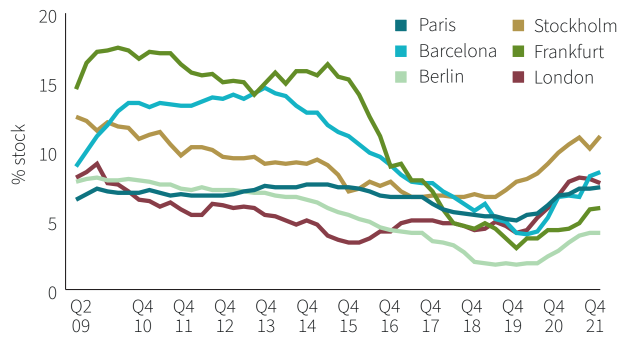
With office occupancy rates increasing among corporates, a recovery in office demand, which had taken a hit during the pandemic, has materialised since summer 2021. In Q4 2021, 3.2 million sq m of take-up was recorded in the 24 markets included in JLL's European office index, representing a 40% increase on the levels seen in Q4 2020 and a 26% increase on Q3 2021. In line with newly introduced restrictions, a slowdown in demand was recorded in December and overall take-up levels in 2021 still remained 16% below the five-year average. Diverging trends in take-up are still evident on a regional level, with the largest increases over the year seen in London (261%) and Dublin (219%), while Stockholm (-62%) and Amsterdam (-43%) showed more subdued activity. The largest boost for office demand came from the technology, media and telecommunications segment. In London, 26% of total take-up was driven by this sector. This includes the Daily Mail's signing of 11,700 sq m in Barkers Building in Kensington as well as Snapchat's 10,600 sq m pre-let in the new Clerkenwell development near Farringdon Station.

The aggregate European vacancy rate for JLL's index rose by 0.1% to 7.7% during Q4. Overall vacancy increased by 1.3%, which, given the challenging environment, was not as bad as expected. High demand for Grade A space and conversion of obsolete offices has helped to mitigate the increase in available space. The strongest quarter-on-quarter (q-o-q) increases in vacancy rates across the key European markets were seen in Helsinki (1.1% to 13.7%) and Stockholm (0.9% to 11.1%), while the largest decrease was recorded in Dublin (-1.7% to 10.7%).

Fund summary

MANAGEMENT REPORT (CONTINUED)

Office vacancy rates in Europe



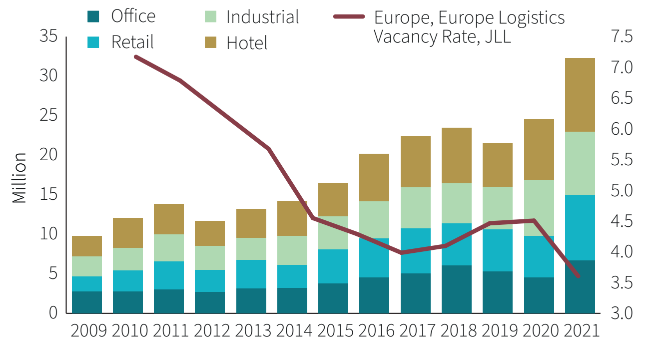
Source: JLL, AXA IM - Real Assets. Data as at 18 January 2022.

The bounce-back in demand and the strong focus on best-in-class offices was reflected in prime rental value growth in Q4. On a quarterly basis, the European office index rose by 0.4%, with rental increases recorded in a third of the 24 markets in the JLL index. The strongest growth was witnessed in Amsterdam (5.6% q-o-q) and Edinburgh (2.7% q-o-q), while the only markets that recorded declines were Dublin (-4.2% q-o-q) and Paris (-1.1% q-o-q).

European Logistics

Occupier demand remains strong in the vast majority of major European logistics markets and a record 9.3 million sq m (units of 10,000+ sq m in the UK, 5,000+ sq m elsewhere) of European distribution warehouse and logistics space was taken-up in Q4 2021. This took the annual total over 32 million sq m – 32% higher than in 2020, the previous record high. Take-up continues to be boosted by e-commerce occupiers, with the segment accounting for an estimated 22% of the European total in 2021.

Pan-European distribution warehouse and logistics take-up and vacancy rate



Source: JLL, CBRE, Macrobond, AXA IM - Real Assets, data as at 08 April 2022
NB: Europe = Belgium, France, Germany, Italy, Netherlands, Spain, UK, Czech Republic, Hungary and Poland
NB: Modern warehousing units 5,000+ sq m; 10,000+ sq m in the UK

Accelerating take-up and relatively modest speculative development have resulted in a scarcity of suitable, available space in many core European logistics markets. The European vacancy rate had fallen to a record low 3.6% by the end of 2021 as take-up accelerated. There are differences between markets, with the vacancy rate (including space that is speculatively under construction) at 2.6% in Germany, 4.5% in France and 5.5% in the UK in Q4, but rates are below their long-term averages in all countries and at record lows in many, including France, Germany and the Netherlands.

JLL data suggests a record high 5.4 million sq m of stock was completed in Europe in Q4 2021, taking the annual total to 17.1 million sq m, 6% higher than in 2019, the previous annual record. Moreover, the volume of space under construction continues to increase, rising 6% q-o-q and 62% y-o-y in Q4. Around 20.7 million sq m was under construction at the end of 2021, of which an estimated 42% was speculative. Significant increases in the volume of space under construction were seen in several markets, notably the Czech Republic (23% q-o-q), Italy (72%) and the Netherlands (22%).

JLL's data suggests rental growth is starting to spread through Europe's key logistics markets, with 24 of their 38 markets seeing rental growth over 2021. Indeed, double-digit y-o-y growth was reported in nine markets, including Lyon, Paris, Oslo, Birmingham, Leeds, and London. Further growth is expected, especially in markets where the demand-supply balance is tight.

European residential

The re-imposition of restrictions in advance of the fourth wave of the virus affected December, however, it did not prevent momentum from the first two months of the quarter offsetting this. The gradual return of people to some urban centres, tight availability of good quality housing and a pick-up in employment drove a continued recovery in many of Europe's rental housing markets in Q4 2021.

Prime rents rose on average by 1.8% quarter-on-quarter and in just under half of the 17 major cities recorded by CBRE in Q4 2021 with rents in the remainder stable. Over the whole of 2021, prime growth averaged c.4%. In markets where prime growth was flat or low, such as Vienna and Berlin, rents for mid-priced stock grew, highlighting demand for affordable units.

Housing construction continued to recover during the second half of 2021, albeit the levels remained below the

Fund summary

MANAGEMENT REPORT (CONTINUED)

10-year average for completions in many cities and below government targets. Larger centres, such as London, look likely to see completions come in lower than recent years due to delays and competition for labour and materials from other sectors/projects. Dublin, a much smaller city, recorded improved growth in the volume of construction but even here completions will fall short of the 8,000 needed per year (national annual target 35,000) to cover the for-sale and renter demand.

Regulation remained a topic of debate in many countries, although few if any changes occurred in Q4. On July 6, 2021, the Dutch Purchase protection and extension of temporary letting Act was passed by the Dutch Senate, with the intention to prevent landlords from acquiring for the purposes of renting. Currently, it is expected that the purchase protection will come into legislative effect on January 1, 2022 by an amendment of the Housing Act. The Irish government are proposing a similar measure, with an announcement expected in early 2022.

The final quarter continued the momentum in investor activity taking full year residential investment volumes in excess of €100 billion, making it a record year. As a consequence of the high level of interest, yields compressed by an average of c.10 basis points in Q4, and by much more in the Nordics, where they came in around 20 basis points on average.

European hotels

After what was the worst year on record for global hotel performance, 2021 presented a more optimistic picture. The summer of 2021 saw European hotels reach 70% of 2019 occupancy levels. Room rates even exceeded their 2019 level. However, a renewed surge in Covid infections in November and December is likely to have weighed on winter hotel performances as travel restrictions remain in place in several countries. However, given greater immunity levels, lower intrinsic virus severity and a lower sensitivity of activity to Covid restrictions compared with previous waves, the European hotel industry is set to continue its path to recovery in 2022. Both solid growth in consumption as saving rates normalise and pent-up demand for tourism-related services should be supportive across Europe. Baseline forecasts do not suggest a recovery in air traffic until 2023/2024. As evidenced through the less restrictive months of 2021, domestic leisure demand is expected to drive the recovery in hotel overnight stays, whereas locations with a strong reliance on international business tourism are likely to continue to see a more extended absorption curve on average. Overall, according to STR, European Revenue Per Available Room (RevPAR) was, as at November 2021, up 42.1% year-on-year year-to-date (y-o-y, y-t-d). Occupancy stood at 43.3%, up 26.6% y-o-y, y-t-d. UK RevPAR increased by 47.6% y-o-y, y-t-d with an occupancy rate of 53.4%, up 27.7% y-o-y, y-t-d. Italy, Spain and France saw increases in RevPAR amounting to 85.0%, 65.9% and 37.1% y-o-y, y-t-d respectively. German RevPAR was relatively weak, up only 1.8% y-o-y, y-t-d. Both overall European and UK RevPAR remain significantly below 2019 RevPAR levels.

European hotel room completions dropped in 2020. According to STR, only 38% of the rooms originally planned to be completed in 2020 were completed. Delay in 2020 completions mean both 2021 and 2022 should see newly opened and completed European hotel rooms to amount to 2% of 2019 room stock, a significant acceleration compared to 2020. Most (50%+) hotels that are anticipated to newly open in Europe are expected to be midscale or better. That said, European hotel investment volumes are recovering; according to RCA, they amounted to €14.7 billion in 2021, up 60% compared to 2020 but down 42% compared to 2019. Hotel yields had moved out in most European markets since Q4 2019. However, as at December 2021, key markets such as Paris and London saw yields on hotel leases move back to their pre-Covid levels, to amount to 4.25% and 3.75% respectively.

Portfolio as of December 31st 2021

1. Transactions to date

During last financial year the Fund acquired directly and indirectly 170 properties (137 Residential assets in France, 1 Residential asset in Ireland, 1 office asset in Germany and 30 industrial assets as part of the European logistic portfolio and 1 German industrial asset trough one of its subsidiaries).

a) JV Cronos – Residential building in Paris Area, France

In January 2021, the Fund has acquired a c. 20% share in a portfolio invested in affordable housing in Paris area in France with a strong potential to capture rent reversion on existing leases. The portfolio is comprised of 137 assets (out of which 85 assets are in building phase) in Paris and Île-de-France and this partnership will provide access to a large pipeline in the future.

b) Titanium' – Business Parks in Augsburg, Germany

In April 2021 the Fund has acquired recently developed prime industrial asset in Augsburg, Germany trough an

Fund summary

MANAGEMENT REPORT (CONTINUED)

existing JV (Fund share of 65%). The asset is covering 10 building and has a well-diversified tenancy schedule

c) **Logistic assets, Pan European portfolio, existing JV with AXA Group (32% ownership)**
The Fund continued its development in industrial sector and acquired one property located in Germany in Königs Wusterhausen in the South of Berlin. The asset was delivered in the end of 2020 and comprises a total lettable area 56 000 sqm. The newly developed asset is fully let to a global logistics and supply chain company and comes with a DGNB 'Gold' environmental certification.

Continuing its path to executing robust deal pipeline, the Fund has signed a forward purchase agreement in February 2021 for a turnkey development project in Illescas, a distribution hub south of Madrid, Spain. The 68,000m2 project will be delivered in Q1 2022 with a BREEAM 'Very Good' certification and is fully let to a leading Spanish food distributor with a strong e-commerce presence.

In July 2021, the Fund has a acquired a high-quality asset focused on energy transition within the city of Barcelona. The transaction is structured as a forward funding scheme and the property will benefit from excellent specifications and good flexibility. The c. 58,000 sqm project have been delivered in Q4 2021.

In November 2021 the Fund acquired Nordic logistic platform (19 Assets) with significant reversionary potential. The highly diversified portfolio has a robust tenant base with 99% occupancy across assets in Sweden, Norway, Denmark and Finland, further enhancing the Fund's diversification. Grade-A logistics warehouses are almost fully occupied (99%) with an attractive weighted average lease length in excess of 7 years.

Furthermore, exclusivity has been agreed for an acquisition of number of five last-mile logistics assets in Germany. In December 2021, 3 assets were delivered and the acquisition of the remaining two are expected to be accomplished in Q2 2022. The assets have a total of 32,700m2 warehouse space and 13,712m2 office space, tailored to customer demand for fast delivery times and offering a well-diversified portfolio near major cities. The portfolio is fully let to leading retailer with the 10 years WALB.

d) **Aachen – Office building, Germany**
The Fund has acquired a modern research and development (R&D) complex in Aachen, Germany. The asset, with 66% of income generated by public tenants, is located on the campus of one of the leading German universities and consists of four buildings over 28,000m2, with comprehensive R&D space.

e) **Logistic assets, Pan European portfolio, existing JV with AXA Group (32% ownership)**
In July 2021, the Fund also acquired a core, brand-new last-mile logistics portfolio of 5 single-let assets in Northern Italy. The assets are situated in urban locations (Milan, Parma, Florence and Padua) and all properties were built or extensively refurbished over the last 4 years. 3 assets are already qualified with BREEAM Excellent.

f) **Residential asset in Dublin, Ireland**
The Fund has strengthen its position on the Irish residential market acquiring and signing a forward purchase agreement in July 2021 for a multifamily development opportunity in Dublin, Ireland, with delivery expected in Q1 2024. The project comprises 232 residential units and 6 commercial units and represents an outstanding opportunity to expand the Fund's residential exposure to the strong Dublin market. The asset will be based on the highest sustainability levels (target LEED 'Gold' certification).

g) **Disposals**
On 15 March 2021, The Fund has sold a non-strategic office asset located in Münster, Germany. The property was successfully sold with a strong uplift to its Q4 2020 valuation.

In line with the original underwriting and asset management plan of the OneLog logistics portfolio, the Fund has accomplished the disposal of 5 non-strategic assets (car dealership) in the end of the year for an amount of c. EUR 30m.

2. **Compliance with the Fund's guidelines**
As at today's report date, there are no breaches in investment guidelines of the Fund.

Greenhouse portfolio
The Grange, Ireland

Fund summary

AIFM REPORT – RISK MANAGEMENT

Risk profile

The risk management and controls activities are done at each level of the organization and shared between Investment teams (1st level of control) , the independent Risk Management Department and the Compliance Department (2nd level of control) and Internal Audit Department (3rd level of control).

The risk management department of the AIFM implements and maintains risk management policies and procedures designed to identify, measure, manage and monitor investment and operational risks.

For each AIF, the management of investment risks at fund level is done through:

- An assessment of the risk profile of each fund against its defined investment objectives,
- An identification of the type of investment risks applicable to each fund,
- A monitoring of investment guidelines (regulatory, contractual and internal if applicable) for each fund,
- In addition to the investment guidelines, a definition of internal risk indicators (KRIs) to periodically monitor changes in risks exposures of each fund,
- The performance of stress-tests to assess impacts of unfavorable market and liquidity conditions on each fund.

The AIFM also carries out an operational risk program to ensure operational risk is both appropriately measured and effectively managed. The monitoring of operational risks is mainly based on:

- the existence of procedures tailored to the nature of the Company's business,
- a control system that is independent of the business operations,
- a mapping of the operational risk sources and potential impacts on that basis,
- An incident management system

Fund summary

AIFM DIRECTIVE DISCLOSURE - LIQUIDITY ARRANGEMENT & REMUNERATION MANAGEMENT

1. Information related to redemption-related liquidity and "special arrangements" within the meaning of the AIFM Directive

a Information on the redemption-related liquidity

The redemption of the AIF is subject to the limits and under the conditions set out in the offering memorandum.

b "Special arrangements" within the meaning of the AIFM Directive :

Pursuant to the AIFM Directive, a "special arrangement" means an arrangement that arises as a direct consequence of the illiquid nature of the assets of an AIF which impacts the specific redemption rights of investors in a type of units or shares of the AIF and which is a bespoke or separate arrangement from the general redemption rights of investors.

None of the portfolio's assets are subject to such arrangements.

2. Information regarding the remuneration policy statement

According to regulatory requirements on remuneration disclosure applicable to asset management companies, this disclosure provides an overview of the approach on remuneration taken by AXA Investment Managers (hereafter "AXA IM"). Further information on the composition of the Remuneration Committee and driving principles of the Remuneration Policy is available on AXA IM website: www.axa-im.com/remuneration. A copy of this information is available upon request free of charge.

Governance

AXA IM's Remuneration Policy, which is reviewed and approved by the AXA IM Remuneration Committee every year, sets out the principles relating to remuneration within all entities of AXA IM and takes into account AXA IM's business strategy, objectives, and risk tolerance, as well as the long-term interests of AXA IM's shareholders, clients and employees. The AXA IM Remuneration Committee, in line with the remuneration policies and procedures set and validated at AXA Group level, ensures consistency and fair application of the Remuneration Policy within AXA IM, as well as compliance with applicable regulations.

The central and independent review that the effective implementation of the AXA IM's Remuneration Policy complies with the procedures and policies adopted by AXA IM Group level, is performed by the AXA IM Internal Audit Department, who present each year its conclusions to the AXA IM Remuneration Committee to enable it to perform its diligences.

These conclusions did not mention any particular comments regarding the compliance of the effective implementation of the AXA IM's Remuneration Policy.

The result of the annual exam by the AXA IM Remuneration Committee is presented to the Board of Directors of AXA Real Estate Investment Managers SGP (hereafter "AXA REIM SGP") along with the amendments implemented into the AXA IM's Remuneration Policy.

The Global Remuneration Policy has been reviewed to ensure compliance with all governing regulations and alignment with the AXA IM business and Human Resource strategies, and, was revised on the proposed deferral structure and on the AXA IM Performance shares attribution.

Fund summary

AIFM DIRECTIVE DISCLOSURE - LIQUIDITY ARRANGEMENT & REMUNERATION

Quantitative information

Data provided below are those of AXA Investment Managers covering all subsidiaries of the AXA IM Group and types of portfolios as at 31 December 2021 after application on remuneration data of the Fund's weighted Asset Under Management allocation key.

Total amount of remuneration paid and/or awarded to staff

for the year ended December 31, 2021(1)	
Fixed Pay(2) (€ '000)	1,913
Variable Pay(3) (€ '000)	2,238
Number of employees(4)	2,537 among which 90 for AXA REIM SGP

Aggregate amount of remuneration paid and/or awarded to risk takers and senior management whose activities have a significant impact on the risk profile of portfolios (1)

	Employees with a direct impact on the risk profile of investment vehicles	Senior Managers/ Executives	Total
Fixed Pay and Variable Pay (€ '000)(2)(3)	984	782	1766
Number of identified employees (5)	258 among which 19 within AXA Real Estate Investment Managers SGP	79 among which 2 within AXA Real Estate Investment Managers SGP	337 among which 21 within AXA Real Estate Investment Managers SGP

(1) Excluding social charges, after application of the fund's weighted Asset Under Management allocation key.
(2) Fixed Pay amount is based on Fixed Pay effective for all staff at AXA IM on January 1st, 2021.
(3) Variable Pay, composed of discretionary, upfront and deferred items, includes:
- Amounts awarded for the performance of the previous year and fully paid over the financial year under review (non-deferred variable pay)
- Amounts awarded for the performance of previous years and the performance of the year under review (deferred variable pay),
- Long-Term Incentives awarded by the AXA Group.

(4) Number of employees includes Permanent and Temporary contracts excluding interns as at 31/12/2021.
(5) Number of identified employees within AXA IM Group level and AXA REIM SGP as at 31/12/2021.

Fund summary

AIFM DIRECTIVE DISCLOSURE - LEVERAGE & MATERIAL CHANGES

1. Leverage

In accordance with the EU Commission Delegated Regulation (EU) No 231/13 (the “AIFM Regulation”), leverage is defined as any method which increases the Fund’s exposure, including the borrowing of cash and the use of derivatives.

It is expressed as a percentage of the Fund’s exposure to its net asset value and is calculated under both a gross and commitment method.

The Fund exposure under both the gross and commitment method is calculated as follows:

- Total Exposure (gross method) = Sum of consolidated assets with derivative instruments converted into equivalent positions in their underlying asset, excluding cash or cash equivalent positions.
- Total Exposure (commitment method) = Sum of consolidated assets with derivative instruments converted into equivalent positions in their underlying asset, taking into account netting and hedging arrangements.

The calculation of the exposure takes into account transparently the debt and derivatives instruments of controlled equity interests, in proportion to the share held.

Method	Leverage as of 31/12/2021	Maximum leverage authorized
Gross method	163%	300%
Commitment method	134%	200%

2. Material Changes

While maintaining the same leverage and the same credit profile, the Fund has moved from full secured financing towards unsecured financing.

Dolphin Residential House, United Kingdom.

Fund summary

SPECIAL REPORT PURSUANT TO REGULATION (EU) 2019/2088

Product name: AXA CoRE Europe Fund S.C.S., SICAV-SIF

Legal entity identifier: B202722

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective? No

This financial product promotes Environmental/Social (E/S) characteristics.

To what extent are the environmental and/or social characteristics promoted by this financial product met?

How does the sustainability indicators perform?

- Proportion of certified assets (i.e. assets which have achieved an independent third party environmental certification such as BREEAM, LEED, MINERGIE, HQE or similar) as % of AuM: 51%[(1)]
- Proportion of assets with EPC performance level A or B as % of AuM: 18,9%
- Average ESG scoring[(2)] of the portfolio: 5,8/10

How do the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

How are the indicators for adverse impacts on sustainability factors taken into account?

The fund considers principal adverse impact through the application of the internal policies of the investment manager, as further described below.

The fund aims at using, within the coming years, the indicators relevant for its activities set out under Regulation (EU) 2019/2088 ("SFDR") Regulatory Technical Standards, notably GHG emissions/intensity and carbon footprint, including by using proxy when necessary and depending on the asset classes of the portfolio..

Are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The investment manager includes, when contracting with third parties such as property managers or asset managers, corporate responsibility and anti-money laundering provisions within the agreements concluded with such third parties, aiming at ensuring compliance with, inter alia, the United Nations Universal Declaration of Human Rights, the core standards of the International Labour Organization, the Guiding Principles for the implementation of the United Nations "Protect, Respect, Remedy" Framework, the UN Global Compact, the UN Principles for Responsible Investment and the Global Deal (OECD).

How does this financial product consider principal adverse impacts on sustainability factors?

The "do no significant harm" principle that aims to ensure limiting adverse impact on sustainability factors, is considered through the application of the internal policies of the investment manager, notably:

- The application of exclusion policies[(3)], aiming at addressing the most material ESG risks, based on:
  - Sectorial exclusions: Climate risks, Ecosystem Protection & Deforestation, Soft Commodities.
  - AXA IM ESG standard Exclusion: Tobacco, White Phosphorus Weapons, UNGC violations, Human Rights.

(1) Based on a LfL portfolio basis as of Q2 2020, starting point of certification process, the certified AuM reaches 92% as of Q4 2021
(2) AXA IM has developed a proprietary internal ESG scoring system (between 0 and 10) reflecting various performance indicators for each asset, including energy, water, waste, physical climate risk, governance criteria and tenant wellbeing and engagement criteria. 5.8/10 achieved in 2020
(3) The recipient should be aware that the impact of these exclusions policies is limited for certain asset classes

Fund summary

SPECIAL REPORT PURSUANT TO REGULATION (EU) 2019/2088 (CONTINUED)

- The limitation of investments considered as "low rated" in line with the ESG scoring policy described below. The investment manager intends to limit as from 2022 the maximum percentage of "low rated" investment to 10% of the scored portfolio.

- The integration of sustainability risk and ESG factors in the investment decision process: proprietary methodologies are implemented to conduct specific sustainability risk assessments based on ESG factors, notably during the investment due diligence phase for a contemplated investment. Such process results in the systematic attribution of an ESG score, incorporating a set of indicators and criteria, on the contemplated new investment, which will be reviewed on an annual basis. In order to strengthen its methodology and to promote ESG characteristics, the investment manager has:
  - limited and restricted the maximum portion of the portfolio which is considered as "low rated"; and/or included a minimum percentage of investments rated above a threshold.

- The systematic implementation of an improvement plan for all investments considered as "low rated".

The investment manager aims at enhancing progressively this methodology over the next years in conjunction with additional data becoming available.

What are the top investments of this financial product?

Largest investment	Sector	% Asset	Country
Dolphin Square	Residential	6.90%	UK
Le Dôme	Office	3.60%	Benelux
Portman	Office	3.30%	UK
Smartside	Office	3.30%	France
Condor	Office	3.20%	UK
Italie 2 Shopping Center	Retail	3.20%	France
Issy	Office	2.50%	France
Tour First	Office	2.30%	France
Aachen	Office	2.20%	Germany
Dolce Vita Tejo	Retail	2.20%	Portugal
Parexel	Office	2.20%	Germany
Monte Rosa	Office	2.10%	Italy
Valentinskamp	Office	1.80%	Germany
Area Sur Shopping Center	Retail	1.70%	Spain
MacDonald	Office	1.70%	France

In which economic sectors are the investments made?

The investments are made substantially in the office, residential and industrial sector.

To what extent are the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund cannot at this stage take into account the EU criteria for environmentally sustainable economic activities as defined by the Regulation (EU) 2020/852 of 18 June 2020 ("EU Taxonomy Regulation") and its portfolio alignment with such EU Taxonomy

Fund summary

SPECIAL REPORT PURSUANT TO REGULATION (EU) 2019/2088 (CONTINUED)

Regulation is not calculated. Therefore, the "do no significant harm" principle does not apply to any of the investments at this stage.

What actions are taken to meet the environmental and/or social characteristics during the reference period?

The investment manager aims at constantly enhancing its policies to ensure environment and/or social characteristics promoted by the fund are met.

For instance, it has been applying a palm oil exclusion policy on all its AuM since 2014 excluding investments that have negative impacts on forest, natural environment and local communities. In Q4 2021, the investment manager extended this policy to cover investments incorporating significant land use controversies and responsible for biodiversity loss in relation to soy, cattle and timber.

In the coming months, the investment manager intends to (i) limit the maximum percentage of "low rated" investment to 10% of the scored portfolio and (ii) update its ESG methodology to align with the relevant indicators set out under SFDR as from the entry into force of the related requirements.

Audit report

To the Partners of
AXA CoRE Europe Fund S.C.S., SICAV-SIF

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of AXA CoRE Europe Fund S.C.S., SICAV-SIF and its subsidiaries (the "Fund") as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in net assets attributable to the Partners for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Fund's General Partner is responsible for the other information. The other information comprises the information stated in the annual report but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Fund's General Partner for the consolidated financial statements

The Fund's General Partner is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Fund's General Partner determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Fund's General Partner is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund's General Partner either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund's General Partner;

- conclude on the appropriateness of the Fund's General Partner’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report, including the opinion, has been prepared for and only for the Partners and the Fund's General Partner in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 14 April 2022

Electronically signed by:
Amaury Evrard

Amaury Evrard

In'li portfolio, France, development project.
For illustrative purposes only

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	31 December 2021 €	31 December 2020 €
Assets			
Non-current assets			
Investment property	5	3,337,506,334	2,867,447,529
Investments in associates and joint ventures	6	1,168,052,352	779,771,426
Loans to associates and joint ventures	6	1,171,828,116	719,958,140
Financial assets at fair value through profit or loss	7	12,335,578	10,668,513
Investment held at amortised cost	8	5,000,000	5,000,000
Deferred tax assets	24	356,100	-
Other receivables and prepayments	9	10,401,960	2,650,000
Derivatives at fair value through profit or loss (assets)	10	14,334,844	135,510
Total non-current assets		**5,719,815,284**	**4,385,631,118**
Current assets			
Interest receivable		17,006,482	7,521,422
Other receivables and prepayments	9	59,603,966	132,476,789
Derivatives at fair value through profit or loss (assets)	10	2,173,558	-
Cash and cash equivalents	11	305,141,930	235,645,924
Total current assets		**383,925,936**	**375,644,135**
Investment property held for sale	5	-	15,750,000
Total assets		**6,103,741,220**	**4,777,025,253**
Liabilities			
Current liabilities			
Derivatives at fair value through profit or loss (liabilities)	10	11,041,300	6,508,001
Deferred income	18	13,686,521	12,161,933
Taxation payable	24	27,865,180	3,194,183
Subscriptions received in advance	23	336,177,139	173,682,994
Trade and other payables	12	80,141,165	53,778,221
Total current liabilities		**468,911,305**	**249,325,332**
Borrowings directly associated with investment property held for sale	17	-	4,785,680
Non-current liabilities			
Borrowings	17	1,711,031,395	1,252,145,576
Deferred tax liabilities	24	50,202,807	24,411,660
Trade and other payables	12	2,371,369	2,650,000
Derivatives at fair value through profit or loss (liabilities)	10	3,113,917	5,126,168
Non-controlling interests (equity)	20	**247,910,954**	**212,635,328**
Net assets attributable to the partners		**3,620,199,473**	**3,025,945,509**
Total liabilities		**6,103,741,220**	**4,777,025,253**
Adjustments from net assets attributable to the partners to adjusted subscription net asset value	4	92,839,187	97,334,652
Adjusted Subscription Net Asset Value*		**3,713,038,660**	**3,123,280,161**

*Calculated in accordance with Note 2.2.

The accompanying notes form an integral part of the consolidated financial statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Revenue			
Rental income	13	152,573,100	130,140,445
Dividend income		3,154,410	7,069
Other income		901,352	-
Net unrealised gain/(loss) from fair value adjustment on investment property	5	133,591,384	(28,241,501)
Realised gain on disposal of investment property	5	2,400,362	-
Net unrealised gain/(loss) on investments in associates and joint ventures held at fair value	6	1,341,464	(9,396,661)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	6	149,626,148	(12,443,091)
Net unrealised gain/(loss) on financial assets held at fair value	7	956,740	(3,102,377)
Impairment of goodwill	16	-	(4,665,726)
Impairment of loans to associates and joint ventures	6	19,354,045	(19,354,045)
Operating expenses	14	(85,840,772)	(61,070,983)
Operating profit/(loss)		**378,058,233**	**(8,126,870)**
Finance income	15	30,026,949	47,278,729
Finance expense	15	(71,621,714)	(50,707,595)
Finance result		**(41,594,765)**	**(3,428,866)**
Profit/(loss) before tax and distributions to the partners		**336,463,468**	**(11,555,736)**
Taxation expense	24	(18,282,301)	(5,370,647)
Deferred taxation	24	(25,435,047)	(6,413,847)
Total tax		**(43,717,348)**	**(11,784,494)**
Distribution to the partners	22	**(105,504,993)**	**(161,167,867)**
Profit/(loss) for the year after tax		**187,241,127**	**(184,508,097)**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation reserve		21,948,783	(3,869,480)
Total comprehensive income/(loss) for the year		**209,189,910**	**(188,377,577)**
(Loss)/profit for the year attributable to:			
Partners		164,466,997	(169,750,244)
Non-controlling interests		22,774,130	(14,757,853)
Total comprehensive income/(loss) for the year is attributable to:			
Partners		174,289,284	(177,730,076)
Non-controlling interests	20	34,900,626	(10,647,501)
Net increase/(decrease) in net assets for the year		**164,466,997**	**(169,750,244)**
Adjustments from net assets attributable to the partners to adjusted subscription net asset value		(4,495,465)	18,187,579
Transactions with non-controlling interests recognised within equity	20	-	2,519,317
Net increase/(decrease) in subscription net asset value		**181,920,315**	**(155,432,145)**

The accompanying notes form an integral part of the consolidated financial statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Cash flow from operating activities			
Profit/(loss) before tax and distributions to the partners		336,463,468	(11,555,736)
Adjustments			
Net unrealised loss/(gain) from fair value adjustment on investment property	5	(133,591,384)	28,241,501
Net unrealised loss/(gain) on investments in associates and joint ventures held at fair value	6	(1,341,464)	9,396,661
Share of net loss/(profit) of associates and joint ventures accounted for using the equity method	6	(149,626,148)	12,443,091
Net unrealised loss/(gain) on financial assets held at fair value	7	(956,740)	3,102,377
Finance result	15	41,594,765	3,428,866
Impairment of goodwill	16	-	4,665,726
Impairment of loans to associates and joint ventures	6	(19,354,045)	19,354,045
Other income		(901,352)	-
Dividend income		-	-
Increase/decrease in operating assets (excluding effect of acquisitions)			
Decrease/(increase) in other receivables and prepayments	9,16	70,168,808	(86,196,991)
Increase/(decrease) in deferred income	18	1,524,588	(69,578)
Increase/(decrease) in trade and other payables	12	19,771,906	(22,039,847)
Cash generated from operations		**163,752,402**	**(39,229,885)**
Taxation paid		(1,664,154)	(5,962,424)
Interest received		9,142,790	19,058,955
Interest and bank charges paid		(32,115,160)	(33,268,935)
Net cash generated from operating activities		**139,115,878**	**(59,402,289)**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired	16	(47,001,843)	(203,176,333)
Purchases of investment property	5	(80,278,457)	(60,263,018)
Disposal of investment property	5	15,750,000	-
Capital expenditure on investment property	5	(44,913,836)	(12,835,007)
Investments in associates and joint ventures	6	(253,860,994)	(125,231,704)
Return on and of capital on investments in associates and joint ventures	6	16,547,679	17,005,533
Loans to associates and joint ventures issued	6	(446,209,197)	(93,272,941)
Disposal of financial assets and return of capital	7	-	29,850,618
Loans to associates and joint ventures repaid	6	13,693,266	5,476,118
Net cash used in investing activities		**(826,273,382)**	**(442,446,734)**

The accompanying notes form an integral part of the consolidated financial statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Year ended 31 December 2021 €	Year ended 31 December 2020 €
Cash flow from financing activities			
Subscriptions received		207,847,152	430,000,002
Subscriptions received in advance	23	309,999,952	150,000,000
Debt issuance cost paid		(5,051,823)	-
Bank and other borrowings - loans received	17	67,112,506	-
Bank and other borrowings - loans repaid	17	(714,212,514)	-
Bank financing - bond issuance	17	987,760,531	-
Non-controlling interests borrowings received	17	22,445,297	60,770,597
Non-controlling interests borrowings repaid	17	(10,660,569)	(4,668,543)
Distribution to the partners	22	(53,019,768)	(91,639,354)
Repurchase of non-controlling interests	20	-	(2,439,457)
Distribution to non-controlling interests	20	-	(225,000)
Net payment on hedging		(47,917,311)	27,161,125
Net cash provided by financing activities		**764,303,453**	**568,959,370**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**77,145,949**	**67,110,347**
Cash and cash equivalents at beginning of the year		**235,645,924**	**172,788,262**
Net currency translation differences		**(7,649,943)**	(4,252,685)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**305,141,930**	**235,645,924**

The accompanying notes form an integral part of the consolidated financial statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2021

		Limited Partners *				
		Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Other Reserve	Total Limited Partners
	Note	€	€	€	€	€
Net assets attributable to the Partners as at 31 December 2019 (IFRS)		**2,073,522,802**	**33,766,018**	**6,006,985**	**-**	**2,113,295,805**
Capital contributions		1,083,749,991	-	-	-	1,083,749,991
Redemptions		-	-	-	-	-
Profit for the year after tax		-	(169,750,245)	-	-	(169,750,245)
Other comprehensive income		-	-	(3,869,480)	-	(3,869,480)
Transactions with non-controlling interests		-	-	-	2,519,317	2,519,317
Net assets attributable to the Partners as at 31 December 2020 (IFRS)		**3,157,272,793**	**(135,984,227)**	**2,137,505**	**2,519,317**	**3,025,945,388**
Adjustments from net assets attributable to the Partners to adjusted subscription net asset value		-	97,334,647	-	-	97,334,647
Net assets attributable to the Partners as at 31 December 2020 (Adjusted Subscription NAV)		**3,157,272,793**	**(38,649,580)**	**2,137,505**	**2,519,317**	**3,123,280,035**
Capital contributions		407,838,184	-	-	-	407,838,184
Profit for the year after tax		-	164,466,996	-	-	164,466,996
Other comprehensive income	2.4	-	-	21,948,783	-	21,948,783
Transactions with non-controlling interests	-	-	-	-	-	-
Net assets attributable to the Partners as at 31 December 2021 (IFRS)		**3,565,110,977**	**28,482,769**	**24,086,288**	**2,519,317**	**3,620,199,351**
Adjustments from net assets attributable to the Partners to adjusted subscription net asset value	4	-	92,839,182	-	-	92,839,182
Net assets attributable to the Partners as at 31 December 2021 (Adjusted Subscription NAV)		**3,565,110,977**	**121,321,951**	**24,086,288**	**2,519,317**	**3,713,038,533**

* Limited Partners are presented as a liability in the consolidated Statement of Financial Position

The accompanying notes form an integral part of the consolidated financial statements

Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

		General Partner				
		Share Capital 2021	Retained Earnings	Foreign Currency Translation Reserve	Total General Partner	Total
	Note	€	€	€	€	€
Net assets attributable to the Partners as at 31 December 2019 (IFRS)		**100**	**20**	**-**	**120**	**2,113,295,925**
Capital contributions		-	-	-	-	1,083,749,991
Redemptions		-	-	-	-	-
Profit for the year after tax		-	1	-	1	(169,750,244)
Other comprehensive income	2.4	-	-	-	-	(3,869,480)
Transactions with non-controlling interests		-	-	-	-	2,519,317
Net assets attributable to the Partners as at 31 December 2020 (IFRS)		**100**	**21**	**-**	**121**	**3,025,945,509**
Adjustments from net assets attributable to the Partners to adjusted subscription net asset value		-	5	-	5	97,334,652
Net assets attributable to the Partners as at 31 December 2020 (Adjusted Subscription NAV)		**100**	**26**	**-**	**126**	**3,123,280,161**
Capital contributions		-	-	-	-	407,838,184
Profit for the year after tax		-	1	-	1	164,466,997
Other comprehensive income	2.4	-	-	-	-	21,948,783
Transactions with non-controlling interests		-	-	-	-	-
Net assets attributable to the Partners as at 31 December 2021 (IFRS)		**100**	**22**	**-**	**122**	**3,620,199,473**
Adjustments from net assets attributable to the Partners to adjusted subscription net asset value	4	-	5	-	5	92,839,187
Net assets attributable to the Partners as at 31 December 2021 (Adjusted Subscription NAV)		**100**	**27**	**-**	**127**	**3,713,038,660**

The accompanying notes form an integral part of the consolidated financial statements

Consolidated financial statements

STATEMENT OF CHANGES IN NUMBER OF UNITS IN ISSUE FOR THE YEAR ENDED 31 DECEMBER 2021

Number of units in issue	Year ended 31 December 2021	Year ended 31 December 2020
	units	units
Class A1 units		
Units in issue at the beginning of the year	2,826,493.44	1,893,404.66
Units subscribed	94,133.05	1,028,080.85
Switch to class A6	214,811.00	(94,992.07)
Class A1 units in issue at the end of the year	**3,135,437.49**	**2,826,493.44**
Class A2 units		
Units in issue at the beginning of the year	2,902,521.04	1,781,479.54
Units subscribed	216,926.49	1,280,368.89
Switch to class A3	-	(159,327.39)
Class A2 units in issue at the end of the year	**3,119,447.53**	**2,902,521.04**
Class A3 units		
Units in issue at the beginning of the year	2,463,953.84	1,422,312.84
Units subscribed	454,860.29	770,363.58
Switch from class A2	-	271,277.42
Class A3 units in issue at the end of the year	**2,918,814.13**	**2,463,953.84**
Class A4 units		
Units in issue at the beginning of the year	1,480,200.90	675,359.32
Units subscribed	-	804,841.58
Class A4 units in issue at the end of the year	**1,480,200.90**	**1,480,200.90**
Class A5 units		
Units in issue at the beginning of the year	-	-
Units subscribed	1,487,682.73	-
Class A5 units in issue at the end of the year	**1,487,682.73**	**-**
Class A6 units		
Units in issue at the beginning of the year	10,358,974.86	8,727,845.52
Units subscribed	181,046.68	1,631,129.34
Switch to class A1	(204,215.26)	
Class A6 units in issue at the end of the year	**10,335,806.28**	**10,358,974.86**
Class A7 units		
Units in issue at the beginning of the year	1,728,993.31	1,728,993.31
Units subscribed	1,260,255.12	-
Class A7 units in issue at the end of the year	**2,989,248.43**	**1,728,993.31**
Class A8 units		
Units in issue at the beginning of the year	8,110,162.44	3,464,436.55
Units subscribed	211,740.42	4,645,725.89
Class A8 units in issue at the end of the year	**8,321,902.86**	**8,110,162.44**
Class B units		
Units in issue at the beginning of the year	1.00	1.00
Class B units in issue at the end of the year	**1.00**	**1.00**

Consolidated financial statements

CONSOLIDATED NET ASSETS PER UNIT ATTRIBUTABLE TO THE PARTNERS FOR THE YEAR ENDED 31 DECEMBER 2021

Net assets per units (IFRS NAV)*	31 December 2021	31 December 2020	31 December 2019
	€	€	€
Class A1 units	106.34	100.36	105.10
Class A2 units	106.52	100.52	105.36
Class A3 units	99.72	94.11	98.72
Class A4 units	99.67	94.07	98.76
Class A5 units	102.66	-	-
Class A6 units	111.66	105.39	110.79
Class A7 units	111.36	105.11	110.41
Class A8 units	105.29	99.37	104.38
Class B units	134.00	121.68	120.08

*Refer to reconciliation of IFRS NAV to Subscription NAV in Note 4.

Net assets per units (subscription NAV)*	31 December 2021	31 December 2020	31 December 2019
	€	€	€
Class A1 units	109.07	103.59	109.04
Class A2 units	109.25	103.76	109.30
Class A3 units	102.28	97.14	102.42
Class A4 units	102.23	97.10	102.46
Class A5 units	105.29	-	-
Class A6 units	114.52	108.78	114.94
Class A7 units	114.22	108.50	114.54
Class A8 units	107.99	102.56	108.29
Class B units	137.30	125.68	124.58

*Refer to reconciliation of IFRS NAV to Subscription NAV in Note 4.

Notes to the Consolidated Financial Statements

AS AT 31 DECEMBER 2021

1 General

AXA CoRE Europe Fund S.C.S., SICAV-SIF (the "Fund") is an open-ended variable capital investment fund (*société 'investissement à capital variable-fonds d'investissement spécialisé*) domiciled and incorporated in Grand Duchy of Luxembourg on 17 December 2015. The Fund is established in the form of a common limited partnership (*société en commandite simple - SCS*) in accordance with the provisions of the Law of l0 August 1915 on commercial companies, as amended, and the Law on Specialised Investment Funds dated l3 February 2007, as amended. The subscription, sale and holding of shares of the Fund are restricted to Institutional Investors.

The Fund has been incorporated for an unlimited duration. It is registered with the Trade Register under number B 202 722.

The registered office is established at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg.

The Fund is an alternative investment fund ("AIF") in accordance with the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("AIFM Directive"). For these purposes, AXA Real Estate Investment Managers SGP, as the legal person responsible for performing the portfolio and risk management of the Fund, has been identified as the Alternative Investment Fund Manager ("AIFM") of the Fund, as disclosed in the Offering Memorandum.

These consolidated financial statements present the consolidated financial position of the Fund and the Fund's subsidiaries (the "Group"). For details of all the consolidated entities, please refer to Note 26.

The financial year of the Fund starts on 1 January and ends on 31 December. The Group's accounts are prepared in Euro ("EUR" or "€").

The Investment Objective of the Group is to seek current income combined with long-term capital appreciation through investment in a diversified portfolio of primarily European Real Estate Assets and also, to a lesser extent, Cash and Securities in accordance with its Investment Policy and the Investment Guidelines.

The Investment Policy of the Group is to invest directly, or indirectly via subsidiaries, in a diversified portfolio of European Core Real Estate Assets across the office, retail, residential, logistics and hotels real estate sectors (for example as part of an operating company or a property company structure).

The Group's investment activities are managed by its General Partner, AXA CoRE Europe GP S.à r.l. (the 'General Partner'), a limited liability company incorporated under the law of Grand Duchy of Luxembourg (R.C.S. Luxembourg B 202 828) and a subsidiary of AXA Real Estate Investment Managers SGP, incorporated in France. The administration of the Group is managed by The Bank of New York Mellon SA/NV Luxembourg Branch.

The Group was incorporated on 17 December 2015 with an initial capital commitment drawdown on 29 February 2016.

The Fund issued a revised Offering Memorandum in December 2021. The most significant changes relate to updates to the investment guidelines limits for Tier 1, Tier 2 and Tier 3 countries as defined in the Offering Memorandum.

The consolidated financial statements of AXA CoRE Europe Fund S.C.S., SICAV-SIF were authorised for issue by the General Partner on 14 April 2022.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union and interpretations issued from the IFRS Interpretation Committee ("IFRIC") and adopted by the European Union.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Historical cost convention

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of investment property at fair value, investments in associates and joint ventures, financial assets classified as fair value through profit or loss, investment property held for sale and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Euro and the presentation currency of the consolidated information is Euro.

The Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by nature. The consolidated statement of cash flows from operating activities is presented using the indirect method. Interest received and interest paid are shown separately within operating cash flows. The acquisition of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities. See Note 2.3 for information on the Group's financial assets and liabilities.

Even if some of the derivatives held by the Group are settled gross by distinct delivery of the two legs of the agreements, because of the reduced short timing difference between paying and receiving legs, the Group presents all the payments on hedging instruments on a net basis in the Consolidated Statement of Cash Flows.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the Board of Managers of the General Partner to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. The Board of Managers of the General Partner believe that the underlying assumptions are appropriate. Key estimates, assumptions and judgement that have significant risk of causing material adjustment to carrying amount of assets and liabilities within the next financial year are outlined in Note 2.2.

(c) New and amended standards adopted by the Group

The Group has adopted all standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee of the IASB and as adopted by the European Union that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2021.

- Amendment to IFRS 16 – COVID-19 rent concessions – on 28 May 2020, the IASB issued COVID-19 related rent concessions – amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequent of the COVID-19 pandemic. The adoption of this amendment did not have any significant impact on the amounts recognised in prior periods and is not expected to significantly affect the future periods.
- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:
  - A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
  - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
  - Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Fund. The Fund intends to use the practical expedients in future periods if they become applicable.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Fund.

The Fund is assessing the impact of the following standards:

- Amendments to IAS 1– Classification of liabilities as current or non-current.
- Onerous contracts – Cost of fulfilling a contract – Amendments to IAS 37.

The following standards are not expected to have a material impact on the Fund in the current or future reporting periods or on foreseeable future transactions:

- IFRS 17 Insurance Contracts.
- Proceeds before intended use – Amendments to IAS 16.

(e) Changes to comparative presentation and classification

The presentation and classification of items in the financial statements from the prior financial year might be changed to be in line with the disclosures for the current year consolidated financial statements if it gives a more accurate presentation (Consolidated Statement of Cash Flows and Notes 3, 4 and 6).

2.2 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Financial instruments at fair value through profit or loss

Where the fair value of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation methods and if the valuation method does not fairly represent the fair value, adjustments to the valuation are made by the Group to obtain the best estimate of fair value, using other methods it considers appropriate. Observable market data are used where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and other associated market risks. Changes in assumption about these factors could affect the reported fair value of financial instruments (see Note 7).

(b) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. See further disclosure in Note 10.

(c) Investment property

The fair value of the investment property held is based on a valuation as performed by an independent valuer. Independent valuations may be indicative and not executable or binding. See Note 5 for further details of the judgements and assumptions made.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.2 Significant accounting estimates and judgements (continued)

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions. The deferred taxes recognised as at 31 December 2021 are mainly deriving from temporary differences linked to investment properties for which sensitivity analysis is provided in Note 5 to the consolidated financial statements.

(e) Business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.).

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(f) Joint arrangements

Under IFRS 11 - *Joint Arrangements* (“IFRS 11”), investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Under IAS 28 – *Investments in Associates* (“IAS 28”), an associate is an entity over which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

In considering whether significant influence over an investee exists, the Group considers the voting rights held in the investee, representation on the board of directors of the investee, participation in the investee’s policy making process and other relevant facts and circumstances.

IAS 28 allows exemption from the equity method of accounting where an investment in an associate or joint venture is a mutual fund and can be accounted for at fair value in accordance with IFRS 9.

The exemption from equity accounting in IAS 28 also applies to mutual funds, unit trusts and similar entities including investment-linked insurance funds. Unit trusts, mutual funds and similar funds typically pay a return on their liabilities that is contractually linked to changes in the fair value of an asset or a pool of assets. The application of the exemption avoids a mismatch between the measurement of the assets and liabilities.

The exemption might be applied by these types of entity where changes in the returns on the trust’s or fund’s liabilities are contractually linked to the fair value of associate investments or a pool of assets that includes the associate investments.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.2 Significant accounting estimates and judgements (continued)

(g) Investment entity

The Board of Managers of the General Partner has determined that the Group does not qualify as an investment entity under IFRS 10 – *Consolidated Financial Statements* ("IFRS 10") and is required to prepare consolidated financial statements.

The Fund has several investors that are related parties.

In addition to that, the Fund does not evaluate the performance solely on a fair value basis. Although the Fund reports its investment properties (or indirectly through the equity accounting of investments in joint ventures and associates) at fair value in accordance with IAS 40, fair value is not the primary measurement attribute used to evaluate the performance of its investments.

The Fund and its investors use other measures, including information about expected cashflows, rental revenues and expenses to assess performance and to make the investment decisions. Similarly, the exit strategy is not only driven by the fair value of the investment properties. It is impacted by macro-economic factors as well as legal and tax regulations changes in specific jurisdictions.

Fair value is only a part of a group of equally relevant key performance indicators.

(h) Subscription NAV

The subscription NAV is calculated as set out in clause 5.4.5 of the Offering Memorandum and includes the use of estimates, assumptions, and judgements. The subscription NAV is computed in accordance with the principles of the European Association for Investors in Non-Listed Real Estate Vehicles ("INREV") Guidelines with the exception of the real estate acquisition costs and the Fund formation costs that are amortised over 10 years, the "Adjusted INREV NAV". Further information in relation to the differences in accounting policies and reconciliation of the subscription NAV to the IFRS NAV is disclosed in Note 4. Any estimates, assumptions, and judgements performed in the valuation of the subscription NAV impacts the value of the subscription and redemption values for investors subscribing and redeeming from the Fund.

(i) Impairment of trade receivables

The impact of COVID-19 on the recoverability of receivables from rental income has been considered. While the methodologies and assumptions applied in the expected credit losses (ECL) calculation remains significantly unchanged from the prior financial year, the Group has incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic to rental income receivables. Whilst no material recoverability issues have been identified, there is a risk that the economic impact of COVID-19 could results in higher credit losses than those modelled under the Group's impairment provisioning model. Refer to Note 2.3 for further details on ECL.

(j) Impairment of goodwill

Goodwill impairment reviews incorporate estimates, assumptions, and judgements on the carrying value of the CGU containing the goodwill and its estimated recoverable amount. Refer to Note 2.22 for further details on goodwill impairment.

The Group did not make any other material critical accounting judgements in the financial years ended 31 December 2021 or 31 December 2020.

2.3 Financial assets and financial liabilities

Financial assets and financial liabilities are classified and measured in accordance with IFRS 9 – *Financial instruments* ("IFRS 9").

Financial assets

Financial assets are measured at fair value at initial recognition, and are subsequently classified and measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income on the basis of both:

- The Group's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

Financial assets measured at amortised cost:
Loans to associates are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets, except for maturities less than 12 months after the statement of financial position date. These are classified as current assets.

Loans to associates and joint ventures and investment in receivable instruments are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group also includes short-term non-financing receivables including interest receivable, prepayments and other receivables in this category.

Financial assets measured at fair value through profit or loss:

A financial asset is measured at fair value through profit or loss if:

a. Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding; or
b. It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
c. At initial recognition, an equity instrument is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gain and loss on them on a different basis.

Due to the cash flow characteristics and the business model for managing the assets, the Group has classified the following as financial assets measured at fair value through profit or loss:

Equity instruments: included within equity instruments are investments in entities where the Group does not have significant control or influence.

Debt instruments: included within debt instruments are receivable instruments which are not held at amortised cost based on SPPI test.

Instruments held for trading: This category includes financial instruments, which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives in this category are classified as current assets. The Group does not apply hedge accounting.

The Group has not classified any financial assets as fair value through other comprehensive income.

Financial liabilities

Financial liabilities measured at fair value through profit or loss:
A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. The Group includes in this category, derivative contracts in a liability position.

Financial liabilities measured at amortised cost:
This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Group includes in this category, borrowings (see Note 2.15 for the accounting policy on borrowings), and trade and other payables.

Recognition and measurement

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Regular purchases of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value minus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Financial liabilities which are not classified as financial liabilities at fair value through profit or loss are recognised initially at fair value and subsequently carried at amortised cost.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

Transfer between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy, if applicable, are deemed to have occurred at the end of the reporting period.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The different stages for these financial instruments are as follows:

- Stage 1 - No significant increase in credit risk since acquisition
- Stage 2 - Existence of a significant increase in credit risk compared to original expectations but no losses yet incurred
- Stage 3 - Expected losses to be recognised due to asset being credit impaired

The Group assesses on a forward-looking basis the ECLs associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Stage 1
The expected credit loss is measured over the next twelve months and interest is still computed on the gross carrying amount.

Stage 2 and stage 3
The expected credit loss is computed over the remaining lifetime of the instrument and interest is computed on the net carrying amount after deduction of the expected credit loss.

Significant financial difficulties of the borrower, probability that the borrower will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

A significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due or when the probability of default with the counterparty is increased as per balance sheet date in comparison of the loan origination.

The Group considers a financial instrument to be in default or credit impaired, when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held) or the financial asset is more than 90 days past due.

A debt instrument carried at amortised cost is written off when there is no reasonable expectation of recovering the contractual cash flows.

For each stages, the Group compute expected credit loss in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All the loans granted by the Group are granted to associates and joint ventures and form long-term interests in associates or joint ventures. Long-term interests are interests that, in substance, form part of the net investment but are not accounted for using equity accounting.

The Group applies IFRS 9 expected credit loss requirements to long-term interests before applying the loss allocation and impairment requirements of IAS 28; and the Group does not take into account any adjustments to the carrying amount of long-term interests that result from the application of IAS 28, when applying the IFRS 9 requirements.

Management expects that a default or impairment on these loans would approximate to an excess of net losses of a joint venture or an associate to the amount originally invested.

For trade receivables the Group applies AXA REAL Assets bad and doubtful debt policy that is based on the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The methodology considers the historic actual default rate, the current actual default rate with a forward-looking assessment of whether the current default rate is adequate given specific macro-economic and sector specific factors which may apply.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Expected credit loss allowances are recognised in the consolidated statement of comprehensive income.

Details on estimates and assumptions used are given in Note 2.2 “Critical accounting estimates and assumptions”.

Offsetting

The Group only offsets financial assets and liabilities at fair value through profit or loss if the Group has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The Group operates with the following currencies: British Pound (“GBP” or “£”), Danish Krone (“DKK”), and Euro (“EUR”). The consolidated financial statements are presented in Euro, which is the parent company’s functional currency and the Group’s presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities in the consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

ii) income and expenses in the consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation (continued)

iii) all resulting exchange differences are recognised as a separate component of net assets attributable to partners.

On the disposal of a foreign operation, (that is the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

2.5 Deferred income

Deferred income represents rental income received in advance in respect of future periods.

2.6 Cash and cash equivalents

Cash includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position. All items included within cash and cash equivalents are highly liquid instruments that are subject to insignificant risk of changes in value.

2.7 Expenses

All expenses, including management fees, are recognised in the consolidated statement of comprehensive income on an accruals basis.

2.8 Interest income and expense

Interest income and expense are recognised within "interest income" and "finance costs" in the consolidated statement of comprehensive income using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.9 Group formation expenses

The Group's formation expenses are recognised as an expense when incurred.

2.10 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligations; and the amount can be reliably measured. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost. Provisions are stated at their original amount if the effect of discounting is immaterial.

2.11 Consolidation

(a) Subsidiaries

Control

Subsidiaries are all entities (including structured entities) Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.11 Consolidation (continued)

All the Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated except where there are indications for impairment.

Accounting for business combinations

The Group may elect to apply the optional concentration test in IFRS 3 to assess whether an acquisition must be accounted for as a business combination. When substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. The consideration paid is allocated to the identifiable assets and liabilities acquired on the basis of their relative fair values at the acquisition date. Where an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Group applies the acquisition method of accounting.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the business acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Accounting for asset acquisitions

For the acquisition of a subsidiary that does not meet the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Associates

Associated companies are those companies in which the Group generally has between 20% and 50% of the voting rights, or over which the Group exercises significant influence, but which it does not control. Investments in associated companies are accounted for under the equity method or the fair value method where certain criteria are met under IAS 28.

See Note 6 for further details on investments in associates and joint ventures.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.11 Consolidation (continued)

Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement rather than the legal structure of the joint arrangement. An entity determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of liabilities incurred jointly;
- its revenue from the sale of its share of the output of the joint operation and
- its expenses, including its share of any expenses incurred jointly.

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated statement of financial position.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Distributions received or receivable from associates and joint ventures can take the form of a return on capital (dividend) or a return of capital (repayment of contributed capital). These distributions are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.12 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, or with a view to disposal, the property continues to be held as an investment property.

Leases that meet the definition of investment property are classified as investment property and measured at fair value.

Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably but for which the Group expects that the fair value of the property will be reliably determinable when construction is complete, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

See Note 5 for details on valuation of investment properties.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the period in which the property is derecognised.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2.13 Leases

(a) Group is the lessee

(i) At initial recognition

The Group acting as lessee recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The right-of-use asset is measured at its cost which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The lease liability is measured at the present value of the lease payments that are not paid at the date of the consolidated statement of financial position.

Lease liabilities include the net present value of the following lease payments;

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured at the applicable index or rate at the lease commencement date;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, or the penalty payable on the exercise of a termination option unless the Group is reasonably certain not to exercise the option; and
- any amounts expected to be payable under residual value guarantees.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.13 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group is using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(ii) Subsequent measurement

The Group measures the right-of-use assets that meet the definition of investment property using the fair value model applied to its investment property.

The lease liability is measured as follows:

a) increasing the carrying amount to reflect interest on the lease liability;

b) reducing the carrying amount to reflect the lease payments made; and

c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet in accordance with their nature.

The Group elected to recognise lease income for variable payment that depends on an index or a rate on a straight-line basis.

At the commencement date, the Group assesses whether the lessee is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

2.14 Revenue recognition

Revenue includes rental income, and service charges and management charges from properties.

Rental income from operating leases and initial direct costs are recognised on a straight-line basis over the term of the relevant lease.

When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of variable consideration and payments to customers, which are not for distinct services, this consideration may include discounts, trade allowances, rebates and amounts collected on behalf of third parties. For arrangements that include deferred payment terms that exceed twelve months, the Group adjusts the transaction price for the financing component, with the impact recognised as interest income using the effective interest rate method over the period of the financing.

A receivable is recognised when services are provided as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

When the Group is acting as an agent, the commission rather than gross income is recorded as revenue.

Revenue from service and property management charges is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.14 Revenue recognition (continued)

Some property management contracts may include multiple elements of service, which are provided to tenants. The Group assesses whether individual elements of service in contract are separate performance obligations. Where the contracts include multiple performance obligations and/or lease and non-lease components, the transaction price will be allocated to each performance obligation (lease and non-lease component) based on the stand-alone selling prices. Where these selling prices are not directly observable, they are estimated based on an expected cost plus margin. In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the consolidated statement of financial position.

2.16 Taxation

Under the current legislation, the Group is not subject to any Luxembourg taxes on profits, income or capital gains. However, the Group is liable to subscription tax in Luxembourg at a rate of 0.01% per annum based on the net asset value ("NAV") of the Group at the end of each quarter. The Group may also incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the consolidated statement of comprehensive income. The entities of the Group are subject to taxation in the countries in which they operate.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income or equity - in which case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying value of the Group's investment property is assumed to be realised by sale at the end of use. The capital gains tax rate applied is that which would apply on a direct sale of the property recorded in the consolidated statement of financial position regardless of whether the Group would structure the sale via the disposal of the subsidiary holding the asset, to which a different tax rate may apply. The deferred tax is then calculated based on the respective temporary differences and tax consequences arising from recovery through sale.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.16 Taxation (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Redeemable units

Redeemable units are carried at amortised cost, which correspond to the redemption amount that is payable at the consolidated statement of financial position date if the holder exercises the right to put the share back to the Fund. The mechanism for redemption of units is outlined in Note 4.

2.18 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.19 Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's net assets therein. Non-controlling interests consist of the amount of those interests at the date of the acquisition and the non-controlling shareholder's share of net assets since the date of the acquisition.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Non-controlling interests comply with the "equity" classification criteria of IAS 32 para 11 and are classified as equity.

2.20 Employee costs

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current other payables in the balance sheet.

2.21 Non-current assets held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.21 Non-current assets held for sale (continued)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations: or
- is a subsidiary acquired exclusively with a view to resale.

2.22 Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non– controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the business acquired, in case of a bargain purchase, the difference is recognised directly in the income.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.23 Dividend distribution

Distributions to Partners are recognised in the consolidated statement of comprehensive income in the period in which the dividends are approved.

2.24 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of the Group. The Group has determined that its chief operating decision-maker is the board of directors of the Fund.

2.25 Trade payables

Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted. Certain Group companies obtain deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 24 months. The Group has elected to treat such deposits as financial liabilities in accordance with IFRS 9, and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

2.26 Loan commitments

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in Note 2.3). The Group has not provided any commitment to provide loans at a below- market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument. For loan commitments the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2.27 Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

Notes to the Consolidated Financial Statements

3 Fair value estimation

Fair value measurement recognised in the consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair values of assets and liabilities:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that included inputs for the asset or liability that are not based on observable market data (unobservable input).

The following table provides an analysis of the Group's assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value inputs are observable.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 December 2021				
Investment property*	-	-	3,337,506,334	3,337,506,334
Investments in associates and joint ventures **	-	-	3,767,023	3,767,023
Financial assets at fair value through profit or loss	12,335,578	-	-	12,335,578
Interest rate swaps/caps	-	13,761,197	-	13,761,197
Currency forward contracts	-	(8,649,461)	-	(8,649,461)
Currency option / swaps	-	(2,758,550)	-	(2,758,550)
As at 31 December 2020				
Investment property*	-	-	2,867,447,529	2,867,447,529
Investments in associates and joint ventures **	-	-	2,425,559	2,425,559
Financial assets at fair value through profit or loss	10,668,513	-	-	10,668,513
Interest rate swaps/caps	-	(6,448,194)	-	(6,448,194)
Currency forward contracts	-	(5,050,465)	-	(5,050,465)

* See Note 5 for further information in relation to the fair value of investment properties.

** See Note 6 for further information in relation to the fair value of investments in associates and joint ventures.

There were no transfers between levels during the year ended 31 December 2021 or during the year ended 31 December 2020.

Financial instruments in level 2 and level 3

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of currency forward contracts is determined using forward exchange rates at the consolidated statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the investments in associates and joint ventures are determined on the basis of the underlying properties (see Note 6).

Notes to the Consolidated Financial Statements

3 Fair value estimation (continued)

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 31 December 2021 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 December 2021				
Assets				
Investments in associates and joint ventures*	-	-	1,164,285,329	1,164,285,329
Loans to associates and joint ventures**	-	-	1,171,828,116	1,171,828,116
Investment held at amortised cost	-	5,000,000	-	5,000,000
Interest receivable	-	17,006,482	-	17,006,482
Other receivables and prepayments	-	70,005,926	-	70,005,926
Cash and cash equivalents	305,141,930	-	-	305,141,930
Total	**305,141,930**	**92,012,408**	**2,336,113,445**	**2,733,267,783**
Liabilities				
Trade and other payables	-	82,512,534	-	82,512,534
Borrowings	-	1,711,031,395	-	1,711,031,395
Net assets attributable to the partners	-	3,620,199,473	-	3,620,199,473
Total	**-**	**5,413,743,402**	**-**	**5,413,743,402**

* The valuation techniques, as well as related inputs, for the underlying investment properties held by investments in associates and joint ventures, being the main driver of their valuation, are similar to the ones used for investment properties directly held by the Fund as disclosed in note 5.

** The carrying value (net of expected credit losses) on Loans to associates and joint ventures directly derives from the valuation of Investments in associates and joint ventures where further details were given above.

Notes to the Consolidated Financial Statements

3 Fair value estimation (continued)

Assets and liabilities not carried at fair value but for which fair value is disclosed (continued)

The following table analyses within the fair value hierarchy the Group's assets and liabilities (by class) not measured at fair value at 31 December 2020 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 December 2020				
Assets				
Investments in associates and joint ventures*	-	-	777,345,867	777,345,867
Loans to associates and joint ventures**	-	-	719,958,140	719,958,140
Investment held at amortised cost	-	5,000,000	-	5,000,000
Interest receivable	-	7,521,422	-	7,521,422
Other receivables and prepayments	-	135,126,789	-	135,126,789
Cash and cash equivalents	235,645,924	-	-	235,645,924
Total	**235,645,924**	**147,648,211**	**1,497,304,007**	**1,880,598,142**
Liabilities				
Taxation payable				
Subscriptions received in advance				
Trade and other payables	-	56,428,221	-	56,428,221
Borrowings	-	1,252,145,576	-	1,252,145,576
Borrowings directly associated with investment property held for sale	-	4,785,680	-	4,785,680
Net assets attributable to the partners	-	3,025,945,509	-	3,025,945,509
Total	**-**	**4,339,304,986**	**-**	**4,339,304,986**

* The valuation techniques, as well as related inputs, for the underlying investment properties held by investments in associates and joint ventures, being the main driver of their valuation, are similar to the ones used for investment properties directly held by the Fund as disclosed in note 5.

** The carrying value (net of expected credit losses) on Loans to associates and joint ventures directly derives from the valuation of Investments in associates and joint ventures where further details were given above.

4 Financial risk management

The Board of Managers of the General Partner have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Managers of the General Partner supervises and maintains control of risk management and delegates the implementation of the day-to-day operation to the AIFM. The day-to-day investment risk measurement and management elements of risk management are undertaken by the risk management department of the AIFM. The functional and hierarchical separation of the risk management department of the AIFM is ensured throughout the hierarchical structure of the AIFM.

The risk management department of the AIFM implements and maintains risk management policies and procedures designed to identify, measure, manage and monitor (i) the material risks which have been identified relevant to the Group's investment strategies; and (ii) the positions in the Group and their contribution to the overall risk profile of the Group. Liquidity risk is monitored on an ongoing basis as part of the risk management system.

The Group has exposures to the following risks from its use of financial instruments:

(a) Market risk (including foreign exchange risk, price risk and interest rate risk);

(b) Credit risk; and

(c) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks.

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest-bearing assets and liabilities, as well as (c) equity securities price movements, to the extent that these are exposed to general and specific market movements. Management sets limits, where relevant, on the exposure to currency and interest rate risk as well as security prices that may be accepted, which are monitored on a regular basis (see details below). However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the British Pound ("GBP") and Danish Krone ("DKK"). Foreign exchange risk arises in respect of those recognised monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

The Group's policy is to enter into currency hedging transactions with currency forward contracts; however, it does not opt to use hedge accounting in accordance with the requirements of IFRS 9.

The Group has various financial assets and liabilities such as derivative financial instruments, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group's principal financial liabilities, besides derivative financial liabilities, comprise bank loans and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The derivative transactions the Group enters into are primarily currency forward contracts and currency options / swaps. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance (economy hedges).

The tables below summarise the reports provided to key management personnel and used to monitor the Group's exposure to foreign currency risk arising from financial instruments at 31 December 2021 and 31 December 2020 before hedging. The Group's financial assets and liabilities are included in the table categorised by currency at their carrying amount.

	Note	DKK	NOK	SEK	EUR	GBP	Total €
As at 31 December 2021							
Financial assets							
Loans to associates and joint ventures	6	8,449,256	12,905,362	29,193,351	1,121,280,147	-	1,171,828,116
Financial assets at fair value through profit or loss	7	-	-	-	12,335,578	-	12,335,578
Interest receivable		11,875	21,632	41,335	16,931,640	-	17,006,482
Investment held at amortised cost	8	-	-	-	5,000,000	-	5,000,000
Other receivables and prepayments	9	3,320,972	-	-	49,080,778	17,604,176	70,005,926
Cash and cash equivalents	11	6,252,171	-	1,694	258,784,981	40,103,084	305,141,930
Derivatives at fair value through profit or loss	10	-	-	-	-	14,334,844	14,334,844
Total financial assets		**18,034,274**	**12,926,994**	**29,236,380**	**1,463,413,124**	**72,042,104**	**1,595,652,876**
Financial liabilities							
Borrowings	17	-	-	-	1,247,641,690	463,389,705	1,711,031,395
Trade and other payables	12	2,183,294	-	-	68,032,948	12,296,292	82,512,534
Derivatives at fair value through profit or loss (liabilities)	10	-	-	-	14,155,217	-	14,155,217
Total financial liabilities		**2,183,294**			**1,329,829,855**	**475,685,997**	**1,807,699,146**

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Note	DKK	EUR	GBP	Total €
As at 31 December 2020					
Financial assets					
Loans to associates and joint ventures	6	-	719,958,140	-	719,958,140
Financial assets at fair value through profit or loss	7	-	10,668,513	-	10,668,513
Interest receivable		-	7,521,422	-	7,521,422
Investment held at amortised cost	8	-	5,000,000	-	5,000,000
Other receivables	9	170,897	122,014,359	12,941,533	135,126,789
Cash and cash equivalents	11	5,771,115	164,971,390	64,903,419	235,645,924
Derivatives at fair value through profit or loss	10	11,219	123,449	842	135,510
Total financial assets		**5,953,231**	**1,030,257,273**	**77,845,794**	**1,114,056,298**
Financial liabilities					
Borrowings	17	-	577,404,890	679,526,366	1,256,931,256
Borrowings directly associated with investment property held for sale	17	-	4,785,680		4,785,680
Trade and other payables	12	2,196,576	34,540,056	19,691,589	56,428,221
Derivatives at fair value through profit or loss	10	-	4,336,019	7,298,150	11,634,169
Total financial liabilities		**2,196,576**	**621,066,645**	**706,516,105**	**1,329,779,326**

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the euro, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

In order to efficiently manage foreign currency risk, Management monitors and hedges the Group's exposure to foreign currency at Group level, not at individual company level.

Nevertheless, the Group does not apply hedge accounting in accordance with IFRS 9. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by obtaining loan finance in the relevant currency and by entering into currency forward contracts.

The functional currency of the Group is the Euro; the functional currencies of the Group's principal subsidiaries are Euro, DKK and GBP. The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies.

The following paragraph presents sensitivities of profit and loss to reasonably possible changes in exchange rates applied at the financial position date relative to the functional currency of the respective Group entities, with all other variables held constant.

As at 31 December 2021 had GBP weakened/strengthened by 5% against the euro, post-tax profit for the year would have been €11,425,305 higher/lower. As at 31 December 2020 had GBP weakened/strengthened by 5% against the euro, post-tax profit for the year would have been €9,716,710 higher/lower.

Foreign exchange risk arising from DKK, NOK and SEK exposure is not considered material to the Group and therefore sensitivity to these currencies have not been presented.

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to price risks in respect of its investments in financial assets at fair value through profit and loss (Note 7).

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk (Note 5).

The values of real estate assets mainly depend on:

- the real estate market situation which is subject to fluctuations particularly regarding rents and prices determined by the supply, the demand and the general economic conditions, and
- the specificities of each real estate asset. The portfolio is mainly composed of office, retail, industrial and residential premises located in Core areas across Europe.

A downturn of real estate market conditions may have an adverse effect on the value of the real estate assets in which the portfolio is invested.

(iii) Interest rate risk

The Group is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Group's interest bearing financial assets and liabilities include cash and cash equivalents which earns interest at short-term market rates and floating rate bank loans whose interests are linked to LIBOR/SONIA and to EURIBOR.

As at 31 December 2021 and 31 December 2020, the Group held a number of interest rate derivative instruments for the purpose of hedging the interest on the bank loans. Any gains or losses recognised on the open interest rate derivative instruments is offset by changes in the interest rates charged on the bank loans. Further details of the interest rate derivative instruments held by the Group can be found in Note 10.

Management considered a shift of 100 basis points for sensitivity purposes as being relevant considering the Group's current exposure and historical volatility on variable rates to which it is exposed.

As at 31 December 2021, had market interest rates increased by 100 basis points with all other variables held constant, the impact on the net assets would be a decrease of €1,024,338 (2020: €2,904,877). Had market interest rates decreased by 5 basis points (2020: 5 basis points) or LIBOR/SONIA interest rates decreased to zero with all other variables held constant, the impact on the net assets would be an increase of €395,485 (2020: €292,595).

The average effective interest rates of borrowings at the date of the consolidated statement of financial position, based on reports reviewed by key management personnel, were as follows:

		31 December 2021		31 December 2020	
	Notes	€	GBP	€	GBP
Bank financing and notes issued (prior to impact of interest rate hedging) (see Note 17)	17	1.10%	2.14%	1.37%	1.98%

Refer to Note 17 for details of fixed and variable interest rates on borrowings.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks, trade receivables, including rental receivables from lessees, rental guarantees, receivable instruments and derivatives. Credit risk is managed on a Group basis. The Group structures the levels of credit risk it accepts by placing, where appropriate, limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review, where appropriate. The Group has policies in place to ensure that rental investment property contracts are entered into only with lessees with an appropriate credit history, but the Group does not monitor the credit quality of receivables on an

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(b) Credit risk (continued)

ongoing basis. Cash balances are held and derivatives are agreed with financial institutions within a list of approved counterparties that is regularly monitored and based mainly on the counterparty's creditworthiness. For derivative instruments concluded at Fund level, collateral agreements have been entered to in order to reduce the credit counterparty risk. Interest rate derivative instruments concluded at the level of subsidiaries partly or wholly owned by Fund in relation to a financing are not collateralised, and the default of the financial counterparty for such derivative could lead to potential losses that could negatively impact the performance of the Group.

The Group has policies that limit the amount of credit exposure to any financial institution. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Managers of the General Partner. The utilisation of credit limits is regularly monitored.

The Group's maximum exposure to credit risk by class of financial asset other than derivatives is as follows:

	31 December 2021	31 December 2020
	€	€
Loans to associates and joint ventures	1,171,828,116	719,958,140
Financial assets at fair value through profit or loss	12,335,578	10,668,513
Investment held at amortised cost	5,000,000	5,000,000
Interest receivable	17,006,482	7,521,422
Other receivables	70,005,926	135,126,789
Cash and cash equivalents	305,141,930	235,645,924
	1,581,318,032	**1,113,920,788**

Refer to Note 6 for details of impairment on loans to associates and joint ventures. Refer to Note 9 for details of impairment on other receivables. There are no other material financial assets that are past due or impaired.

All financial loan commitments to which the Group is exposed are given in note 6 to the consolidated financial statements.

There are no other collateral nor other credit enhancements held by the Group.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of capital commitments and the ability to close out market positions.

An investment in the Fund may provide limited liquidity since the Fund may be restricted in its ability to liquidate its investments. This could also impair the Fund's ability to distribute redemption proceeds to a redeeming Unitholder in a timely manner. The Offering Memorandum of the Fund permits quarterly redemptions from the Fund at each quarter end, subject to Redemption Queue and suspension mechanism, subject to the following conditions:

a) All Redemption Notices accepted on the same Quarter End will be grouped into the same Redemption Vintage.

b) Investors' Units in a Redemption Vintage will be redeemed on a pro rata and pari passu basis in the same Redemption Vintage. If, at the General Partner's sole discretion, a portion or all of the redemption requests of the same Redemption Vintage cannot be satisfied on the relevant Quarter End, a queuing system shall be operated.

c) Each Redemption Vintage will be redeemed in turn before the next Redemption Vintage in the Redemption Queue. Redemptions may be suspended for a period not exceeding 18 months if (i) the outstanding redemptions requests in the Redemption Queue represent more than 15% of the NAV as at any given date, or (ii) the General Partner considers that there are special market or adverse conditions.

The Group has entered into loan facility agreements with the following banks (see Note 17 for further information on bank borrowings):

- Santander SA and CaixaBank SA
- Landesbank Hessen-Thueringen Girozentrale
- M&G Investment Limited.
- Natixis
- CA-CIB
- BNP Paribas

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(c) Liquidity risk (continued)

The Group's liquidity position is monitored on a regular basis by the management and is reviewed quarterly by the Board of Managers of the General Partner. A summary table with maturity of financial liabilities presented below is used by key management personnel to manage liquidity risks and is derived from managerial reports at company level. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the consolidated statement of financial position, as the impact of discounting is not significant.

The maturity analysis at 31 December 2021 is as follows:

	On demand / < 1 month	1 to 3 months	3-12 months	1 to 5 years	Later than 5 years	Total
	€	€	€	€	€	€
Liabilities						
Derivatives at fair value through profit or loss	-	(10,823,019)	(98,228)	(475,420)	(2,758,550)	(14,155,217)
Trade and other payables	-	(80,141,165)	-	(2,371,369)	-	(82,512,534)
Net assets attributable to the partners*	-	-	-	-	(3,620,199,473)	(3,620,199,473)
Borrowings (net of hedging)	-	(2,936,980)	(69,051,373)	(716,581,322)	(1,088,946,454)	(1,877,516,129)
	-	**(93,901,164)**	**(69,149,601)**	**(719,428,111)**	**(4,711,904,477)**	**(5,594,383,353)**

The maturity analysis at 31 December 2020 was as follows:

	On demand / < 1 month	1 to 3 months	3-12 months	1 to 5 years	Later than 5 years	Total
	€	€	€	€	€	€
Liabilities						
Derivatives at fair value through profit or loss	(5,050,466)	-	(1,457,535)	(3,847,660)	(1,278,508)	(11,634,169)
Trade and other payables	-	(60,244,022)	-	-	-	(60,244,022)
Net assets attributable to the partners*	-	-	-	-	(3,025,945,509)	(3,025,945,509)
Borrowings directly associated with investment property held for sale	(4,785,680)	-	-	-	-	(4,785,680)
Borrowings (net of hedging)	-	-	(21,758,347)	(1,255,056,063)	(49,637,904)	(1,329,770,914)
	(9,836,146)	**(60,244,022)**	**(23,215,882)**	**(1,258,903,723)**	**(3,076,861,921)**	**(4,429,061,694)**

* Based on the investment profile of the underlying investments (real estate) and the exit mechanism of the Fund as per the Offering Memorandum, the above classification represents the investment horizon of the Fund.

In respect of financial loan commitments, maturity as well as commitments are given in note 6 to the consolidated financial statements.

The amount of contractual undiscounted cash flows related to bank financing is calculated after hedging with the interest rate swaps.

Capital risk management

The capital of the Group is represented by the net assets attributable to the partners, which can change significantly on a quarterly basis because of Group's performance and market evolution (mainly property prices, foreign exchange and interest rate markets). The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for partners, provide benefits to other stakeholders and maintain a strong capital base to support the development of the investment activities of the Group.

In order to maintain the capital structure, the Group's policy is to perform the following:

- Monitor the level of cash held and required within one month and adjust the amount of distribution the Fund pays, in particular, in the context of share buy back
- Buy back and issue new shares in accordance with the constitutional documents of the Fund

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

Capital risk management (continued)

The Board of Managers of the General Partner and the Alternative Investment Fund Manager monitor capital on the basis of the value of net assets attributable to the partners in accordance with the principles defined in the Offering Memorandum.

The subscription NAV is calculated as set out in clause 5.4.5 of the Offering Memorandum by performing adjustments compared to the IFRS NAV, including:

(i) The acquisition costs should be amortised over 10 years whereas these costs are fully expensed under IFRS.

(ii) The formation expenses should be amortised over a period of 10 years whereas these expenses are fully expensed under IFRS.

(iii) Revaluation to fair value of savings of purchaser's costs such as transfer taxes for some investments. Based on market practices in some jurisdictions, the characteristics of the intended method of disposal may result in a reduction of the transfer taxes and purchaser's costs for the benefit of the seller. This deduction is mainly applied for properties and structures held in France, Netherlands, and Germany under certain conditions.

(iv) Revaluation to fair value of deferred taxes (DTL). This adjustment represents the impact on the NAV of the difference between the carrying value of deferred tax calculated in accordance with IFRS and the estimate of deferred tax (DTL) under the settlement consideration. In some jurisdictions sale of shares in a property-owning vehicle may lead to a saving rate up to 50%. The amount of saving rate depends on the current tax legislation. The deduction is mainly applied for entities and structures held in Germany, Portugal, Netherlands, in certain conditions.

(v) The debt issuance cost adjustment relates to debt issuance costs associated with subsidiaries acquired which have been fully expensed in IFRS NAV. Such debt issue costs were adjusted to be amortised throughout the duration of the loan.

(vi) Other adjustments mainly relate to:

1. Revaluation to fair value of financial assets and financial liabilities: The bond nominal amount is accounted at amortized cost under IFRS. The debt arrangement expenses/transaction costs are to be amortized over the Bond period. Under INREV, Debt should be recognized at its FV.
2. Revaluation to fair value of indirect investments not consolidated: Indirect investments in real estate, such as investments in associates and joint ventures are accounted under equity method. The adjustment represents the impact on NAV of the revaluation of Associates investment in Portugal to fair value.

The table below shows the subscription NAV adjustments:

	31 December 2021	31 December 2020
	€	€
Total net assets attributable to partners as per IFRS consolidated financial statements	**3,620,199,473**	**3,025,945,509**
Adjustments		
Formation expenses adjustment	628,695	490,157
Acquisition costs adjustment	104,858,311	92,385,766
Debt issue cost adjustment	2,230,340	233,372
Revaluation to fair value of savings of purchasers costs such as transfer taxes	53,248,209	56,975,340
Revaluation to fair value of deferred taxes and tax effect of INREV NAV	(69,469,008)	(53,173,285)
Other adjustments	1,342,640	423,302
Total adjustments	**92,839,187**	**97,334,652**
Subscription net asset value	**3,713,038,660**	**3,123,280,161**

Other adjustments in accordance with INREV guidelines were considered by Management. However, these adjustments are assessed as not applicable to the Fund and therefore not included in the reconciliation above.

Notes to the Consolidated Financial Statements

5 Investment property

The Group invests in commercial real estate investment properties.

The valuation of the Investment Properties was carried out by the External Valuers in accordance with the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors on the basis of Fair Value or, in the case of investment property held for sale, with reference to the agreed sales price. Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The table below shows the movement of investment properties held by the Group for the year ended 31 December 2021:

	Investment property	Total Investment property	Investment property held for sale	Total Investment property held for sale
	€	€	€	€
Fair value as at 1 Januray 2021	**2,867,447,529**	**2,867,447,529**	**-**	**-**
Purchases	80,278,457	80,278,457	-	-
Capitalised expenditure	44,913,836	44,913,836	-	-
Unrealised gain/(loss)	133,591,384	133,591,384	-	-
Currency translation loss	81,087,593	81,087,593	-	-
Acquired through acquisition of subsidiaries (other than business combination)	130,199,589	130,199,589	-	-
Acquired through business combination	-	-	-	-
Transfer of Investment property held for sale	-	-	-	-
Movement on right of use asset	(12,054)	(12,054)	-	-
Fair value as at 31 December 2021	**3,337,506,334**	**3,337,506,334**	**-**	**-**
Fair value as at 1 January 2020	**2,042,625,863**	**2,042,625,863**	**-**	**-**
Purchases	60,263,018	60,263,018	-	-
Capitalised expenditure	12,835,007	12,835,007	-	-
Unrealised gain/(loss)	(28,241,501)	(28,241,501)	-	-
Currency translation loss	2,661,697	2,661,697	-	-
Acquired through acquisition of subsidiaries (other than business combination)	-	-	-	-
Acquired through business combination	793,017,074	793,017,074	-	-
Transfer of Investment property held for sale	(15,750,000)	(15,750,000)	15,750,000	15,750,000
Movement on right of use asset	36,371	36,371	-	-
Fair value as at 31 December 2020	**2,867,447,529**	**2,867,447,529**	**15,750,000**	**15,750,000**

During the year ended 31 December 2021, the Fund's subsidiaries had acquired the following investment properties which are significant to the Group:

- A multi-tenant business park in the Ausburg for an amount comprised of €80m (including acquisition costs).
- As part of the Aachen Transaction (see Note 16), the Group acquired a life-science property located on the RWTH Aachen University Melaten Campus in North Rhine-Westphalia, Germany. The initial fair value of the investment properties at the date of acquisition was amounting to €130m.

Notes to the Consolidated Financial Statements

5 Investment property (continued)

Investment property held for sale

In March 2021 the Group proceeded with the disposal of the Münster office building in Germany for c.€16m. The property company, a wholly owned subsidiary of the Group, reimbursed the directly associated external debt for an amount of c.€6m.

As at 31 December 2020, this investment property has been classified separately as 'Investment property held for sale' in the consolidated statement of financial position, in accordance with accounting policy Note 2.21.

Valuation process

The Group's investment properties were valued as at 31 December 2021 and 31 December 2020 by independent professionally qualified valuers who hold a recognised relevant professional qualification and relevant experience in the locations and segments of the investment properties valued or, in the case of investment property held for sale, with reference to the agreed sales price. For all investment properties, their current use equals the highest and best use. The AIFM and the General Partner review the valuations performed by the independent valuer for financial reporting purposes. The AIFM has established a process through its Valuation Committee to identify and review material movements in assets and also to ensure valuation trends are in line with market expectations.

Right of use asset

Right of use assets held by the Group related to land held under ground leases in Finland that meet the definition of investment properties amounted to €2,555,748 (2020: €2,736,371).

As at 31 December 2021, the Group has invested in the following investment properties:

Country	Valuation technique	Rental yield	Estimated rental value	Market value	Right of use asset - Ground Lease	Fair Value
			€	€	€	€
United Kingdom	Income capitalisation/Hardcore method	0% - 7%	65,000,000	1,396,225,359	-	1,396,225,359
France	Term and reversion method/Hardcore method/Discounted cash flow	2% - 5%	20,300,000	428,810,000	-	428,810,000
Spain	Discounted cash flow	5% - 7%	7,900,000	111,658,000	-	111,658,000
Luxembourg	Hardcore Method	4% - 5%	10,300,000	201,590,000	-	201,590,000
Italy	Discounted cash flow	4% - 5%	1,200,000	21,780,000	-	21,780,000
Finland	Discounted cash flow	3% - 5%	5,800,000	106,800,000	2,555,748	109,355,748
Denmark	Discounted cash flow	3% - 4%	5,700,000	134,677,227	-	134,677,227
Germany	Discounted cash flow	1% - 6%	45,500,000	933,410,000	-	933,410,000
				3,334,950,586	**2,555,748**	**3,337,506,334**

As at 31 December 2020, the Group has invested in the following investment properties:

Country	Valuation technique	Rental yield	Estimated rental value	Market value	Right of use asset - Ground Lease	Fair Value
			€	€	€	€
United Kingdom	Discounted cash flow/Hardcore method	2% - 7%	62,000,000	1,288,311,219	-	1,288,311,219
France	Income capitalisation/Hardcore method/Discounted cash flow	3% - 6%	20,200,000	418,050,000	-	418,050,000
Spain	Discounted cash flow	6% - 7%	7,900,000	105,126,000	-	105,126,000
Luxembourg	Hardcore Method	4% - 5%	10,300,000	191,330,000	-	191,330,000
Italy	Discounted cash flow	4% - 5%	1,200,000	22,570,000	-	22,570,000
Finland	Discounted cash flow	3% - 5%	5,740,000	100,400,000	2,736,371	103,136,371
Denmark	Discounted cash flow	3% - 4%	5,800,000	123,463,939	-	123,463,939
Germany	Discounted cash flow	3% - 7%	34,500,000	615,460,000	-	615,460,000
				2,864,711,158	**2,736,371**	**2,867,447,529**

Notes to the Consolidated Financial Statements

5 Investment property (continued)

Valuation process (continued)

As at 31 December 2021 and 31 December 2020, the Group has classified the fair value of investment properties as Level 3.

As at 31 December 2021, if rental yield rates had been 0.5% higher, with all other variables held constant, net assets attributable to the partners would have been €294,177,969 (2020: €266,939,501) lower. As at 31 December 2021, if rental yield rates had been 0.5% lower, with all other variables held constant, net assets attributable to partners would have been €372,737,513 (2020: €349,345,534) higher.

As at 31 December 2021, if rental income rates had been 5% lower, with all other variables held constant, net assets attributable to partners would have been €269,461,529 (2020: €120,134,843) lower. As at 31 December 2021, if rental income rates had been 5% higher, with all other variables held constant, net assets attributable to partners would have been €140,224,651 (2020: €120,908,173) higher.

Valuation techniques underlying management's estimation of fair value

Both the income capitalisation method and the discounted cash flow method are based on significant unobservable inputs including:

- Future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
- Discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
- Estimated vacancy rates based on current and expected future market conditions after expiry of any current lease;
- Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date;
- Terminal value taking into account assumptions regarding capital costs, maintenance costs, vacancy rates and market rents.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. In this context, for some classes of properties (Offices/ Residential properties) the valuation is subject to market conditions clause while for Hotel and Retail sectors material valuation uncertainty is maintained.

Notes to the Consolidated Financial Statements

6 Investments in associates and joint ventures

	SCI IMMO C47(1)	Avicdale Limited(1)	Iberubbo Imobilaria Lda(1)	Paunsdorf Center Luxco S.à r.l.(2)	Alpha Log Fund(2)	Selectiv Core Italy SICAF(1)	SCI Backin(3)
	€	€	€	€	€	€	€
As at 31 December 2021							
Opening balance	176,409,961	101,274,083	48,605,751	24,007,144	90,206,638	107,883,835	2,425,559
Additions/disposals during the period:							
- Additions/(Disposals)	-	(2,036,161)	-	-	38,571,712	-	-
- Subsequent reduction in acquisition price	-	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-
Net profit/(loss) on investments in associates and joint ventures held at fair value	-	-	-	-	-	-	1,341,464
Dividends distributed	(5,290,305)	(952,632)	-	-	(143,267)	(4,174,314)	-
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	11,228,096	3,392,403	102,898	(2,422,572)	18,533,603	8,330,398	-
Closing balance	**182,347,752**	**101,677,693**	**48,708,649**	**21,584,572**	**147,168,686**	**112,039,919**	**3,767,023**

	Log Italy Fund REIF(2)	Luxembourg Investment Company 327 S.à r.l.(1)	JV FORTE S.à r.l.(1)	CoRE FR 14 SAS & CoRE FR 15 SAS & Saturne Habitat (1)	OneLog Invest (Lux) S.à r.l.(2)	Claypole Limited(1)	Total
	€	€	€	€	€	€	€
As at 31 December 2021							
Opening balance	7,024,940	-	21,391,380	49,415,378	127,519,646	23,607,111	779,771,426
Additions/disposals during the period:							
- Additions/(Disposals)	4,754,970	-	3,700,000	104,648,249	114,166,307	-	263,805,077
- Subsequent reduction in acquisition price	-	-	-	-	-	-	-
Return of capital	-	-	-	-	(9,944,084)	-	(9,944,084)
Net profit/(loss) on investments in associates and joint ventures held at fair value	-	-	-	-	-	-	1,341,464
Dividends distributed	(1,528,919)	-	-	(3,368,242)	-	(1,090,000)	(16,547,679)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	4,026,339	1,192,432	(2,048,729)	24,536,776	81,229,615	1,524,889	149,626,148
Closing balance	**14,277,330**	**1,192,432**	**23,042,651**	**175,232,161**	**312,971,484**	**24,042,000**	**1,168,052,352**

(1) Joint venture accounted for using the equity method.
(2) Associate accounted for using the equity method.
(3) Associate accounted for using the fair value method.

Notes to the Consolidated Financial Statements

6 Investments in associates and joint ventures (continued)

	SCI IMMO C47[1]	Avicdale Limited[1]	Iberubbo Imobilaria Lda[1]	Paunsdorf Center Luxco S.à r.l.[2]	Alpha Log Fund[2]	Selectiv Core Italy SICAF[1]	SCI Backin[3]
	€	€	€	€	€	€	€
As at 31 December 2020							
Opening balance	177,189,591	94,053,446	43,741,377	24,705,284	-	110,541,887	11,822,220
Additions/disposals during the period:							
- Additions	2,727,605	3,183,683	-	-	90,206,638	-	-
- Disposals	-	-	-	-	-	-	
- Subsequent expenditure	-	-	-	-	-	-	-
- Subsequent reduction in acquisition price	(121,038)	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-	-
Net profit/(loss) on investments in associates and joint ventures held at fair value	-	-	-	-	-	-	(9,396,661)
Dividends distributed	(8,868,963)	(1,163,521)	-	-	-	(1,048,900)	-
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	5,482,766	5,200,475	4,864,374	(698,140)	-	(1,609,152)	-
Closing balance	**176,409,961**	**101,274,083**	**48,605,751**	**24,007,144**	**90,206,638**	**107,883,835**	**2,425,559**

	Log Italy Fund REIF[2]	Luxembourg Investment Company 327 S.à r.l.[1]	JV FORTE S.à r.l.(1) (formerly Luxembourg Investment Company 359 S.à r.l.)	CoRE FR 14 SAS & CoRE FR 15 SAS [1]	OneLog Invest (Lux) S.à r.l.[2]	Claypole Limited[1]	Total
	€	€	€	€	€	€	€
As at 31 December 2020							
Opening balance	-	15,982,203	13,928,711	71,449,918	105,959,302	24,132,106	693,506,045
Additions during the period:							
- Additions	11,942,000	7,043,302	3,442,367	2,310,000	4,376,109	-	125,231,704
- Disposals	-	-	-	-	-	-	-
- Subsequent expenditure	-	-	-	-	-	-	-
- Subsequent reduction in acquisition price	-	-	-	-	-	-	(121,038)
Return of capital	(4,642,900)	-	-	-	-	(275,000)	(4,917,900)
Net profit/(loss) on investments in associates and joint ventures held at fair value	-	-	-	-	-	-	(9,396,661)
Dividends distributed	-	-	-	-	-	(1,006,249)	(12,087,633)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	(274,160)	(23,025,505)	4,020,302	(24,344,540)	17,184,235	756,254	(12,443,091)
Closing balance	**7,024,940**	**-**	**21,391,380**	**49,415,378**	**127,519,646**	**23,607,111**	**779,771,426**

(1) Joint venture accounted for using the equity method.
(2) Associate accounted for using the equity method.
(3) Associate accounted for using the fair value method.

Notes to the Consolidated Financial Statements

6 Investments in associates and joint ventures (continued)

Borrower	Lender	Interest rate	Maturity	Local Currency	Maximum value of	31 December 2021		
						Gross value	Impairment	Carrying value
					€	€	€	€
SCI Backin	ACEF SPPPICAV	0.00%	31/03/2026	EUR	€100m	55,613,833	-	55,613,833
OneLog Invest (Lux) S.à r.l.*	ACEF Holding S.C.A.	2.89%	09/09/2049	EUR	n/a	253,713,498	-	253,713,498
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	1.65%	30/11/2029	EUR	n/a	194,937,186	-	194,937,186
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	2.89%	09/09/2049	DKK	n/a	3,586,412	-	3,586,412
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	1.65%	30/11/2029	DKK	n/a	8,449,256	-	8,449,256
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	2.89%	09/09/2049	NOK	n/a	9,388,297	-	9,388,297
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	1.65%	30/11/2029	NOK	n/a	12,905,362	-	12,905,362
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	2.89%	09/09/2049	SEK	n/a	33,841,849	-	33,841,849
OneLog Invest (Lux) S.à r.l.	ACEF Holding S.C.A.	1.65%	30/11/2029	SEK	n/a	29,193,351	-	29,193,351
Paunsdorf Center Luxco S.à r.l.	ACEF Holding S.C.A.	0.50%	31/03/2021	EUR	€15.0m	5,152,048	-	5,152,048
Iberubbo Imobilaria, Lda.	ACEF Holding S.C.A.	5.40%	08/01/2028	EUR	€56.9m	53,373,375	-	53,373,375
CoRE FR 14 SAS	ACEF 2 SPPPICAV	1.15%	31/03/2026	EUR	n/a	165,178,800	-	165,178,800
CoRE FR 15 SAS	ACEF 2 SPPPICAV	1.15%	31/03/2026	EUR	n/a	50,820,070	-	50,820,070
Luxembourg Investment Company 327 S.à r.l.	ACEF Holding S.C.A.	3.35%	06/12/2024	EUR	€136.4m	134,399,997	-	134,399,997
JV FORTE S.à r.l.	ACEF Holding S.C.A.	2.68%	02/12/2024	EUR	€51.4m	51,373,289	-	51,373,289
SCI IMMO C47	CORE FR 2018 2 SCI	0.00%	n/a	EUR	n/a	305,229	-	305,229
Saturne Habitat 2	ACEF 2 SPPPICAV	1.15%	31/12/2027	EUR	€118.3m	97,846,264	-	97,846,264
Selectiv Core Italy SICAF S.p.A	AXA CoRE Europe Fund S.C.S., SICAV-SIF	1.72%	08/06/2028	EUR	€25.2m	11,750,000	-	11,750,000
						1,171,828,116	**-**	**1,171,828,116**

Borrower	Lender	Interest rate	Maturity	Local Currency	Maximum value of	31 December 2020		
						Gross value	Impairment	Carrying value
					€	€	€	€
SCI Backin	ACEF SPPPICAV	0.00%	31/03/2026	EUR	€100m	58,113,833	-	58,113,833
OneLog Invest (Lux) S.à r.l.*	ACEF Holding S.C.A.	2.64%	01/07/2032	EUR	n/a	204,322,438	-	204,322,438
Paunsdorf Center Luxco S.à r.l.	ACEF Holding S.C.A.	0.50%	31/03/2021	EUR	€15.0m	7,699,141	-	7,699,141
Iberubbo Imobilaria, Lda.	ACEF Holding S.C.A.	5.40%	08/01/2028	EUR	€56.9m	53,373,375	-	53,373,375
CoRE FR 14 SAS	ACEF 2 SPPPICAV	1.17%	31/03/2026	EUR	n/a	165,190,390	-	165,190,390
CoRE FR 15 SAS	ACEF 2 SPPPICAV	1.17%	31/03/2026	EUR	n/a	48,545,070	-	48,545,070
Luxembourg Investment Company 327 S.à r.l.**	ACEF Holding S.C.A.	3.55%	06/12/2024	EUR	€136.4m	134,399,997	(19,354,045)	115,045,952
JV FORTE S.à r.l. (formerly Luxembourg Investment Company 359 S.à r.l.)	ACEF Holding S.C.A.	2.68%	02/12/2024	EUR	€51.4m	51,373,289	-	51,373,289
SCI IMMO C47	CORE FR 2018 2 SCI	0.00%	n/a	EUR	n/a	2,279,652	-	2,279,652
Saturne Habitat 2	ACEF 2 SPPPICAV	0.00%	n/a	EUR	n/a	14,015,000	-	14,015,000
						739,312,185	**(19,354,045)**	**719,958,140**

* Under the loan agreement between ACEF Holding S.C.A. and OneLog Invest (Lux) S.à r.l., the interest rate corresponds to the average interest rate applied on the subordinated loans (i.e. between OneLog Invest (Lux) S.à r.l. and its subsidiaries) minus a margin, determined by Transfer Pricing analysis.

Notes to the Consolidated Financial Statements

6 Investments in associates and joint ventures (continued)

Investments in associates and joint ventures are accounted for under the equity method or the fair value method where certain criteria are met under IAS 28. The most significant factor in the carrying value of the investments is the fair values of the underlying properties held directly / indirectly by these entities. These properties are held at fair value in accordance with IAS 40 *Investment Property*, with changes in fair value being recognised in profit or loss. The valuation techniques used in the valuation of these properties include: discounted cash flow, hardcore method, investment method and income capitalisation method. The key unobservable inputs used in the valuation include: stabilised yield and estimated rental value.

Therefore the Group would classify the fair value of its investments in associates and joint ventures as Level 3 (see Note 3).

IAS 28 allows exemption from the equity method of accounting where an investment in an associate or joint venture is a mutual fund and can be accounted for at fair value in accordance with IFRS 9.

The Group has applied this exemption in the case of the following associate:

SCI Backin

SCI Backin is held (at a level of 16.67%) by SPPICAV, a French regulated Fund i.e. a French OPCI, meeting the definition of a mutual fund.

As at 31 December 2021 and 31 December 2020, SCI Backin had invested in the following investment property:

Country	Valuation technique	Rental yield	Estimated rental value	Fair value
			€	€
As at 31 December 2021				
France	Income capitalisation approach	4.9% - 5.3%	39,993,800	754,600,000
As at 31 December 2020				
France	Income capitalisation approach	4.9% - 5.3%	40,260,380	759,000,000

* per sq.m per annum

As at 31 December 2021, if rental yield rates in relation to these investment properties had been 0.5% higher, with all other variables held constant, net assets attributable to the partners would have been €12,195,772 (2020: €12,122,424) lower. As at 31 December 2021, if rental yield rates in relation to these investment properties had been 0.5% lower, with all other variables held constant, net assets attributable to the partners would have been €14,987,997 (2020: €14,789,624) higher.

As at 31 December 2021, if rental income rates in relation to these investment properties had been 5% higher, with all other variables held constant, net assets attributable to the partners would have been €6,556,311 (2020: €6,521,304) higher.

As at 31 December 2021, if rental income rates in relation to this investment properties had been 5% lower, with all other variables held constant, net assets attributable to the partners would have been €6,552,977 (2020: €6,587,984) lower.

See Note 21 for details of Group financial commitments towards associates and joint ventures.

The Group had no other contingent liabilities or contingent assets at 31 December 2021 or at 31 December 2020.

Notes to the Consolidated Financial Statements

6 Investments in associates and joint ventures (continued)

Summarised information – joint ventures and associates

The tables below provide summarised financial information for those joint ventures and associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts.

	SCI IMMO C47	Avicdale Limited	Iberubbo Imobilaria Lda	Paunsdorf Center Luxco S.à r.l.	Log Italy Fund REIF	Selectiv Core Italy SICAF	SCI Backin
	€	€	€	€	€	€	€
As at 31 December 2021							
Non current assets	376,900,000	361,381,772	275,260,770	229,000,000	43,200,000	236,500,000	365,181,766
Current assets	2,199,424	11,855,725	33,084,942	24,243,000	1,527,050	13,199,423	11,888,870
Total assets	**379,099,424**	**373,237,497**	**308,345,712**	**253,243,000**	**44,727,050**	**249,699,423**	**377,070,636**
Non current liabilities	-	11,112,171	137,332,256	141,593,426	-	23,676,335	-
Current liabilities	6,961,155	12,597,332	62,772,013	15,504,487	138,263	1,943,251	354,473,018
Total liabilities	**6,961,155**	**23,709,503**	**200,104,269**	**157,097,913**	**138,263**	**25,619,586**	**354,473,018**
Net assets	**372,138,269**	**349,527,994**	**108,241,443**	**96,145,087**	**44,588,787**	**224,079,837**	**22,597,618**
Group investment in associate/joint venture	49.00%	29.09%	45.00%	22.45%	32.02%	50.00%	16.67%
Carrying amount	**182,347,752**	**101,677,693**	**48,708,649**	**21,584,572**	**14,277,330**	**112,039,919**	**3,767,023**
Total revenues	**23,861,170**	**25,517,603**	**5,334,449**	**17,513,000**	**9,812,933**	**21,736,142**	**18,119,278**
Total expenses	**(4,069,970)**	**(9,369,375)**	**(35,822,904)**	**(30,240,000)**	**(1,019,231)**	**(5,074,016)**	**(14,722,846)**
Profit/(loss) from continuing operations	19,791,200	16,148,228	(30,488,455)	(12,727,000)	8,793,702	16,662,126	3,396,432
Taxation	(99,521)	(6,347,520)	7,892,046	1,936,012	(35,277)	(1,333)	-
Profit/(loss) after taxation from continuing operations	19,691,679	9,800,708	(22,596,409)	(10,790,988)	8,758,425	16,660,793	3,396,432
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**19,691,679**	**9,800,708**	**(22,596,409)**	**(10,790,988)**	**8,758,425**	**16,660,793**	**3,396,432**
As at 31 December 2020							
Non current assets	367,300,000	332,904,979	301,876,000	248,443,051	35,200,000	205,490,000	384,833,523
Current assets	3,674,454	25,887,691	30,654,890	24,453,000	1,796,118	11,882,694	4,152,254
Total assets	**370,974,454**	**358,792,670**	**332,530,890**	**272,896,051**	**36,996,118**	**217,372,694**	**388,985,777**
Non current liabilities	-	10,618,584	218,410,329	-	14,500,000	-	-
Current liabilities	10,954,124	33,545	6,107,781	165,960,000	556,893	1,605,024	374,435,340
Total liabilities	**10,954,124**	**10,652,129**	**224,518,110**	**165,960,000**	**15,056,893**	**1,605,024**	**374,435,340**
Net assets	**360,020,330**	**348,140,541**	**108,012,780**	**106,936,051**	**21,939,225**	**215,767,670**	**14,550,437**
Group investment in associate/joint venture	49.00%	29.09%	45.00%	22.45%	32.02%	50.00%	16.67%
Carrying amount	**176,409,961**	**101,274,083**	**48,605,751**	**24,007,144**	**7,024,940**	**107,883,835**	**2,425,559**
Total revenues	**11,672,032**	**13,873,166**	**39,187,476**	**15,725,000**	**901,938**	**10,879,968**	**-**
Total expenses	**(883,107)**	**(1,594,657)**	**(32,636,653)**	**(19,574,000)**	**(1,758,711)**	**(1,305,773)**	**(23,937,918)**
Profit/(loss) from continuing operations	10,788,925	12,278,509	6,550,823	(3,849,000)	(856,773)	9,574,195	(23,937,918)
Taxation	(167,796)	(3,468,348)	9,722,763	741,000	(2)	(1,498)	-
Profit/(loss) after taxation from continuing operations	10,621,129	8,810,161	16,273,586	(3,108,000)	(856,775)	9,572,697	(23,937,918)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**10,621,129**	**8,810,161**	**16,273,586**	**(3,108,000)**	**(856,775)**	**9,572,697**	**(23,937,918)**

Notes to the Consolidated Financial Statements

6 Investments in associates and joint ventures (continued)

Summarised information – joint ventures and associates (continued)

	Saturne Habitat 2*	Alpha Log Fund	Luxembourg Investment Company 327 S.à r.l.	JV FORTE S.à r.l. (formerly Luxembourg Investment Company 359 S.à r.l.)	OneLog Invest (Lux) S.à r.l.	CoRE FR 14 SAS	CoRE FR 15 SAS	Claypole Limited
	€	€	€	€	€	€	€	€
As at 31 December 2021								
Non current assets	837,139,338	426,136,367	518,360,977	233,747,702	2,831,096,441	385,016,429	113,470,000	102,153,994
Current assets	307,301	38,525,353	27,887,889	5,178,497	195,545,449	702,749	13,950,002	1,182,107
Total assets	**837,446,639**	**464,661,720**	**546,248,866**	**238,926,199**	**3,026,641,890**	**385,719,178**	**127,420,002**	**103,336,101**
Non current liabilities	349,060,469	-	511,692,651	158,798,753	1,874,516,954	330,357,600	101,640,000	3,883,927
Current liabilities	2,173,705	5,477,052	31,575,136	10,992,580	174,699,939	67,004	3,180,962	3,284,174
Total liabilities	**351,234,174**	**5,477,052**	**543,267,787**	**169,791,333**	**2,049,216,893**	**330,424,604**	**104,820,962**	**7,168,101**
Net assets	**486,212,465**	**459,184,668**	**2,981,079**	**69,134,866**	**977,424,997**	**55,294,574**	**22,599,040**	**96,168,000**
Group investment in associate/joint venture	28.03%	32.05%	40.00%	33.33%	32.02%	50.00%	50.00%	25.00%
Carrying amount	**136,285,354**	**147,168,686**	**1,192,432**	**23,042,651**	**312,971,484**	**27,647,287**	**11,299,520**	**24,042,000**
Total revenues	**131,063,876**	**57,669,314**	**71,143,319**	**4,694,131**	**404,652,349**	**6,750,000**	**-**	**12,839,963**
Total expenses	**(2,367,293)**	**(1,564,900)**	**(16,811,886)**	**(5,958,052)**	**(58,354,186)**	**(23,760,940)**	**(6,323,239)**	**(865,253)**
Profit/(loss) from continuing operations	128,696,583	56,104,414	54,331,433	(1,263,921)	346,298,163	(17,010,940)	(6,323,239)	11,974,710
Taxation	-	(1,460)	(3,033,896)	7,210,255	(83,066,118)	276,646	-	(5,903,248)
Profit/(loss) after taxation from continuing operations	128,696,583	56,102,954	51,297,537	5,946,334	263,232,045	(16,734,294)	(6,323,239)	6,071,462
Other comprehensive income	-	-	-	-	(4,496,253)	-	-	-
Total comprehensive income	**128,696,583**	**56,102,954**	**51,297,537**	**5,946,334**	**258,735,792**	**(16,734,294)**	**(6,323,239)**	**6,071,462**
As at 31 December 2020								
Non current assets	-	267,264,715	463,192,809	392,900	1,485,869,822	404,445,329	115,751,041	95,431,069
Current assets	-	23,828,863	15,382,862	232,430,937	159,969,464	5,555,640	1,433,974	1,237,123
Total assets	**-**	**291,093,578**	**478,575,671**	**232,823,837**	**1,645,839,286**	**410,000,969**	**117,185,015**	**96,668,192**
Non current liabilities	-	-	512,234,788	161,486,764	1,215,390,876	330,357,600	97,090,000	2,203,196
Current liabilities	-	9,637,609	14,725,995	7,156,515	32,198,424	878,019	29,609	36,550
Total liabilities	**-**	**9,637,609**	**526,960,783**	**168,643,279**	**1,247,589,300**	**331,235,619**	**97,119,609**	**2,239,746**
Net assets	**-**	**281,455,969**	**(48,385,112)**	**64,180,558**	**398,249,986**	**78,765,350**	**20,065,406**	**94,428,446**
Group investment in associate/joint venture	0.00%	32.05%	40.00%	33.33%	32.02%	50.00%	50.00%	25.00%
Carrying amount	**-**	**90,206,638**	**-**	**21,391,380**	**127,519,646**	**39,382,675**	**10,032,703**	**23,607,111**
Total revenues	**-**	**-**	**16,804,099**	**26,346,403**	**137,195,072**	**-**	**1,078,825**	**9,676,787**
Total expenses	**-**	**-**	**(99,444,325)**	**(7,343,157)**	**(57,535,772)**	**(61,236,688)**	**(22,608,077)**	**(406,689)**
Profit/(loss) from continuing operations	-	-	(82,640,226)	19,003,246	79,659,300	(61,236,688)	(21,529,252)	9,270,098
Taxation	-	-	(51,889)	(6,917,638)	(24,260,978)	-	-	(2,419,232)
Profit/(loss) after taxation from continuing operations	-	-	(82,692,115)	12,085,608	55,398,322	(61,236,688)	(21,529,252)	6,850,866
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(82,692,115)**	**12,085,608**	**55,398,322**	**(61,236,688)**	**(21,529,252)**	**6,850,866**

*The information of Marteau, Gran Ecran and Saturnn are consolidated within Saturne Habitat 2.

Notes to the Consolidated Financial Statements

7 Financial assets at fair value through profit or loss

	31 December 2021	31 December 2020
	€	€
Opening balance	10,668,513	43,621,508
Cegereal		
- Return of capital	-	(235,624)
- Net gain/(loss) on shares held in Cegereal	956,740	(3,102,377)
Receivable instruments		
- Acquired in asset acquisition	710,325	-
- Disposals	-	(29,614,994)
Closing balance	**12,335,578**	**10,668,513**

The Group holds less than 5.00% investment in Cegereal REIT. This investment is treated as an investment in financial assets. Cegereal REIT owns interests in commercial properties in Paris, France.

As at 31 December 2021, if the fair value of financial assets had been 1.0% higher/lower, with all other variables held constant, net assets attributable to partners would have been €123,356 (2020: €106,685) higher/lower.

8 Investment held at amortised cost

	31 December 2021	31 December 2020
	€	€
Opening balance	5,000,000	5,000,000
Acquired in asset acquisition:		
- Receivable instruments	-	-
Closing balance	**5,000,000**	**5,000,000**

The Group holds an investment in receivable instruments through an underlying fully owned subsidiary, Symbol Holdco C-T S.à r.l. The receivable is accounted for at amortised cost.

Notes to the Consolidated Financial Statements

9 Other receivables and prepayments

	31 December 2021	31 December 2020
	€	€
Current assets		
Receivable from joint venture	2,940,000	2,940,000
Receivable from seller	3,218,767	3,444,439
Other receivables from tenants	50,000	50,474
Cash collateral and escrow accounts	15,032,328	4,000,000
Value added tax receivable	6,049,384	6,119,105
Cash held by property managers	4,390,766	4,252,067
Gross rent receivable	6,566,942	16,048,428
Allowance for bad debts - Rent	(2,942,086)	(1,367,646)
Deposits held for investments	2,847,780	87,603,401
Accrued income	2,123,497	1,070,167
Share premium reimbursement receivable	5,685,428	-
Property related receivables	1,545,843	-
Security deposits	1,379,343	-
Other receivables and prepayments	10,715,974	8,316,354
Total current assets	**59,603,966**	**132,476,789**
Non-current assets		
Other long term deposits	8,030,591	-
Other receivables from tenants	2,371,369	2,650,000
Total non-current assets	**10,401,960**	**2,650,000**
Total other receivables and prepayments	**70,005,926**	**135,126,789**

The estimated fair values of receivables are the discounted amount of the estimated future cash flows expected to be received and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

10 Derivatives at fair value through profit or loss

The Group uses currency forward contracts and currency options and swaps, which represent commitments to purchase domestic currency to hedge against foreign currency exposures. The Group also uses interest rate swaps and caps, which relate to contracts taken out by the Group with major brokers in which the Group either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. These derivatives are accounted for as trading instruments.

The notional/transaction amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks.

The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to the terms. The aggregate transaction or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair value of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Notes to the Consolidated Financial Statements

10 Derivatives at fair value through profit or loss (continued)

The fair values of derivative instruments held are set out below:

	Nominal value (in local currency)					Fair Value		
						Assets	Liabilities	Net
	€	GBP	DKK	NOK	SEC	€	€	€
As at 31 December 2021								
Derivatives at fair value through profit or loss								
Interest rate swaps	42,500,000	-	-	-	-	-	(98,228)	(98,228)
Interest rate caps	142,525,131	725,000,000	-	-	-	14,334,845	(475,420)	13,859,425
Currency forward contracts	-	482,150,000	1,290,898,000	253,412,335	1,112,800,000	2,173,558	(10,823,019)	(8,649,461)
Currency option/swaps	49,810,489	150,000,000	-	-	-	-	(2,758,550)	(2,758,550)
Total derivatives at fair value through profit or loss	**234,835,620**	**1,357,150,000**	**1,290,898,000**	**253,412,335**	**1,112,800,000**	**16,508,403**	**(14,155,217)**	**2,353,186**
As at 31 December 2020								
Derivatives at fair value through profit or loss								
Interest rate swaps	155,000,000	52,250,000	-	-	-	-	(6,583,704)	(6,583,704)
Interest rate caps	319,827,294	185,917,278	-	-	-	135,510	-	135,510
Currency forward contracts	-	396,445,000	902,000,000	-	-	-	(5,050,465)	(5,050,465)
Total derivatives at fair value through profit or loss	**474,827,294**	**634,612,278**	**902,000,000**	**-**	**-**	**135,510**	**(11,634,169)**	**(11,498,659)**

Maturities for interest rate swaps and interest rate caps held as at 31 December 2021 ranged from April 2022 to July 2026 (31 December 2020 range: October 2021 to May 2026).

All currency forward contracts held as at 31 December 2021 were due to mature in March 2022 and November 2022 (31 December 2020: January 2021).

Notes to the Consolidated Financial Statements

11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. The table below shows cash and cash equivalents by institution, and by the S&P credit ratings of those institutions.

	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S&P Rating	S&P Rating	€	€
The Bank of New York Mellon, NA/NV	AA-	AA-	182,009,783	104,856,719
Société Générale Luxembourg SA	A	A	15,996,405	33,883,025
J.P. Morgan Bank Luxembourg SA	A+	A+	31,858,499	22,649,251
Barclays Bank UK PLC	A	BBB	8,603,053	14,680,564
Berliner Sparkasse - Landesbank Berlin AG	N/A	N/A	12,285,532	11,325,038
CA Indosuez Wealth (Europe) SA	A+	A+	11,886,955	9,319,095
Bank of America NT and SA	A+	A+	11,772,229	10,877,764
BNP Paribas Securities Services SCA	A+	A+	6,939,855	7,395,240
ABN AMRO Bank N.V.	A	A	1,456,752	7,982,322
Danske Bank A/S	A	A	1,933,642	5,771,115
Santander Bank SA	A	A	4,518,377	2,723,689
Nordea Bank Oyj	AA-	AA-	1,122,916	1,544,688
State Street Bank International GmbH	A	A	562,947	1,187,815
BNP Paribas SA	A+	N/A	6,832,805	-
Other	N/A	N/A	7,362,180	1,449,599
			305,141,930	235,645,924

Notes to the Consolidated Financial Statements

12 Trade and other payables

	31 December 2021	31 December 2020
	€	€
Current liabilities		
Accounting fees	259,936	244,850
Administration fees	448,310	331,291
Audit fees	1,644,371	851,322
Interest payable	4,488,928	2,922,786
Depositary fees accrued	284,991	125,503
Fixed asset and capital expenditure accruals	3,521,049	1,003,879
Legal fees	-	40,905
Professional fees	4,130,125	-
Management fees	13,289,257	6,246,159
Refundable deposits	12,960,335	11,436,708
Value added tax payable	4,205,303	14,631,056
Service charges in advance	2,797,528	-
Tax fees	123,069	128,743
Trade creditors	9,901,892	10,873,689
Valuation fees	115,644	80,672
Accrued operating expenses	11,260,705	-
Other payables	10,709,722	4,860,658
Total current liabilities	**80,141,165**	**53,778,221**
Non-current liabilities		
Other payables and accrued expenses	2,371,369	2,650,000
Total non-current liabilities	**2,371,369**	**2,650,000**
Total trade and other payables	**82,512,534**	**56,428,221**

The estimated fair values of the above financial liabilities are the discounted amounts of the estimated future cash flows expected to be received and approximate their carrying amounts.

Notes to the Consolidated Financial Statements

13 Rental income

	31 December 2021	31 December 2020
	€	€
Rental income	152,573,100	130,140,445
	152,573,100	**130,140,445**

At year-end the total contractually agreed rental income based on the leases in operation (excluding rental guarantees received) is as follows:

	31 December 2021	31 December 2020
	€	€
No later than 1 year	101,973,219	90,222,448
Later than 1 year and no later than 2 years	72,250,813	56,654,559
Later than 2 years and no later than 3 years	56,194,495	44,900,834
Later than 3 years and no later than 4 years	42,079,469	31,903,383
Later than 4 years and no later than 5 years	28,544,629	22,482,291
Later than 5 years	86,438,094	35,131,512
Total	**387,480,719**	**281,295,027**

As at 31 December 2021, the rental income of the Group was not materially affected by the impact of COVID-19.

14 Operating expenses

	31 December 2021	31 December 2020
	€	€
Accounting and professional fees	5,348,832	2,896,779
Administration fees	1,049,800	1,523,728
Audit fees	1,040,120	1,318,990
Legal fees	1,962,565	542,692
Management fees	19,594,207	16,409,034
Net service fee expense	354,556	378,583
Other property expenses	31,967,797	14,502,993
Real estate expenses	8,313,626	7,035,705
Tax fees	547,288	846,112
Valuation fees	718,681	765,017
Organisational costs	527,276	8,945,502
Staff costs	-	2,278,437
Other corporate costs	9,307,241	3,213,302
Other expenses	5,108,783	414,109
	85,840,772	**61,070,983**

Notes to the Consolidated Financial Statements

15 Finance result

	31 December 2021	31 December 2020
	€	€
Realised foreign exchange gains on forward contracts	-	27,161,125
Other finance income	-	1,231,000
Unrealised foreign exchange gains	5,955,012	1,468,366
Interest income from associates and joint ventures	18,627,850	17,418,238
Unrealised gain on derivatives	3,537,359	-
Realised foreign exchange gains	1,906,728	-
Finance income	**30,026,949**	**47,278,729**
Realised foreign exchange losses on forward contracts	39,506,554	-
Realised foreign exchange losses	-	8,588,318
Interest expense on external loans	25,694,261	19,800,537
Bank charges	3,028,627	10,762,535
Interest expense on derivatives	1,099,998	1,529,159
Unrealised loss on derivatives	-	8,850,342
Debt issue fees	2,292,274	1,176,704
Finance expense	**71,621,714**	**50,707,595**
Finance result	**(41,594,765)**	**(3,428,866)**

16 Business combinations and asset acquisitions

(a) Asset acquisitions

On 30 September 2021, the Group acquired 100% of the share capital of IMF Campus GmbH ("The Aachen Transaction"). The Company acquired a life-science property (the "Rock Assets"). The Rock Assets is located on the Campus Melaten, an extension of the RWTH Campus. The RWTH university is Germany's largest technical university and one of 11 German universities which are awarded with an excellence certificate by the Federal ministry of Education and Research. The Rock Assets, is held by, German Limited Liability Company, namely IMF Campus GmbH. After acquisition, the Group changed the name of IMF Campus GmbH to ACEF Campus GmbH.

The purchase price is estimated as €59.7m.

See Note 5 for details of the assets acquired as part of the Aachen transaction.

The assets and liabilities of ACEF Campus GmbH recognised in the consolidated statement of financial position on the dates of acquisition during 2021 were:

	ACEF Campus GmbH
	€
Investment property (Note 5)	130,199,589
Cash and cash equivalents	4,730,354
Borrowings (Note 17)	(57,629,552)
Other loans	(16,250,882)
Other receivables	5,047,945
Other payables	(6,312,407)
Net identifiable assets acquired	**59,785,047**
Total consideration	**59,785,047**
Less cash and cash equivalents of subsidiary acquired	(4,730,354)
Less acquisition costs remaining payable	(8,052,850)
Net outflow of cash and cash equivalents on acquisition	**47,001,843**

Notes to the Consolidated Financial Statements

16 Business combinations and asset acquisitions (continued)

(a) Asset acquisitions (continued)

The valuation of investment property at the acquisition date was performed by an independent professional appraiser with experience of the relevant market. The fair value of cash and cash equivalents was considered to equal the carrying value representing the Acef Campus GmbH entity bank deposits. The fair value of borrowings and trade and other payables was calculated based on discounted cash flow models. Non-controlling interest represents the share of net assets held by the non-controlling investor as of acquisition date.

There were no contingent liabilities arising as part of the Aachen transaction.

(b) Business combination

On 16 September 2020, the Group acquired 51% of the share capital of Dolphin Square Estate Limited and Dolphin Square Operator Limited (together termed as "Dolphin Square entities") from Westbrook Partners, a real estate investment management company. The purpose of the transaction is to acquire the unencumbered freehold interest in a large private rented residential complex in the UK (1,233 units / 795,990 sqft / 7.5 acre site), located in Central London (Pimlico, Zone 1), and undertake a rolling upgrade programme of the residential and amenity space to capture reversion over the medium to long term.

In addition to the acquisition of a property company, the Group also acquired an operating company. Within this operating company, there are employees involved in the operations of the property. As a consequence, this acquisition met the definition of a business in accordance with IFRS 3.

Total purchase consideration amounted to a net cash outflow of €203m (see Note 20 for detail of non-controlling interests).

The assets and liabilities acquired and recognised in the consolidated statement of financial position on the dates of acquisition during 2020 were:

	Dolphin Square entities
	€
Investment property (Note 5)	793,017,074
Cash and cash equivalents	9,809,546
Borrowings (Note 17)	(395,355,400)
Other receivables	6,613,582
Other payables	(13,491,065)
Net identifiable assets acquired	**400,593,737**
Goodwill arising on acquisition	4,665,726
Non-controlling interest (Note 20)	(192,273,584)
Total consideration	**212,985,879**
Less cash and cash equivalents of subsidiary acquired	(9,809,546)
Net outflow of cash and cash equivalents on acquisition	**203,176,333**

The goodwill recognised as part of the transaction is attributable to synergies expected to arise from the combination.

As at 31 December 2020 the goodwill on acquisition has been fully written off to nil.

The valuation of investment property at the acquisition date was performed by an independent professional appraiser with experience of the relevant market. The fair value of cash and cash equivalents was considered to equal the carrying value representing the Dolphin square entities bank deposits. The fair value of borrowings and trade and other payables was calculated based on discounted cash flow models. Non-controlling interest represents the share of net assets held by the non-controlling investor as of acquisition date.

There were no contingent liabilities arising as part of the Dolphin transaction.

Notes to the Consolidated Financial Statements

17 Borrowings

The table below shows the Group borrowings as at 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
	€	€
Bank borrowings	634,341,219	1,173,848,543
Loans from non-controlling interests	92,102,268	78,486,731
Debt issue costs	(6,134,322)	(4,157,994)
Amortisation of debt issue costs	219,006	1,204,823
Lease liabilities	2,742,693	2,763,473
Notes issued	987,760,531	-
	1,711,031,395	**1,252,145,576**
Borrowings directly associated with investment property held for sale	-	4,785,680
Total borrowings	**1,711,031,395**	**1,256,931,256**

The amortised cost of the borrowings approximates its fair value as at 31 December 2021 and as at 31 December 2020.

As at 31 December 2021 and 31 December 2020, all bank borrowings are secured on investment properties.

Note issued

On 7 June 2021, the Group has issued a note, 0.75% Green Euro Notes due 2028 at an issue price of 99.36%, for an amount of €500m and on 19 October 2021, the Group has issued another note, 1.250% Green Euro Notes due 2030 at an issue price of 99.292%, for €500m. The discount on the Note issued are amortised over the life of the Notes issued. The objective of the issuance of notes is to refinance eligible green projects. Both notes are listed on Euronext Dublin – Global Exchange Market.

Bank borrowings

- On 31 October 2016, the Group, through its 100% subsidiary, CoRE UK 2016 1 S.à r.l., entered into a loan facility agreement with ING Bank N.V. for a principal amount of up GBP 38,750,000, to refinance the cost of acquisition of a property in London. The loan bears interest at a variable 3 month LIBOR floating rate plus a spread margin of 1.70% per annum and matures on 30 October 2023. This loan facility is however early repaid in June 2021.
- On 13 June 2017, the Group, through its 85% subsidiary, Area Sur Shopping, S.L., entered into a loan facility agreement with Santander and CaixaBank for a principal amount of up €50,000,000, to refinance the cost of acquisition of a property in Spain. The loan bears interest at a variable 6 month EURIBOR floating rate plus a spread margin of 1.80% per annum and matures on 13 June 2022.
- On 3 October 2017, the Group, through its 100% subsidiary, CoRE UK 2016 3 S.à r.l. entered into a loan facility agreement with ING Bank N.V., for a principal amount of up to GBP 22,640,000, to refinance the cost of acquisition of a property in London. The loan bears interest at a variable 3 month LIBOR rate plus a fixed margin of 1.70% per annum and matures on 30 October 2023. This loan facility is however early repaid in June 2021.
- On 11 October 2018, the Group, through its 100% subsidiary, CoRE Lux 2018 7 S.à r.l. entered into a loan facility agreement with Société Générale, for a principal amount of up to €90,000,000, to refinance the cost of acquisition of a property in Luxembourg. The loan bears interest at a variable 3 month EURIBOR rate plus a fixed margin of 1.00% per annum and matures on 11 October 2025. This loan facility is however early repaid in October 2021.
- On 25 July 2019, the Group, through its 65% owned subsidiaries, the Dutch B.V.s, entered into a loan facility agreement with Landesbank Hessen-Thuringen Girozentrale for a principal amount of €84,000,000, to refinance the cost of acquisition of properties in Germany. The loan bears interest at a fixed rate of 1.38% per annum and matures on 31 July 2024. During 2021, the term of this loan facility has renegotiated and the revised principal amount is €150,350,000 at fixed interest rate of 1.21% per annum and matures on 1st April 2026.
- The Group, through subsidiaries acquired as part of the NRE transaction, has entered into the following loan facility agreements:
  - Loan facility agreements with La Banque Postale for a principal amount of €35,293,687 to refinance the cost of acquisition of properties in France. The loans bear floating interest of 3 month EURIBOR and fixed interest of 1.5%, 1.65% and 2% per annum and mature on 8 April 2022. This loan facility is however early repaid in June 2021.

Notes to the Consolidated Financial Statements

17 Borrowings (continued)

Bank borrowings (continued)

- Loan facility agreements with Helaba for a principal amount of €61,432,500, to refinance the cost of acquisition of properties in Germany. The loans bear floating interest of 3 month EURIBOR and a fixed interest of 1 % per annum and mature on 1 July 2025. During the year ended on 31 December 2021, a portion of this facility agreement associated with a property in Munster, Germany has been repaid. As of 31 December 2020, property in Muenster, Germany classified as 'Investment property held for sale' (see Note 5) and hence the associated borrowings of €4,785,680 has been shown separately on the statement of financial positon as 'Borrowings directly associated with investment property held for sale'. The remaining loan facility has been fully repaid in October 2021.
- Loan facility agreements with Aareal bank for a principal amount of €177,302,163 and GBP 185,917,278, to refinance the cost of acquisition of properties in France, Germany and the UK. The EUR loan bears interest at a fixed rate of 1.55% per annum and the GBP loan bears interest at a fixed rate of 1.55% per annum. All loans mature on 20 July 2024. This loan facility has been fully repaid in June 2021.

- On 2 October 2020, the Group signed a revolving credit facility of €100,000,000 with Natixis, with a facility period ending on 1 October 2021. This facility has been renewed in 2021 and the revised carries a commitment fee on undrawn amounts, which is 40% of the margin of 1.3% per annum. The maturity date of this facility is 30 September 2022. During the year ended 31 December 2021, the Group has fully repaid the drawn down amount of €85,000,000 under the Facility. As of 31 December 2021, no amount is outstanding under this loan facility.
- On 29 October 2021, the Group signed a revolving credit facility of €75,000,000 (the "Facility") with CA-CIB, comprise of 2 tranches (A/B). Tranche A facility matures on 29 October 2026 and Tranche B matures on 29 October 2022. The Facility carries a commitment fee on undrawn amounts, which is 40% of the margin of 1% per annum. The Facility also carries an utilisation fee on drawdown amounts, which is EURIBOR + margin (depending on the LTV), 10/20/25/35 bps of the drawdown amounts.
- The Group, through its 51% owned subsidiary Dolphin Square Estate Limited, has entered into a loan facility agreement with M&G for a principal amount of GBP 362,500,000, to finance the cost of acquisition of properties in the United Kingdom. On 18 June 2021, the Company refinanced the existing loan for the same amount of GBP 362,500,000. The loan bears interest at a variable Sonia rate plus a fixed margin of 1.7% per annum and matures on 2 July 2026.
- On 22 December 2021, the Group signed a revolving credit facility of €75,000,000 (the "Facility") with BNP PARIBAS, with a facility period ending 22 December 2026. The Facility carries a commitment fee on undrawn amounts, which is EURIBOR + margin (depending on the rating), 40% of the margin of 0,7% per annum. The Facility also carries an utilisation fee on drawdown amounts, which is 20/30/40 bps of the drawdown amounts.

Loans from non-controlling interests

- On 9 June 2017, the Group, through its 85% subsidiary, Area Sur Shopping, S.L, entered into a loan facility agreement with Axnae Spain Holdings, S.L., for a principal amount of up to €1,950,000 to refinance the cost of acquisition of a property in Spain. The loan bears interest at a fixed rate of 3.5% and matures on 14 December 2027
- As part of the acquisition of a 65% share in the seven Dutch B.V.s, the Group has acquired a loan facility with Sirius Finance (Guernsey) Limited, for a principal amount of up to €44,278,063. The loan bears interest at a fixed rate of 7% and matures on 31 December 2026.
- As part of the Nighthawk portfolio, SCI SAPI has subscribed asset linked preferred equity certificates issued by a Group entity, Trias Pool I-T S.à r.l. and Prime Pool I-T S.à r.l. for €6,829,302. The Group also entered into a loan facility agreement with SCI SAPI for a total amount of €5,451,022.
- As the part of the acquisition of 51% share in the Dolphin Square entities (see Note 16), the Group entered into a loan facility with AXA JV partners for a total facility amount of up to GBP 73,800,653 - Drawdowns as of 31/12/2021: GBP 29,700,865, of which the principal amount outstanding as at 31 December 2020 was GBP 24,800,970. The loan bears interest at a fixed rate of 1.90% and matures 16 September 2030.

As at 31 December 2021 the balance of the loan facilities was €1,711,031,395 (2020: €1,254,167,783) with accrued interest payable of €4,488,928 (2020: €2,922,786). Interest expense for the year amounted to €25,694,261 (2020: €19,800,537). There were no default events during the financial year ended 31 December 2021.

Lease liability

The Group has recognised a lease liability in respect of a Ground lease on assets held in Finland. The corresponding right of use asset has been recognised in investment property.

Notes to the Consolidated Financial Statements

17 Borrowings (continued)

Reconciliation of liabilities arising from financing activities

	Borrowings - bank financing	Borrowings - non-controlling interests	Borrowings - other loans	Debt issuance costs	Lease Liability	Notes issued	Total
	€	€			€	€	€
As at 1 January 2021	**1,173,848,543**	**78,486,731**	**-**	**(2,953,171)**	**2,763,473**	-	**1,252,145,576**
Cash flows							
Loan drawdowns	67,112,506	22,445,297	-	(5,031,043)	-	987,760,531	**1,072,287,291**
Payments	(693,175,952)	(10,660,570)	(16,250,882)	-	(20,780)	-	**(720,108,184)**
Acquired on acquisition of subsidiaries	57,629,552	-	16,250,882	-	-	-	**73,880,434**
Non cash changes							
Lease liabilities	-	-	-	-	-	-	**-**
Borrowings directly associated with investment property held for sale	-	-	-	-	-	-	**-**
Amortisation of debt issue costs*	-	-	-	2,068,898	-	-	**2,068,898**
Foreign exchange	28,926,570	1,830,810	-	-	-	-	**30,757,380**
31 December 2021	**634,341,219**	**92,102,268**	**-**	**(5,915,316)**	**2,742,693**	**987,760,531**	**1,711,031,395**
As at 1 January 2020	**789,190,577**	**22,384,677**	**-**	**(7,049,785)**	**2,700,000**		**807,225,469**
Cash flows							
Loan drawdowns	-	60,770,597	-	-	-		**60,770,597**
Payments	-	(4,668,543)	-	-	-		**(4,668,543)**
Acquired on acquisition of subsidiaries	396,671,471	-	-	(1,316,071)	-		**395,355,400**
Non cash changes							
Lease liabilities	-	-	-	-	63,473		**63,473**
Borrowings directly associated with investment property held for sale	(4,785,680)	-	-	-	-		**(4,785,680)**
Amortisation of debt issue costs*	-	-	-	5,291,259	-		**5,291,259**
Foreign exchange	(7,227,825)	-	-	121,426	-		**(7,106,399)**
31 December 2020	**1,173,848,543**	**78,486,731**	**-**	**(2,953,171)**	**2,763,473**		**1,252,145,576**

18 Deferred income

Deferred income represents rental income received in advance in respect of future periods.

19 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operating decisions or vice versa or where the Group and other parties are subject to common control or common significant influence. Related parties may be individuals or entities. The Group considers AXA Real Estate Investment Managers SGP, the General Partner and their Affiliates to be related parties.

Management fees

The Group appointed, as Alternative Investment Fund Manager, AXA Real Estate Investment Managers SGP (the "AIFM"), a French regulated management company, which is subject to French regulation and accordingly manages clients' portfolios on real estate investments, securities or other debt products which may be directly or indirectly secured by real estate assets, properties or rights, as advisor to source and to advise on the investment in Financial Assets owned by the Group and their sales and on the management of certain administrative services in relation with the Financial Assets of the Group.

The General Partner, the AIFM and their Affiliates shall receive from the Group an annual Management Fee in accordance with the table below and shared in such proportion among them as they shall determine by mutual agreement.

Notes to the Consolidated Financial Statements

19 Related party transactions (continued)

Management fees (continued)

The annual Management Fee to be paid by the Group in relation to each Class of Units shall be as follows:

Class of Units	Capital Commitments of Investor	Management Fee
A1	<EUR 30,000,000	1.15% of the Fund's NAV
A2	≥EUR 30,000,000 <EUR 75,000,000	1.00% of the Fund's NAV
A3	≥EUR 75,000,000 <EUR150,000,000	0.85% of the Fund's NAV
A4	≥EUR150,000,000 <EUR250,000,000	0.70% of the Fund's NAV
A5	≥EUR250,000,000	0.62% of the Fund's NAV
A6	N/A	0.45% of the Fund's NAV until the 1st of January 2026 and 0.70% of the Fund's NAV thereafter
A7	N/A	0.60% of the Fund's NAV
A8	N/A	0.60% of the Fund's NAV

20 Non-controlling interests

Movements in non-controlling interests in 2021 are detailed in the table below:

	Dolphin Square entities	NRE entities	Dutch B.V.s	Area Sur Shopping, S.L.	Total
	€	€	€	€	€
As at 31 December 2021	**186,466,450**	**6,812,307**	**12,735,986**	**6,620,585**	**212,635,328**
Opening balance	-	-	-	375,000	**375,000**
Additions during the year	12,126,496	-	-	-	**12,126,496**
Foreign exchange movement (recognised in other comprehensive income)	-	-	-	-	**-**
Other adjustments	-	-	-	-	**-**
Distributions during the year	-	-	-	-	**-**
Acquisiton of non-controlling interests	-	-	-	-	**-**
Gain on acquisiton of non-controlling interests	10,481,667	3,434,978	8,232,685	624,800	**22,774,130**
Gains allocated during the year					
Closing balance	**209,074,613**	**10,247,285**	**20,968,671**	**7,620,385**	**247,910,954**

During the financial year ended December 2021, the Group has not acquired any new entity with non-controlling interest.

Movements in non-controlling interests in 2020 are detailed in the table below::

	Dolphin Square entities	NRE entities	Dutch B.V.s	Area Sur Shopping, S.L.	Total
	€	€	€	€	€
As at 31 December 2020	**-**	**7,467,440**	**15,519,644**	**7,481,843**	**30,468,927**
Opening balance	192,273,584	-	70	-	**192,273,654**
Additions during the year	4,110,352	-	-	-	**4,110,352**
Foreign exchange movement (recognised in other comprehensive income)	-	5,724,022	-	-	**5,724,022**
Other adjustments	-	-	-	(225,000)	**(225,000)**
Distributions during the year	-	(2,439,457)	-	-	**(2,439,457)**
Acquisiton of non-controlling interests	-	(2,519,317)	-	-	**(2,519,317)**
Gain on acquisiton of non-controlling interests	(9,917,486)	(1,420,381)	(2,783,728)	(636,258)	**(14,757,853)**
Loss allocated during the year					
Closing balance	**186,466,450**	**6,812,307**	**12,735,986**	**6,620,585**	**212,635,328**

Notes to the Consolidated Financial Statements

20 Non-controlling interests (continued)

During the financial year ended December 2020, the Group acquired a 51% freehold interest in a large private rented residential complex in London via a subsidiary ("Dolphin Square entities", see Note 16 and Note 26). The remaining 49% interest is held by a third parties who have a non-controlling interest in the investment.

*As of 31 December 2021, out of a total of 23 NRE entities, there were 9 NRE entities in which a non-controlling interest was held by third parties, amounting to 5.1% in each case. Non-controlling interests in respect of NRE entities are not material with respect to the sub-consolidated level at NRE entities or at the Group level and hence the summarised financial information of NRE entities which have a non-controlling interest has not been presented.

During the financial year ended 31 December 2020, the Group had the following transactions with non-controlling interests:

A 5.1% non-controlling interest held by CSI Europe S.à.r.l in Prime Holdco A-T S.à.r.l for a purchase price of €224,964 paid on 21 February 2020.

A 5.104 % non-controlling interest held by Dietz Logistik 23 Grundbesitz Gmbh in Trias Pool I-T S.à.r.l for a purchase price of €2,214,493 paid on 30 October 2020.

The gains arising on these transactions are presented directly in equity.

During the financial year ended 31 December 2021, the Group had no additional transactions with non-controlling interests.

Set out below is summarised financial information for each subsidiary (with the exception of the NRE entities) that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

	Dolphin Square entities	Dutch BVs	Area Sur Shopping, S.L.	Total
	€	€	€	€
As at 31 December 2021				
Non-current assets	890,596,604	344,069,291	112,004,260	**1,346,670,155**
Current assets	55,012,940	20,452,269	8,942,077	**84,407,286**
Current liabilities	18,129,352	12,154,644	6,459,166	**36,743,162**
Net current assets	36,883,588	8,297,625	2,482,911	**47,664,124**
Non-current liabilities	500,797,206	292,456,484	63,684,169	**856,937,859**
Net assets	**426,682,986**	**59,910,432**	**50,803,002**	**537,396,420**
Accumulated non-controlling interest	**209,074,613**	**20,968,671**	**7,620,385**	**237,663,669**

Summarised statement of comprehensive income

	Dolphin Square entities	Dutch BVs	Area Sur Shopping, S.L.	Total
	€	€	€	€
As at 31 December 2021				
Revenue	**28,161,320**	**32,596,820**	**7,744,829**	**68,502,969**
Profit/(Loss) for the year	**21,391,155**	**23,521,899**	**4,019,287**	**48,932,341**
Other comprehensive income	-	-	-	-
Total comprehensive income/(Loss)	**21,391,155**	**23,521,899**	**4,019,287**	**48,932,341**
Gains allocated to non-controlling interest	**10,481,667**	**8,232,685**	**624,800**	**19,339,152**

Notes to the Consolidated Financial Statements

20 Non-controlling interests (continued)

Summarised balance sheet

	Dolphin Square entities	Dutch BVs	Area Sur Shopping, S.L.	Total
	€	€	€	€
As at 31 December 2020				
Non-current assets	803,522,740	236,939,788	105,505,516	**1,145,968,044**
Current assets	57,147,796	21,676,254	7,459,210	**86,283,260**
Current liabilities	19,863,100	8,969,332	6,616,869	**35,449,301**
Net current assets	37,284,696	12,706,922	842,341	**50,833,959**
Non-current liabilities	460,263,589	213,258,174	62,210,191	**735,731,954**
Net assets	380,543,847	36,388,536	44,137,666	**461,070,049**
Accumulated non-controlling interest	**186,466,450**	**12,735,986**	**6,620,585**	**205,823,021**

Summarised statement of comprehensive income

	Dolphin Square entities	Dutch BVs	Area Sur Shopping, S.L.	Total
	€	€	€	€
As at 31 December 2020				
Revenue	**12,633,655**	**20,902,059**	**6,256,892**	**39,792,606**
Profit for the period	**(20,226,343)**	**(8,314,490)**	**(4,373,692)**	**(32,914,525)**
Other comprehensive income	-	-	-	-
Total comprehensive income	**(20,226,343)**	**(8,314,490)**	**(4,373,692)**	**(32,914,525)**
Loss	**(9,917,486)**	**(2,783,728)**	**(636,258)**	**(13,337,472)**

21 Commitments

As at 31 December 2021, the total commitment of the investors in the Fund (after redemptions) amounts to €4,076,450,152 (2020: €3,806,450,152). As at 31 December 2021 €326,000,000 (2020: €573,847,152), has not yet been called.

The Group has financial commitments of €44m (2020: €41.8m), €9.9m (2020: €7.3m), €2m (2020: €2m), €3.6m (2020: €3.6m) €13.4m (2020: nil), €0,7m and €20,4m and towards SCI Backin, Paunsdorf Center Luxco S.a r.l., Luxembourg Investment Company 327 S.a r.l., Iberubbo Imobilaria, Lda., Selectiv Core Italy SICAF S.p.A., JV Forte and Saturne Habitat 2.

Notes to the Consolidated Financial Statements

22 Distributions

The following distributions were declared and paid by the Group during the year:

	31 December 2021	31 December 2020
	€	€
Class A1 - 2.68 (2020: 5.12) EUR per unit	8,408,719	13,407,908
Class A2 - 2.86 (2020: 5.37) EUR per unit	8,910,234	14,523,926
Class A3 - 2.79 (2020: 5.26) EUR per unit	8,130,990	10,188,693
Class A4 - 2,98 (2020: 5.49) EUR per unit	4,410,999	8,126,303
Class A5 - 1.93 (2020: N/A) EUR per unit	2,872,268	-
Class A6 - 3.61 (2020: 6.58) EUR per unit	37,280,736	66,483,079
Class A7 - 2.89 (2020: 6.30) EUR per unit	8,646,852	10,892,658
Class A8 - 3.23 (2020: 5.96) EUR per unit	26,844,195	37,545,300
	105,504,993	**161,167,867**

Included in the above distributions are amounts of €52,485,225 (2020: €69,528,513) which were re-invested into the Fund during the financial year ended 31 December 2021. Of the €52,485,225 re-invested, €26,177,187 are subscriptions received in advance and will be converted into units of the Fund in January 2022.

23 Subscriptions received in advance

Subscriptions received in advance at the year end represent cash amounts received from investors in advance of the issuance of units in the Fund. The relevant investors will be remain as an unsecured creditor of the Fund in respect of amounts paid until the issuance of the units has been completed.

	31 December 2021	31 December 2020
	€	€
Subscriptions received in advance	336,177,139	173,682,994
	336,177,139	**173,682,994**

Notes to the Consolidated Financial Statements

24 Taxation

The Fund is liable to subscription tax in Luxembourg as a rate of 0.01% per annum based on the net asset value of the Fund at the end of each quarter. The table below shows the total amount charged for the year amounting to €18,238,169 (2020: €5,370,647), and the amount payable at the year end amounting to €27,865,180 (2020: €3,194,183), split by type of taxation.

	Charge for the year ended 31 December 2021	Accrual 31 December 2021	Charge for the year ended 31 December 2020	Accrual 31 December 2020
	€	€	€	€
Income tax *	9,516,442	13,466,201	1,565,938	1,955,216
Withholding tax	839,870	9,359	-	104,529
Non recoverable value added tax	1,022,209	-	925,660	-
Other tax	6,903,780	14,389,620	2,879,049	1,134,438
Taxation expense	18,282,301	27,865,180	5,370,647	3,194,183
Deferred tax	25,435,047	50,202,807	6,413,847	24,411,660
Total taxation	**43,717,348**	**78,067,987**	**11,784,494**	**27,605,843**

* The tax on the Fund's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate on the applicable profits of the consolidated companies as follows:

	31 December 2021	31 December 2020
	€	€
(Loss)/Profit before tax and distributions to the partners	336,463,468	(11,555,736)
Theoretical tax rate	23.70%	25.46%
Theoretical tax expense	79,730,304	(2,942,090)
Income not subject to taxes	(53,331,492)	54,663
Expenses not deductible	9,622,360	2,486,625
Income taxes not recognised	6,769,072	13,273,376
Other	927,104	(7,501,927)
Taxation expense	**43,717,348**	**5,370,647**

The weighted average applicable tax rate was 22.37% (2020: 25.46%). This decrease was caused by a change in the locations in which the Group operates and a decrease of exposure to assets located in countries with higher tax rates.

Notes to the Consolidated Financial Statements

24 Taxation (continued)

Deferred taxation arises in respect of items where there are timing differences between their treatment for accounting purposes and their treatment for taxation purposes. The following table details the movement in deferred taxation during the period.

	31 December 2021	31 December 2020
	€	€
Deferred tax assets		
The balance comprises temporary timing differences attributable to:		
Tax losses	-	-
	-	**-**
Other:		
Derivatives held for trading	24,557	73,240
Fair value of investment properties	284,879	443,704
Other	46,664	306,276
	356,100	**823,220**
Total deferred tax assets	356,100	823,220
Set-off of deferred tax liabilities	-	(823,220)
Net deferred tax assets	**356,100**	**-**
	Other	**Other**
Movements	€	€
Balance as at 1 January	823,220	720,745
(Charged)/credited to profit or loss	(467,120)	102,475
Balance as at 31 December	**356,100**	**823,220**
Deferred tax liabilities		
The balance comprises temporary timing differences attributable to:		
Other:		
Fair value of investment properties	50,202,807	(25,234,880)
	50,202,807	**(25,234,880)**
Total deferred tax liabilities	50,202,807	(25,234,880)
Set-off of deferred tax assets	-	823,220
Net deferred tax assets	**50,202,807**	**(24,411,660)**
	Other	**Other**
Movements	€	€
Balance as at 1 January	25,234,880	18,718,558
Charged/(credited) to profit or loss	24,967,927	6,516,322
Balance as at 31 December	**50,202,807**	**25,234,880**

Notes to the Consolidated Financial Statements

25 Operating segments

The board of directors has determined the Group as one operating segment, since the performance is assessed on an overall Group level, and not based on some geographical/other division. The operating segments derive their revenue primarily from rental income from lessees.

The segment information provided to the Board of Directors for the operating segments for the year ended 31 December 2021 is as follows:

	31 December 2021
	€
Total rental income	152,573,100
Operating profit	378,058,233
Net unrealised gain/(loss) from fair value adjustment on investment property	133,591,384
Net unrealised gain/(loss) on investments in associates and joint ventures held at fair value	1,341,464
Net unrealised gain/(loss) on financial assets held at fair value	956,740
Not included in operating profit:	
Finance income	30,026,949
Finance expense	(71,621,714)
Taxation expense	(43,717,348)
Total assets	**6,103,741,220**
Total liabilities	**6,103,741,220**

The board of directors assesses the performance of the operating segment based on a measure of operating profit.

The operating profit and profit or loss of the Group's operating segment reported to the board of directors are measured in a manner consistent with that in profit or loss. The amounts provided to the board of directors in respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. Since there is no difference between the operating profit and total assets and total liabilities as per operating segment and consolidated financial statements, no reconciliation is required.

Notes to the Consolidated Financial Statements

26 Group information

The consolidated financial statements include the following entities material to the Group:

Name of company	Registered office of the company	Nature of relationship	Effective ownership percentage	Effective ownership percentage	Consolidation method
			31 December 2021	31 December 2020	
AXA CoRE Europe Fund S.C.S., SICAV-SIF	Luxembourg				
ACEF Holding S.C.A.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
ACEF SPPPICAV	France	Subsidiary	100.00%	100.00%	Full consolidation
ACEF Campus GmbH	Germany	Subsidiary	100.00%	0.00%	Full consolidation
CORE UK 2016 1 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
CORE UK 2016 3 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
CORE SP 2017 5, S.L.	Spain	Subsidiary	100.00%	100.00%	Full consolidation
Area Sur Shopping, S.L.	Spain	Subsidiary	85.00%	85.00%	Full consolidation
CORE Fin 2017 6 Oy	Finland	Subsidiary	100.00%	100.00%	Full consolidation
CORE Regulated Italian Fund	Italy	Subsidiary	100.00%	100.00%	Full consolidation
ACEF 2 SPPPICAV	France	Subsidiary	100.00%	100.00%	Full consolidation
CORE Lux 2018 7 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
CORE NL 2018 4 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
CORE FR 2018 2 SCI	France	Subsidiary	100.00%	100.00%	Full consolidation
CORE FR 2018 8 SCI	France	Subsidiary	100.00%	100.00%	Full consolidation
Core DK 2019 16 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Core DK 2019 17 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Core DK 2019 18 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Dolphin Square Estate Holding S.à.r.l.	Luxembourg	Subsidiary	51.00%	51.00%	Full consolidation
Dolphin Operation Holding S.à.r.l.	Luxembourg	Subsidiary	51.00%	51.00%	Full consolidation
The Dolphin Square Estate S.à r.l.	Luxembourg	Subsidiary	51.00%	51.00%	Full consolidation
Dolphin Square Operator Limited	United Kingdom	Subsidiary	51.00%	51.00%	Full consolidation
Dolphin Square Limited	United Kingdom	Subsidiary	51.00%	51.00%	Full consolidation
CORE PANEURO 2019 13 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Core DE 2019 10 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
DDS Edelweiss BV	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
DDS Lime BV	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
DDS Maple BV	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
Sirius Labarnum BV	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
Sirius Boxwood B.V.	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
Sirius Orchid B.V.	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
DDS Daisy BV	Netherlands	Subsidiary	65.00%	65.00%	Full consolidation
Prime Holdco C-T S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Prime UK Condor-T S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Prime UK Portman-T S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Prime GER Dammtorwall-T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Prime GER Drehbahn-T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Prime GER Valentinskamp-T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Prime Pool II-T S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
OPCI Prime	France	Subsidiary	100.00%	100.00%	Full consolidation

Notes to the Consolidated Financial Statements

24 Group information (continued)

Name of company	Registered office of the company	Nature of relationship	Effective ownership percentage	Effective ownership percentage	Consolidation method
			31 December 2021	31 December 2020	
SCI Prime FRA Issy-T	France	Subsidiary	100.00%	100.00%	Full consolidation
SCI Prime FRA Macdonald-T	France	Subsidiary	100.00%	100.00%	Full consolidation
Symbol Holdco C-T S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Trias Pool III - T S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Trias Pool III - TGP S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Trias Pool III - TLP SCA	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
TRIAS FRA JOUBERT - T SAS	France	Subsidiary	100.00%	100.00%	Full consolidation
TRIAS FRA MARCEAU - T SCI	France	Subsidiary	100.00%	100.00%	Full consolidation
Trias Pool I-T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Trias GER Ludwigstrasse - T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Trias GER Ibis Berlin - T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Trias GER IC Berlin - T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation
Trias GER Parexel - T S.à r.l.	Luxembourg	Subsidiary	94.90%	94.90%	Full consolidation

* In liquidation

The following entities are included in the Group's consolidated financial statements as joint ventures:

	Registered office of the company	Nature of relationship	Effective ownership percentage	Effective ownership percentage	Consolidation method
			31 December 2021	31 December 2020	
SCI Backin	France	Associate	16.67%	16.67%	Fair value
Log Italy Fund REIF	Italy	Associate	32.02%	32.02%	Equity method
OneLog Invest (Lux) S.à r.l.	Luxembourg	Associate	32.02%	32.02%	Equity method
Alpha Log Fund	Italy	Associate	32.05%	32.05%	Equity method
Saturne Habitat 2	France	Associate	28.03%	28.03%	Equity method
Paunsdorf Center Luxco S.à r.l.	Luxembourg	Associate	22.45%	22.45%	Equity method

*** Pursuant to internal restructuring, Logistics Europe AXA Feeder S.C.A. (formerly OneLog S.A), transferred shares and loans held in OneLog Invest (Lux) S.à r.l. mainly in exchange of the shares and loans held by the Group in Logistics Europe AXA Feeder S.C.A.

Notes to the Consolidated Financial Statements

24 Group information (continued)

The following entities are included in the Group's consolidated financial statements as associates:

	Registered office of the company	Nature of relationship	Effective ownership percentage	Effective ownership percentage	Consolidation method
			31 December 2021	31 December 2020	
Selectiv CORE Italy SICAF	Italy	Joint venture	50.00%	50.00%	Equity method
Iberubbo Imobiliaria, Lda.	Portugal	Joint venture	45.00%	45.00%	Equity method
SCI IMMO C47	France	Joint venture	49.00%	49.00%	Equity method
Avicdale Limited	Ireland	Joint venture	29.09%	29.09%	Equity method
Luxembourg Investment Company 327 S.à r.l.	Luxembourg	Joint venture	40.00%	40.00%	Equity method
JV FORTE	Luxembourg	Joint venture	33.33%	33.33%	Equity method
CoRE FR 14 SAS	France	Joint venture	50.00%	50.00%	Equity method
CoRE FR 15 SAS	France	Joint venture	50.00%	50.00%	Equity method
Claypole Limited	Ireland	Joint venture	25.00%	25.00%	Equity method

27 Significant events

COVID pandemic situation

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has affected the global economy, with real estate markets experiencing lower levels of transactional activity over the past quarters.

28 Subsequent events

Transactional activity

Since 31 December 2021, the Group has proceeded with the acquisitions of approximately €195m, which include the acquisition of 100% of residential building in Spain, additional stake of 32% in the Nordic and German logistic platforms and a warehouse in Netherland, as part of its pan European logistic portfolio.