Nuneaton: United Kingdom
Photo for illustrative purposes only

AXA Logistics Europe Master S.C.A.

An open-ended corporate partnership limited by shares (société en commandite par actions) under the laws of the Grand Duchy of Luxembourg

Annual report and audited consolidated financial statements for the year ended 31 December 2022

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Index

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Fund summary

MANAGEMENT REPORT

European economy

The Eurozone economy expanded by 0.3% quarter-on-quarter (q-o-q) in Q3 2022, down from 0.8% in Q2 2022. Fixed investment was the main driver of growth (3.6% q-o-q). Household consumption grew by 0.9% q-o-q, down from 1.0% q-o-q in Q2 2022, while government spending increased by 0.1% q-o-q, up from -0.1% q-o-q. On the other hand, net external demand contributed negatively to GDP, as imports jumped by 4.3% q-o-q while exports rose at a slower 1.7% q-o-q. Amongst the Eurozone's largest economies, Italy and Germany grew by 0.5% q-o-q and 0.4% q-o-q respectively, while France and Spain both expanded by 0.2% q-o-q. The UK economy contracted by 0.3% q-o-q. As of January 2023, AXA IM Research forecasts Eurozone growth at -0.2% in 2023 and at 0.9% in 2024. The UK is expected to see GDP decline by 0.7% in 2023 and to increase by 0.8% in 2024.

Inflation was the stand-out feature of 2022, with the Russia-Ukraine war adding further supply shocks, with tight domestic conditions in some regions compounding the outlook. Eurozone headline HICP inflation fell to 9.2% year-on-year (y-o-y) in December, somewhat below expectations. Core HICP inflation, excluding energy, food, alcohol, and tobacco, rose to 5.2% y-o-y. The breakdown by main expenditure categories showed services inflation rose 0.2 percentage points to 4.4% y-o-y, and non-energy industrial goods inflation rose 0.3 percentage points to 6.4% y-o-y. AXA IM Research expects European countries to see a peak in inflation over the coming months. Inflation is expected to fall sharply over 2023 and 2024, but to not return to central bank target rates until 2024. AXA IM Research expects Eurozone CPI inflation to amount to 5.8% and 2.8% in 2023 and 2024 respectively. UK inflation is expected to amount to 7.2% and 2.3% in 2023 and 2024 respectively.

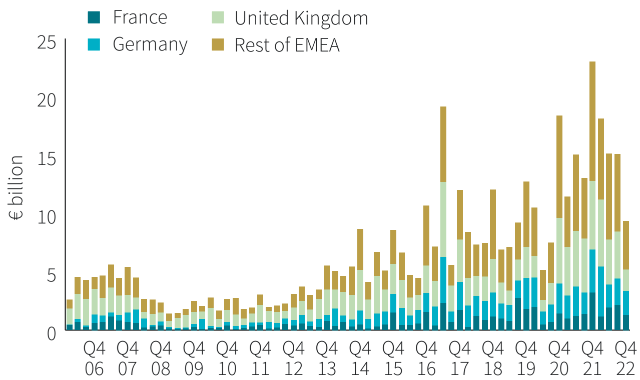
Central banks raised rates aggressively in 2022 in the face of rampant inflation. AXA IM Research sees most major central banks enacting additional rate hikes over the coming months but rates peaking in H1 2023. The ECB and the BoE policy rates are expected to peak at 3.25% and 4.25% respectively. AXA IM forecasts the BoE to cut rates in 2023, but the Fed, ECB and BoC to defer cuts until 2024.

European Investment

Having hit a record high for the first three quarters of the year, European real estate investment volumes slowed substantially in Q4 2022. Volumes reached €63 billion in Q4 according to CBRE, a 58% y-o-y decline and the lowest figure for the final quarter of a year since 2012. This took the annual total to €305 billion, 18% down in 2021. Investors are navigating a more uncertain environment, with rising interest rates, high inflation, a deteriorating economic environment and the risk of government or central bank policy errors. This is being reflected in both investment volumes and pricing.

The industrial and logistics sector posted €9.4 billion in Q4, a 59% y-o-y decline but still well above the long-term quarterly average (€6.6 billion). This took volumes for 2022 to €57.7 billion – while this was an 8% y-o-y decline, it was still the second highest annual volume ever recorded. The UK attracted 27% of the total (€15.5 billion) in 2022, followed by Germany with 18% (€10.6 billion), France (11%; €6.5 billion) and the Netherlands (9%; €4.9 billion). Despite an almost universal slowdown in Q4, several countries experienced their strongest year on record in 2022, including Germany, Italy and Spain.

European industrial and logistics investment volumes



Source: CBRE, AXA IM - Real Assets. Data as at 19 January 2023.

There have now been several transactions where pricing is settling below quoting aspirations to reflect rising debt costs and other headwinds. JLL reported that prime logistics yields moved out in 36 of Europe's 38 major logistics markets in Q4. Prime yields were still lower in Q4 2022 than in Q4 2021 in two markets (Bucharest and Lisbon), but the outward yield shift has now been significant enough in the other 36 markets that yields were higher by the end of 2022 than 2021. The spread between logistics yields and 10-year government bond yields is positive in all key Western European markets. With the occupational market expected to continue to outperform, investors' focus is on assets where rental growth can be captured through asset management or lease events.

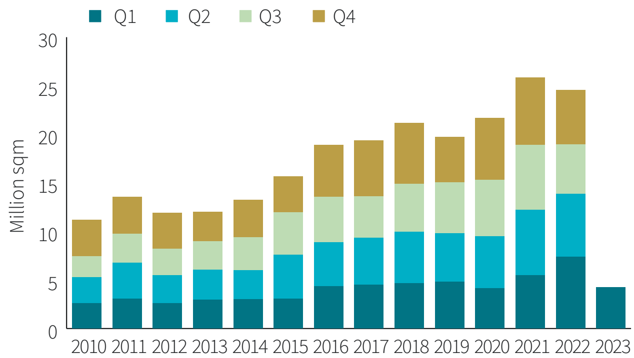
Fund summary

MANAGEMENT REPORT (CONTINUED)

European Logistics

An estimated 5.4 million sqm of distribution warehouse and logistics space was taken-up in Western Europe (NB: includes Belgium, France, Germany, Italy, Netherlands, Spain and UK) in Q4 2022, up 7% q-o-q but down 22% y-o-y. After a record H1, take-up in 2022 was still at its second highest ever level (after 2021) in Western Europe, as well as in Belgium, Germany, Italy, and Spain.

Western European distribution and logistics take-up



Source: CBRE, AXA IM Alts, data as at 26 April 2023
NB: Western European logistics includes Belgium, France, Germany, Italy, Netherlands, Spain and the UK

Continued high levels of take-up has resulted in a scarcity of suitable, available space in many core European logistics markets. Having fallen to a record low of 2.3% at the end of Q3 2022, the vacancy rate in Western European rose slightly during Q4, to an estimated 2.5% as new space came online. Nonetheless, CBRE data suggests vacancy rates are below their long-term averages in all countries and are still at record lows in some, including Germany and Italy.

Preliminary data from CBRE suggests 4.7 million sqm of stock was completed in Western Europe in Q4 2022, a 7% q-o-q increase but a 15% y-o-y decline. This took completions in 2022 to a record 17.4 million sqm, 6% up on 2021. Preliminary data from JLL suggests the volume of space under construction in Western Europe rose in Q4 2022, largely due to an increase in speculative development, which reached an estimated 38% of the total. Several countries are experiencing record levels of speculative development, including Spain and the UK but, with funding costs rising and sentiment slowing, speculative development is likely to fall.

JLL's data suggests rental growth continues to spread through Europe's key logistics markets, with 17 of their 38 markets seeing q-o-q rental growth and 36 experiencing y-o-y rental growth in Q4 2022 (the exceptions were Lille and Luxembourg, where rents remained stable). Indeed, growth of 10% or more was reported in six markets on a q-o-q basis (Berlin, Budapest, Dusseldorf, Munich, Rotterdam and Warsaw) and 23 on a y-o-y basis. Further growth is expected, notably in markets where the demand-supply balance is tight.

Fund summary

MANAGEMENT REPORT (CONTINUED)

Portfolio as at 31 December 2022

1. Introduction

AXA Logistics Europe Master S.C.A. ("ALEM" or the "Fund") was set up in July 2019 with an initial seed portfolio of €1.2bn[1]. The investment objective of the Fund is to build a diversified portfolio of Logistics assets with a view to provide investors with regular income distributions and a long-term capital appreciation.

The Fund ended 2022 year with a €3.8bn logistics portfolio[1] across 11 countries in Europe.

2. Asset management

The following letting events have recently allowed AXA Logistics Europe Master S.C.A to end 2022 with an occupancy ratio of 98.8%.

During Q1 2022, ALEM has increased its physical occupancy from 97.4% (as at December 2021) to 98.0% as a result of major achievements on its letting activity, with significant leases signed or renewed on c. 304,000 sqm of its operating portfolio.

The lease negotiations had positive impact on the fund's Weighted Average Lease Term (WALT) and Weighted Average Lease Break (WALB) established at 6.7 years and 5.4 years respectively as at end of March 2022.

As an illustration, you will find below some examples of asset management activities completed by the team during the first quarter of 2022:

- A new 20-years lease contract with Reifen Gundlach on a c. 40,000 sqm facility in Dürrholz (Germany)
- The renewal of the Conforama contract for 9 years (with a break after 6 years) in St Georges d'Esperanche (France)

During Q2 2022, several letting negotiations took place to extend existing lease contracts or let vacant warehouse spaces.

Amongst these we are pleased to report a lease extension in Germany.

- In Koblenz, a 10-year lease extension with Amazon was signed on c. 110,000 sqm, starting in April 2023 which is driving significant uplift in value this quarter. The Agreement for Lease foresee several sustainable investments which will benefit to the ESG strategy of the Fund.

The Fund's Weighted Average Lease Break (WALB) of the Operating Portfolio was positively impacted by these recent lease extensions and is established at 5.7 years as at end of June 2022. The Weighted Average Lease Term (WALT) is set at 6.9 years.

As at end of June 2022, AXA Logistics Europe Master Fund holds a resilient diversified Operating Portfolio gathering 141 assets across 11 countries including 6 development projects.

During Q3 2022, the Fund successfully sold a portfolio of 6 assets located in France and in the Netherlands in July. As at the end of September 2022, the Fund benefited from a resilient portfolio of 139 assets across 11 countries providing diversification and visibility of income, including 7 development projects across supply constrained markets in France, Germany and the UK (Tier 1 countries), which are expected to strengthen the quality/sustainability of the portfolio and deliver future capital gains.

One of those development projects located in Nuneaton, in the UK' logistics Golden Triangle has been leased to a major European 3PL player (Rhenus Logistics) on a 20-year contract and including a 5-year indexation clause for rental price revaluation.

In the course of the Q3, 2 lease extensions have also been secured in Sweden for a total of c. 118,000 sqm. Two new leases have also been signed in Italy for 68,000 sqm.

During Q4 2022, the Fund sold one of its properties in the Netherlands. As at year-end 2022, the Fund has a diversified and well-indexed portfolio of 148 assets across 11 countries with a high occupancy rate of 98.8%. Circa 58% of the total rents are fully indexed to CPI or ILAT and the operating portfolio has an estimated 14% rental reversion on a like-for-like basis.

1 Logistics portfolio on a Fund share basis

Fund summary

MANAGEMENT REPORT (CONTINUED)

Portfolio as of 31 December 2022 (continued)

3. Acquisitions

Elements Portfolio, acquisition of the remaining Last-Mile assets - Germany - Fund ownership: 67.98%
Following delivery, the Fund completed the acquisition of the remaining assets from Elements Portfolio respectively in January and in December 2022. The two Last-Mile properties are respectively located in Aachen city (south-western Germany) and in the southern area of Cottbus city (eastern Germany). The assets are fully let to Amazon on 10-year leases and are expected to receive a DGNB Gold environmental certification with van parking spots prepared for electric vehicle charging stations and roofs pre-fitted for solar panel systems.

Project Imperial (Nordics)
Fund ownership: 67.98%
In January and in June 2022, the last two properties of the Imperial portfolio - both located in Sweden – were closed for a total real estate price of c. € 79m on a Fund share basis. The acquisitions were structured on the basis of share deals and both properties are fully let with respectively 10- and 7-year lease terms.

Hercules Portfolio (United Kingdom)
Large-Scale Transaction – Fund ownership: 100%
On March 31st, 2022, the Fund acquired a well-diversified portfolio of 10 properties with standard Grade A features across attractive core locations in the United Kingdom. The portfolio is fully let to a variety of reputable tenants (WALB: 7.1 years), with c. 50% of assets in the Golden Triangle, a strategic hub for industrial and distribution facilities in the East Midlands from which more than 85% of the UK population can be reached within a four-hour drive. C. 16% of the portfolio is in the Southeast, with the remainder of the properties located in prime Midlands and Manchester markets.

The portfolio gathers c. 1.9m sqft (178k sqm) of first-class warehouse space benefiting from standard layouts and good specifications in undersupplied markets. In line with the Green Finance Framework of the Fund, about half of the total area is rated with EPCs A and B, and all assets are at least C-rated. The Fund is committed to upgrade the assets with a dedicated CapEx program to further align them with AXA IM Alts sustainability ambitions.

The acquisition was structured on the basis of a share deal, i.e. acquisition of the shares of the holding SPVs at a real estate price of c. £390.8m. This corresponds to a Net Initial Yield of c. 3.1% and a Net Reversionary Yield of c. 3.8%. Nine properties have been formally purchased on March 31st, while the remaining one was transferred upon practical completion in August 2022.

This was the Fund's first large-scale investment in the United Kingdom, one of the most liquid and mature European logistics markets, providing further geographic and income diversification. The significant rent-reversion potential of the portfolio (c. 20%) provides an opportunity for substantial value-creation, which is expected to be materialized in the short-term through the formal open market rent review process.

Zoetermeer (Netherlands)
Distribution Warehouse – Fund ownership: 67.98%
On an off-market basis the Fund secured c. 20.8k sqm of Grade A warehouse space in Zoetermeer, within the Rotterdam-The Hague conglomeration. The transaction has been executed on a forward-commitment basis with a delivery date of this brand-new asset achieved in Q1 2023. The property is fully pre-let to two high quality tenants (Lambo Medical / Siemens) on long-term lease contracts (WALB: 9.1 years). Although the project was designed and launched on a build-to-suit basis, the warehouse features a generic layout and excellent technical specifications that could fit the requirements of a wide range of potential occupiers. Upon practical completion the property is expected to be EPC A rated, coupled with a BREEAM "Very Good" certification.

The signing of the binding legal documentation for this transaction took place on 14 February 2022, with closing/transfer of ownership in Q1 2023 – once all condition precedents linked to the development were satisfied. The agreed investment cost is c. €38.0m, corresponding to a Net Initial Yield of c. 3.6%.

HelloWorld Schiphol (Netherlands)
Distribution Warehouse – Fund ownership: 67.98%
On 11 March 2022, legally binding documentation was signed to acquire c. 46.9k sqm of Grade A warehouse space on a forward-funding basis, in a prime location south-west of Amsterdam. Schiphol International Airport is just 5 minutes away, with all major logistics players

Fund summary

MANAGEMENT REPORT (CONTINUED)

Portfolio as of 31 December 2022 (continued)

3. Acquisitions (continued)

having established presence in the immediate vicinity. The property is strategically located next to the convergence of two key motorways, the A4 (towards The Hague-Rotterdam) and A5 (western by-pass for Amsterdam).

The property has been delivered in two phases, in August 2022 and March 2023. Upon practical completion this trophy asset is expected to be BREEAM "Excellent" certified, thereby further enhancing the overall quality of the Portfolio. The nature-inclusive design of this modern warehouse unit will also feature more than 11k solar panels, generating sustainable energy for its users.

The asset has been acquired on a vacant possession basis at a real estate purchase price of c. €98.2m (including development costs), corresponding to a Net Potential Yield of 4.0%. A profit-share mechanism has been put in place with the developer, providing an alignment of interest based on the letting pace and prospective lease duration. As of today, the two units are fully let and a price adjustment has been paid.

Virtuo Portfolio (France)
Forward-Funding Developments – Fund ownership: 66.62%
In April 2022 the Fund signed legally binding documentation to purchase a portfolio of 6 logistics development projects, totaling c. 153k sqm. The investment opportunity was sourced off-market, and the projects are being acquired on a forward funding basis, with the Fund partnering with a specialized French logistics developer (Virtuo). Three assets (c. 60% of total GLA) are located in the south of France, at the juncture of major motorways, providing access to a sizeable labor pool. The remaining properties are north-east of Paris, in central France and near Nantes. 4 projects have already been acquired and 2 others are still being secured.

The development projects are scheduled for deliveries between Q1 2023 and Q2 2024, with c. 30% of the portfolio already pre-let. For all assets the minimum target certification level will be BREEAM "Very Good", with potential to upgrade to «Excellent" for several projects. The forecast total investment volume will be c. €171.3m.

Sirius Portfolio (Italy)
Last-Mile Logistics – Fund ownership: 67.98%
In April, June and July 2022 the Fund completed the acquisition of three brand new last-mile assets let to Amazon on long-term leases. They are located in Bologna, Cuneo and Siena, with strong catchment areas suitable for urban logistics. Both units feature BREEAM "Very Good" certifications and will additionally strengthen the Fund's exposure to e-commerce. The acquisition was structured on the basis of a share deal at an aggregate real estate price of c. €70.4m on a Fund share basis.

Pluto Portfolio (Italy)
Fund ownership: c. 68%
Following delivery, the Fund completed the acquisition of the remaining asset from Pluto Portfolio in July 2022. This Last-Mile logistics asset with a GLA c. 8.8k sqm is located in a strategic location in Verona, one of the most densely populated urban areas in Italy. The property is let to Amazon on a 10 year lease.

Acquisition of a recently built portfolio in Sweden and Finland – Exchange of contract signed in September
The Fund exchanged contract in September for the acquisition of a portfolio of 8 assets gathering circa 196k sqm of high-quality logistics space in the Nordics (6 assets in Sweden and 2 assets in Finland). The properties are located across well established markets providing depth of demand and liquidity, which already benefit from an attractive rental growth dynamic. The strong ESG features of the portfolio are fully in line with the Fund's ambition to continue improving the overall sustainable profile and long-term quality of our portfolio.

As at end of September, the portfolio is 92% let on a Weighted Average Lease Term of 9.3 years. All lease contracts are very well indexed to CPI, and we estimate the overall portfolio to benefit from an embedded rental reversion of c. 20%.

The deal was sourced off market and repriced during the negotiation to reflect on the changes in the interest rate environment. The investment volume was circa €255m.

This transaction was repriced during the negotiation to better reflect market fluctuations and closed in December 2022.

Fund summary

MANAGEMENT REPORT (CONTINUED)

Portfolio as of 31 December 2022 (continued)

3. Acquisitions (continued)

Acquisition of a Forward-funding development in West Milan, Italy
Signed in August. Fund ownership: c. 68%
A forward purchase agreement was signed in Q3 2022 for a c. 55 sqm development west of Milan. The site benefits from an excellent location with direct access on the A4 motorway, which is driving interest of a wide range of reputable occupiers. The West Milan Market has attracted circa 30% of the total average take up in the Milan market over the last 6 years, and it gathers a large stock of Logistics facilities (circa 2 million sqm). The project is 10 minutes' drive from the A26 connecting the Genova port and the Swiss border, and it is located 40 minutes away from the Malpensa Airport. The scheduled units will feature a very flexible layout and high ESG standards.

Upon delivery the properties will be LEED "Gold" certified with a minimum EPC rating of B, in line with ESG ambitions of the Fund. Completion is expected for Q2 2023.

The deal was sourced off market for an investment volume of circa €50m (Total share basis), corresponding to an estimated potential yield above 5%.

Built-to-suit project in Creil - Northern France
Fund ownership: 67.98%
In Q4 2022, the Fund has also acquired a build-to-suit logistics project in Creil, Northern France. The asset will deliver c. 63k sqm standard logistics facility and will serve as the tenants' new headquarters on an 11.5-year lease. The asset will also benefit from strong ESG characteristics, including BREEAM certification (minimum Very Good level). The opportunity arose on an off-market basis, through the direct relationship between the tenant and our asset management team thus evidencing the importance of creating close proximity with key stakeholders in each local market. The project has been secured at a very attractive capital value close to replacement cost. A significant rental reversion is expected on the property.

Land Site acquisition in Ressons-sur-Matz – Northern France
Following the obtention of the building permit and environmental authorization, the Fund completed the acquisition of a site of c. 324k sqm in Ressons-sur-Matz (Northern France). This project is offering the opportunity to develop c. 151k sqm of Grade A logistic property based on a Built-to-suit strategy.

4. Disposal

The Fund implements a rotation of its portfolio with the objectives to continuously improve its quality and its long-term resilience while materializing the benefits of asset management initiatives aiming at generating value.

Lyra Portfolio (France/Netherlands)
Fund ownership: 67.98%
In April 2022 the Fund signed the legal documentation for the disposal of a portfolio of 6 assets in France (3) and Netherlands (3), totaling c. 137.6k sqm. The transaction was formally completed on the basis of 3 asset deals and 3 share deals in July, generating attractive capital gains for the Fund.

On 5 July 2022, the disposal of the portfolio was closed for a total real estate price of circa 182m€ (on a Total share basis), above acquisition prices and in line with latest quarterly valuation of the assets. The portfolio was sold to Brookfield, on behalf of one of its clients.

Utrecht disposal achieved in December 2022 – Netherlands
Fund ownership: 67.98%
In end of December 2022, the Fund completed the disposal of an asset located in Utrecht (Netherlands). The sale is in line with the Fund's strategy to strengthen the overall quality of the portfolio by disposing assets offering limited additional value creation potential. As part of the strategy to maximize the value prior to the sale, the lease-term with the existing tenant was prolonged to improve disposal conditions.

5. Compliance with Fund guidelines

As at today's report date, there are no breach in Investment guidelines of the Fund.

6. Other matters

In July 2022 the AIFM of the Fund has identified an immaterial error made on the calculation of the Q1 2022 net asset value. The immaterial error was at a level below the regulatory threshold requiring mandatory NAV restatement. As a remediation, the immaterial error has been corrected within the Q2 2022 net asset value, the root has been fixed and the process in place has been reinforced so that the issue isn't faced in the future anymore. The AIFM assessed that no further action was required due to the low materiality of the error.

Fund summary

AIFM REPORT – RISK MANAGEMENT

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 Alternative Investment Fund (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 management 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

As at 31 December 2022, the Fund's investments are made in accordance with prevailing regulations and its Offering Memorandum.

Risk factors to which the Fund may be exposed are detailed in the Offering Memorandum, and as at 31 December 2022, the Fund has exposure to the following financial risks: market risk, credit and counterparty risk and liquidity risk. Exposures to each of the above risks as at 31 December 2022 are detailed in Note 4 of the consolidated financial statements.

Fund summary

AIFM DIRECTIVE DISCLOSURE - LIQUIDITY ARRANGEMENT & REMUNERATION

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 Investment and Shareholders Agreement.

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 comment 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 (CONTINUED)

Quantitative information

Data provided below are those of AXA Investment Managers covering all subsidiaries of the AXA IM Group and types of portfolios as of December 31st, 2022, after application on remuneration data of AXA Logistics Europe Master S.C.A.'s weighted Asset Under Management allocation key.

Total amount of remuneration paid and/or awarded to staff weighted by the Asset Under Management allocated to AXA Logistics Europe Master S.C.A.

for the year ended 31 December 2022(1)	
Fixed Pay(2) (€ '000)	1.503
Variable Pay(3) (€ '000)	1.871
Number of employees(4)	2.675 among which 96 for AXA REIM SGP, AIFM of AXA Logistics Europe Master S.C.A.

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)

Fixed Pay and Variable Pay (€ '000)(2)(3)	1.451
Number of identified employees (5)	339 among which 21 for AXA REIM SGP, AIFM of AXA Logistics Europe Master S.C.A.

(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 1 January 2022.
(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 December2022.
(5) Number of identified employees within AXA IM Group level and AXA REIM SGP as at 31 December 2022.

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 31/12/2022	Maximum leverage authorized
Gross method	220.8%	400%
Commitment method	185.1%	300%

2. Material Changes

No material changes.

Audit report

To the Shareholders of
AXA Logistics Europe Master S.C.A.

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of AXA Logistics Europe Master S.C.A. (the "Fund") and its subsidiaries (the "Group") as at 31 December 2022, 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 Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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 Group 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.

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R.C.S. Luxembourg B 65 477 - TVA LU25482518

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 Group’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 Group 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 Group’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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group 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.

PricewaterhouseCoopers, Société coopérative — Luxembourg, 28 April 2023
Represented by

Electronically signed by:
Amaury Evrard

Amaury Evrard


Fos-sur-Mer
Photo for illustrative purposes only

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 December 2022 €	31 December 2021 €
Assets			
Non-current assets			
Investment property	5	4,948,636,330	4,101,320,507
Derivatives at fair value through profit or loss	17	-	3,672,071
Total non-current assets		**4,948,636,330**	**4,104,992,578**
Current assets			
Trade and other receivables	6	312,618,406	117,166,883
Prepayments		7,260,534	1,582,556
Derivatives at fair value through profit or loss	17	41,448,394	-
Cash and cash equivalents	7	260,307,395	302,383,901
Total current assets		**621,634,729**	**421,133,340**
Non-current assets classified as held for sale	21	-	151,300,660
Total assets		**5,570,271,059**	**4,677,426,578**
Liabilities			
Non-current liabilities			
Borrowings	12	3,045,381,815	2,381,829,029
Deferred tax liabilities	18	132,625,222	169,378,968
Total non-current liabilities		**3,178,007,037**	**2,551,207,997**
Current liabilities			
Deferred income	19	15,256,390	13,562,185
Taxation payable	18	23,441,294	1,117,112
Borrowings	12	505,120,018	286,625,595
Provisions		955,328	1,665,485
Trade and other payables	8	216,766,311	203,529,810
Derivatives at fair value through profit or loss	17	82,134	1,522,394
Total current liabilities		**761,621,475**	**508,022,581**
Liabilities associated with non-current assets classified as held for sale	22	-	4,902,419
Net assets attributable to the Partners		**1,172,286,246**	**1,115,839,976**
Total liabilities		**5,111,914,758**	**4,179,972,973**
Non-controlling interests (equity)	14	**458,356,301**	**497,453,605**
Adjustments from net assets attributable to the Partners to adjusted subscription net asset value*	4	145,381,084	14,127,081
Adjusted Subscription Net Asset Value		**1,317,667,330**	**1,129,967,057**

*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 2022

	Note	Year ended 31 December 2022 €	Year ended 31 December 2021 €
Operating income			
Rental income	9	198,267,992	142,800,836
Net (loss)/gain from fair value adjustment on investment property	5	(521,454,363)	546,130,951
Net loss on sale of subsidiary	15	(9,216,186)	-
Net gain on sale of non-current assets held for sale	22	31,823,627	-
Gain on disposal of investment property	5	-	1,969,303
Net realised foreign exchange gain on derivative contracts	17	14,064,146	478,587
Net unrealised foreign exchange gain on derivative contracts	17	39,216,583	4,100,032
Other income		3,472,056	6,858,865
Total operating income		**(243,826,145)**	**702,338,574**
Operating expenses	10	(70,875,569)	(58,400,029)
Operating (loss)/profit		**(314,701,714)**	**643,938,545**
Finance income	11	362,777	1,639,594
Finance expense	11	(124,217,274)	(45,173,882)
Finance result		**(123,854,497)**	**(43,534,288)**
(Loss)/profit before tax		**(438,556,211)**	**600,404,257**
Taxation expense	18	(36,209,902)	(9,381,254)
Deferred taxation	18	36,753,746	(115,114,421)
Total tax		**543,844**	**(124,495,675)**
(Loss)/profit for the year after tax		**(438,012,367)**	**475,908,582**
Other comprehensive income after tax:			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation reserve		(3,384,268)	(4,336,787)
Total comprehensive (loss)/income for the year		**(441,396,635)**	**471,571,795**
(Loss)/profit for the year is attributable to:			
Partners		(355,337,742)	366,698,862
Non-controlling interests		(82,674,625)	109,209,720
Total comprehensive (loss)/income for the year is attributable to:			
Partners		(358,722,010)	362,362,075
Non-controlling interests	14	(82,674,625)	109,209,720
Net (decrease)/increase in net assets attributable to the Partners for the year		**(358,722,010)**	**362,362,075**
Adjustments from net assets attributable to the Partners to adjusted subscription net asset value*		131,254,003	6,661,858
Net (decrease)/increase in subscription net asset value		**(227,468,007)**	**369,023,933**

*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 CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Year ended 31 December 2022 €	Year ended 31 December 2021 €
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(438,556,211)	600,404,257
Adjustments			
Net (loss)/gain from fair value adjustment on investment property	5	521,454,363	(548,100,254)
Net loss on sale of subsidiary	15	9,216,186	-
Net gain on sale of non-current assets held for sale	22	(31,823,627)	-
Net realised foreign exchange gain on derivative contracts	17	(14,064,146)	(478,587)
Net unrealised foreign exchange gain on derivative contracts	17	(39,216,583)	(4,100,032)
Finance result	11	123,854,497	43,534,288
Loss generated by non-current assets held for sale prior to disposal	22	1,312,608	-
Increase/decrease in operating assets			
Increase in trade and other receivables (excluding interest and taxation)		(94,411,379)	(65,506,228)
(Increase)/decrease in prepayments		(5,677,978)	469,927
Increase in deferred income		2,045,857	7,837,426
Increase in provisions		(710,157)	765,485
Increase/(decrease) in trade and other payables (excluding interest and taxation)		(17,012,507)	143,326,501
Cash generated from operations		**16,410,923**	**178,152,783**
Taxation paid		(8,179,108)	(16,348,147)
Interest received		362,777	264,594
Interest paid		(56,921,753)	(32,453,150)
Net receipt/(payment) on forward contracts	17	14,064,146	(8,372,275)
Net cash (used) generated from operating activities		**(34,263,015)**	**121,243,805**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	15	(559,687,998)	(359,784,748)
Purchase of investment property (including acquisition costs)	5	(219,926,191)	(574,185,524)
Capital expenditure on investment property	5	(338,893,264)	(40,675,910)
Capitalised lease incentives	5	(3,788,085)	118,602
Sale of investment property	5	-	33,000,000
Proceeds from sale of non-current assets held for sale	22	176,909,260	-
Net cash used in investing activities		**(945,386,278)**	**(941,527,580)**
CASH FLOW FROM FINANCING ACTIVITIES			
Distribution to the partners		(49,254,420)	(37,500,000)
Drawdown on borrowings	12	1,489,982,937	1,695,163,711
Repayment of borrowings	12	(560,072,793)	(916,047,900)
Distribution to non-controling interests	14	(3,895,838)	-
Net proceeds from non-controlling interests	14	50,131,092	146,335,291
Net cash generated from financing activities		**926,890,978**	**887,951,102**
Net increase in cash and cash equivalents		**(52,758,315)**	**67,667,327**
Cash and cash equivalents at beginning of the year		302,383,901	234,875,273
Net currency translation differences		10,681,809	(158,699)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**260,307,395**	**302,383,901**

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 2022

		Limited Partners*				General Partner			
		Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total Limited Partners	Share Capital	Retained Earnings	Total General Partner	Total
	Note	€	€	€	€	€	€	€	€
Net assets attributable to the Partners as at 31 December 2020 (IFRS)		**405,154,425**	**147,929,406**	**107**	**553,083,936**	**100**	**38**	**138**	**553,084,076**
Capital contributions		237,893,827	-	-	237,893,827	-	-	-	237,893,827
Distributions of capital / share premium		(37,500,000)	-	-	(37,500,000)	-	-	-	(37,500,000)
Profit for the year after tax		-	366,698,788	-	366,698,788	-	74	74	366,698,862
Other comprehensive loss		-	-	(4,336,789)	(4,336,787)	-	-	-	(4,336,789)
Net assets attributable to the Partners as at 31 December 2021 (IFRS)		**605,548,252**	**514,628,194**	**(4,336,682)**	**1,115,839,764**	**100**	**112**	**212**	**1,115,839,976**
Cumulative adjustments from net assets attributable to the Partners to adjusted subscription net asset value	4	-	14,127,081	-	14,127,081	-	-	-	14,127,081
Net assets attributable to the Partners as at 31 December 2021 (Adjusted Subscription NAV)		**605,548,252**	**528,755,275**	**(4,336,682)**	**1,129,966,845**	**100**	**112**	**212**	**1,129,967,057**
Capital contributions		464,422,700	-	-	464,422,700	-	-	-	464,422,700
Distributions of capital / share premium		(49,254,420)	-	-	(49,254,420)	-	-	-	(49,254,420)
Profit /(loss) for the year after tax		-	(355,337,717)	-	(355,337,717)	-	(25)	(25)	(355,337,742)
Other comprehensive loss		-	-	(3,384,268)	(3,384,268)	-	-	-	(3,384,268)
Net assets attributable to the Partners as at 31 December 2022 (IFRS)		**1,020,716,532**	**159,290,477**	**(7,720,950)**	**1,172,286,059**	**100**	**87**	**187**	**1,172,286,246**
Cumulative adjustments from net assets attributable to the Partners to adjusted subscription net asset value	4	-	145,381,084	-	145,381,084	-	-	-	145,381,084
Net assets attributable to the Partners as at 31 December 2022 (Adjusted Subscription NAV)		**1,020,716,532**	**304,671,561**	**(7,720,950)**	**1,317,667,143**	**100**	**87**	**187**	**1,317,667,330**

* All Partners are presented as a liability in the 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 2022 (CONTINUED)

Number of shares in issue	Year ended 31 December 2022	Year ended 31 December 2021
Expressed in units	units	units
Class A Shares		
Shares in issue at the beginning of the year	586,611	425,531
Shares subscribed	216,501	161,080
Shares redeemed	-	-
Class A Shares in issue at the end of the year	**803,112**	**586,611**
Class C Shares		
Shares in issue at the beginning of the year	1	1
Shares subscribed	-	-
Shares redeemed	-	-
Class C Shares in issue at the end of the year	**1**	**1**

Net assets per share (IFRS NAV)	31 December 2022	31 December 2021
Expressed in (€)	€	€
Class A shares	1,459.68	1,902.18
Class C shares	187.34	212.30

Net assets per units (subscription NAV)	31 December 2022	31 December 2021
Expressed in (€)	€	€
Class A shares	1,640.70	1,926.25
Class C shares	187.34	212.30

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

Notes to the Consolidated Financial Statements

AS AT 31 DECEMBER 2022

1 General information

AXA Logistics Europe Master S.C.A., (the "Fund") is a corporate partnership limited by shares *(société en commandite par actions ("S.C.A."))* domiciled and incorporated in the Grand Duchy of Luxembourg on 27 June 2019 for an unlimited duration. The subscription, sale and holding of shares of the Fund are restricted to Institutional Investors.

The Fund is registered with the Luxembourg Trade and Companies Register under number B 235 921.

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, the General Partner has appointed 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 Investment and Shareholders Agreement ("ISA").

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 23.

The Group's investment activities are managed by its General Partner, AXA Logistics Europe GP S.à r.l. (the "General Partner"), a private limited liability company incorporated under the law of Grand Duchy of Luxembourg with registration number B 235 839. The administration of the Group is managed by The Bank of New York Mellon SA/NV Luxembourg Branch.

The financial period 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 Fund will be to seek current income combined with long-term capital appreciation through investment directly or indirectly via its subsidiaries in a diversified portfolio of European Real Estate Assets exposed to logistics with a limited exposure to investments in cash in accordance with its investment objective and the investment guidelines.

The consolidated financial statements of AXA Logistics Europe Master S.C.A., were authorised for issue by the General Partner on 27 April 2023.

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.

(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 properties at fair value and derivative financial instruments that have been measured at fair value through profit and loss. 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 cashflows. The acquisition of investment property is 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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Historical cost convention (continued)

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 believes that the underlying assumptions are appropriate. Key estimates, assumptions and judgement that have significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial period are outlined in Note 2.2.

(c) New and amended standards adopted by the Group

There were no standards or amendments that were applied by the Group for the first time for the financial year beginning on 1 January 2022. Two IFRIC Agenda Decisions that had a potentially significant effect on the Real Estate entities were issued during 2022:

- Demand Deposits with Restrictions on use arising from a Contract with a Third Party (April 2022) did not have a material effect on the Group, as funds separately retained to meet tenant deposit obligations were previously, and continue to be classified as cash on the statement of financial position and in the cash flow statement.
- Lessor Forgiveness of Lease Payments did not have a material effect on the group because no material rent concessions have been issued to tenants.

(d) New standards and interpretations not yet adopted

Certain new accounting standards, amendment and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

The following new and amended standards and interpretations are not expected to have a significant impact on the Fund's financial statements.

- Classification of Liabilities as Current and Non-Current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts including amendments – Initial Application of IFRS 17 and IFRS 8 Comparative Information.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimate (Amendments to IAS 8).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Sale of Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

(e) Changes to comparative presentation and classification

The presentation and classification of some items in the financial statements from the prior financial year were 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 Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Notes 3, 4, 6, 8, 10, 11, 12, 17 and 18).

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

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 period are outlined below.

Investment property

The fair value of investment property 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.

The Group did not make any other material critical accounting judgements in the year ended 31 December 2022 or 31 December 2021.

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

Financial assets measured at amortised cost:

Financial assets held at amortised cost 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. Assets with maturities of less than 12 months after the statement of financial position date are included in current assets and those assets exceeding 12 months are included in non-current assets.

The Group includes short-term financial assets including trade 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 gains and loss on them different bases.

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

The Group has included derivatives in this category unless they are designated as hedges. The Group does not apply hedge accounting.

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

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.3 Financial assets and financial liabilities (continued)

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 2.16 for the accounting policy on borrowings), redeemable shares 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. Financial assets that are carried at amortised cost include other receivables. 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.

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 consolidated statement of profit or loss.

Impairment of financial assets

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.

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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

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 transacts predominantly in €. The consolidated financial statements are presented in €, which is the Group functional currency and Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of such transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-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

iii) all resulting exchange differences are recognised in other comprehensive income.

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 other comprehensive income 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 Prepayments

Prepayments are carried at cost, less any accumulated impairment losses.

2.8 Expenses

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

2.9 Finance income and finance expense

Interest income and expense are recognised within "finance 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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.10 Group formation expenses

The Group's formation expenses are recognised as an expense on accrual basis.

2.11 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 obligation; 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.

2.12 Consolidation

(a) Subsidiaries

Control

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.

All the Group companies have 31 December as their period-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.

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.

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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.12 Consolidation (continued)

(a) Subsidiaries (continued)

Accounting for asset acquisitions

For acquisition of a subsidiary not meeting 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.

(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.

2.13 Investment property

Investment property are property 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 property 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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.14 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.

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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.15 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.

2.16 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.

2.17 Taxation

The entities of the Group are subject to taxation in the countries in which they operate. 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 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 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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.17 Taxation (continued)

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.

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.

2.18 Redeemable shares

Redeemable shares 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.

2.19 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 Trade and other 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.

2.21 Dividend distribution

Distributions to Partners are recognised in the consolidated statement of comprehensive income in the period in which the dividends are approved. Distributions out of share premium are presented with the consolidated statement of changes in net assets.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.22 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 consolidated statement of financial position.

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.

2.23 Other income

Other income are recognised when the right to receive has been established, the amount of the income can be reliably determined and recovery of the consideration due is likely.

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 Managers of the General Partner of the Fund.

2.25 Fair value of derivatives

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the consolidated statement of financial position date, with the resulting value discounted back to present value.

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 include inputs for the asset or liability that are not based on observable market data (unobservable input).

The table below 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 2022				
Investment property	-	-	4,948,636,330	4,948,636,330
Derivatives at fair value through profit or loss (assets)	-	41,448,394	-	41,448,394
Derivatives at fair value through profit or loss (liabilities)	-	(82,134)	-	(82,134)
As at 31 December 2021				
Investment property	-	-	4,101,320,507	4,101,320,507
Derivatives at fair value through profit or loss (assets)	-	3,672,071	-	3,672,071
Derivatives at fair value through profit or loss (liabilities)	-	(1,522,394)	-	(1,522,394)

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

There were no transfers between levels during the years ended 31 December 2022 and 31 December 2021.

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 instruments are observable, the instruments 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 caps / swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Other techniques, such as discounted cash flow analysis are used to determine fair value for the remaining financial instruments.

Notes to the Consolidated Financial Statements

3 Fair value estimation (continued)

Assets and liabilities not carried at fair value

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 2022.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 December 2022				
Assets				
Trade and other receivables (*)	-	205,684,524	-	205,684,524
Cash and cash equivalents	260,307,395	-	-	260,307,395
Total	**260,307,395**	**205,684,524**	**-**	**465,991,919**
Liabilities				
Trade and other payables*	-	174,771,116	-	174,771,116
Borrowings*	-	3,557,996,480	-	3,557,996,480
Net assets attributable to the Partners	-	-	1,172,286,246	1,172,286,246
Total	**-**	**3,732,767,596**	**1,172,286,246**	**4,905,053,842**

(*) Non-financial assets and liabilities are excluded in the above table with their amounts.

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.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
As at 31 December 2021				
Assets				
Trade and other receivables (*)	-	48,941,483	-	48,941,483
Cash and cash equivalents	302,383,901	-	-	302,383,901
Total	**302,383,901**	**48,941,483**	**-**	**351,325,384**
Liabilities				
Trade and other payables*	-	190,063,185	-	190,063,185
Borrowings*	-	2,676,902,455	-	2,676,902,455
Net assets attributable to the Partners	-	-	1,115,839,976	1,115,839,976
Total	**-**	**2,866,965,640**	**1,115,839,976**	**3,982,805,616**

(*) Non-financial assets and liabilities are excluded in the above table with their amounts.

Notes to the Consolidated Financial Statements

4 Financial risk management

The Board of Managers of the General Partner has 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 currency, price 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.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of an asset 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 currency risk

	SEK	NOK	DKK	EUR	GBP	Total
						€
As at 31 December 2022						
Financial assets						
Trade and other receivables*	18,148,926	186,874	86,668	178,431,780	8,830,276	205,684,524
Cash and cash equivalents	6,954,284	3,592,159	3,298,227	219,851,620	26,611,105	260,307,395
Derivatives at fair value through profit or loss	-	-	-	41,448,394	-	41,448,394
Total financial assets	**25,103,210**	**3,779,033**	**3,384,895**	**439,731,794**	**35,441,381**	**507,440,313**
Financial liabilities						
Borrowings*	(79,208,092)	(21,403,493)	(12,079,328)	(3,445,305,568)	-	(3,557,996,480)
Trade and other payables*	(21,717,213)	(975,820)	(1,174,075)	(138,040,399)	(12,863,609)	(174,771,118)
Derivatives at fair value through profit or loss (liabilities)	-	-	-	(82,134)	-	(82,134)
Net assets attributable to the Partners	-	-	-	(1,172,286,246)	-	(1,172,286,246)
Total financial liabilities	**(100,925,305)**	**(22,379,313)**	**(13,253,403)**	**(4,755,714,347)**	**(12,863,609)**	**(4,905,135,976)**

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

	SEK	NOK	DKK	EUR	GBP	Total
						€
As at 31 December 2021						
Financial assets						
Trade and other receivables*	4,907,479	5,757,211	186,379	33,884,894	4,205,520	48,941,483
Cash and cash equivalents	4,522,818	2,517,794	856,263	282,202,482	12,284,544	302,383,901
Derivatives at fair value through profit or loss	-	-		3,672,071	-	3,672,071
Total financial assets	**9,430,297**	**8,275,005**	**1,042,642**	**319,759,447**	**16,490,064**	**354,997,455**
Financial liabilities						
Borrowings*	(64,177,550)	(22,241,218)	(12,058,904)	(2,578,424,783)	-	(2,676,902,455)
Trade and other payables*	(5,485,801)	(767,885)	(833,434)	(147,074,843)	(35,901,222)	(190,063,185)
Derivatives at fair value through profit or loss (liabilities)	-	-	-	(1,522,394)	-	(1,522,394)
Net assets attributable to the Partners	-	-	-	(1,115,839,976)	-	(1,115,839,976)
Total financial liabilities	**(69,663,351)**	**(23,009,103)**	**(12,892,338)**	**(3,842,861,996)**	**(35,901,222)**	**(3,984,328,010)**

* Non-financial assets and liabilities are excluded in the above table with their amounts.

The Fund operates across Europe 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, SEK, NOK, 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 2022 had GBP weakened/strengthened by 5% against the euro, post-tax profit for the year would have been €1,128,889 (2021: €970,558) lower/higher.

Foreign exchange risk arising from DKK, NOK and SEK exposure is not considered material to the Group for the financial years 2022 and 2021 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) 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.

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 2022 had market interest rates increased by 100 basis points with all other variables held constant, the impact on the net assets would be €28,925,875 (2021: €23,827,785) decrease/increase.

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

		31 December 2022	31 December 2021
	Notes	€	€
Bank borrowings	12	Euribor 3M+1.1%	0.00%
Shareholder loan	12	2.97%	2.34%
Notes issued	12	0.63%	0.63%

Refer to Note 12 for details of fixed and variable interest rates on borrowings.

iii. Price risk

As at 31 December 2022, the Group has not been exposed to price risk in respect to financial instruments.

(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 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 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 ongoing basis. Cash balances are held only with financial institutions with strong credit standing.

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. For derivative instruments concluded at Fund level, collateral agreements have been entered to in order to reduce the credit counterparty risk.

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

	31 December 2022	31 December 2021
	€	€
Trade and other receivables (*)	205,684,524	48,941,483
Cash and cash equivalents	260,307,395	302,383,901
	465,991,919	**351,325,384**

*Non-financial assets are excluded in the above table with their amounts.

There are no significant financial assets that are past due or impaired. There are no collateral nor other credit enhancements held by the Group.

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk for the Group of not being able to meet its liquidity requirements mainly due to a mismatch between the liquidity of its assets and the one of its liabilities.

Liquidity requirements for the Group may arise mainly from investors redemptions within the limits and under the conditions set out in the Offering Memorandum, significant capital expenditures, third-party debt reimbursements and significant collateral cash payments linked to collateral agreements related to derivatives positions.

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 Limited Partner 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' Shares in a Redemption Vintage will be redeemed on a *pro rata* basis having regard to the total amounts of Shares presented for redemption on the Redemption Vintage in the same Redemption Vintage and pari passu with other Shares in the same Redemption Vintage.

c) 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 in respect of the outstanding redemption requests.

d) 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 of the Fund as at any given date, or (ii) the AIFM considers that there are special market or adverse conditions.

In addition to Shareholder loan and notes issued, the Group has entered into revolving credit facility agreements with the following banks (see Note 12 for further information on bank borrowings):

- Natixis
- HSBC
- CA-CIB
- BNP Paribas

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.

Notes to the Consolidated Financial Statements

4 Financial risk management (continued)

(c) Liquidity risk (continued)

The maturity analysis at 31 December 2022 is as follows:

	On demand / < 1 month	1 month to 1 year	1 to 5 years	Later than 5 years	Total
	€	€	€	€	€
Liabilities					
Derivatives at fair value through profit or loss	30,906	51,228	-	-	82,134
Trade and other payables***	-	174,771,116	-	-	174,771,116
Borrowings*	299,000,000	237,565,877	850,324,140	2,657,333,171	4,044,223,188
Net assets attributable to unit holders**	-	50,000,000	-	1,122,286,246	1,172,286,246
	299,030,906	**462,388,221**	**850,324,140**	**3,779,619,417**	**5,391,362,684**

* Borrowings also includes accrued interest.

** 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.

*** Non-financial liabilities are excluded in the above table with their amounts.

The maturity analysis at 31 December 2021 was as follows:

	On demand / < 1 month	1 month to 1 year	1 to 5 years	Later than 5 years	Total
	€	€	€	€	€
Liabilities					
Derivatives at fair value through profit or loss	1,522,394	-	-	-	1,522,394
Trade and other payables***	-	190,063,185	-	-	190,063,185
Borrowings*	274,357,342	53,735,829	626,593,242	1,876,971,502	2,831,657,915
Net assets attributable to unit holders**	-	-	-	1,115,839,976	1,115,839,976
	275,879,736	**243,799,014**	**626,593,242**	**2,992,811,478**	**4,139,083,470**

* Borrowings also includes accrued interest.

** 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.

*** Non-financial liabilities are excluded in the above table with their amounts.

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 currency 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 unitholders, 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 unit 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 AIFM monitor capital on the basis of the value of net assets attributable to unitholders in accordance with the principles defined in the Offering memorandum.

The Fund deploys a certain level of third party debt to finance part of the Fund's investments in real estate assets, to the extent that such financing is available. Such financing may include unsecured borrowings and non-recourse project level debt secured by the mortgage of one or more real estate assets themselves. The Fund has an absolute limit set at 45% (2021:45%) loan to value ("LTV") in aggregate at portfolio level. As at 31 December 2022, the leverage of the real estate portfolio was 26.9% LTV (2021: 25.7% LTV).

The subscription NAV is calculated as set out in clause 17.1.2 of the ISA by performing adjustments compared to the IFRS NAV, including:

i) The acquisition costs (including debt issuance 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) The tax adjustment corresponds mainly to discounts on latent capital gains tax and revaluations in case of exit on a share deal basis.

The table below shows the subscription NAV adjustments:

	31 December 2022	31 December 2021
	€	€
Total net assets attributable to partners as per IFRS consolidated financial statements	**1,172,286,246**	**1,115,839,976**
Adjustments		
Set up costs adjustment	437,307	502,438
Acquisition expense adjustment	51,573,430	33,855,647
Revaluation to financial assets/liabilities	157,520,944	-
Revaluation to fair value of savings of purchaser's costs such as transfer taxes	24,560,567	21,150,159
Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	(88,711,164)	(41,381,163)
Total adjustments	**145,381,084**	**14,127,081**
Subscription net asset value	**1,317,667,330**	**1,129,967,057**

5 Investment property

The Group invests in logistics real estate assets. Logistics real estate assets include predominantly industrial real estate assets such as operating industrial warehouse and logistics buildings such as bulk, trans-shipment, flex, light industrial, cold-storage, cross dock warehouses and parcel hubs. Industrial real assets can also include land utilised for trailer or container storage, parking or similar purposes.

The valuation of the Investment Properties was carried out by external valuers in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors on the basis of Fair Value. Fair 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.

Notes to the Consolidated Financial Statements

5 Investment property (continued)

The table below shows the movement of investment properties held by the Group for the year ended 31 December 2022:

	Investment property
	€
Fair value as at 1 January 2022	**4,101,320,507**
Purchases (including acquisition costs)	219,926,191
Capital expenditure	338,892,264
Unrealised gain/(loss)	(521,454,363)
Realised gain/(loss) (Note 15)	(14,650,000)
Currency translation gain/(loss)	(76,756,028)
Acquired through acquisition of subsidiaries (Note 15)	972,682,106
Sales (Note 15)	(90,800,000)
Capitalised lease incentives	3,788,085
Movement on right of use asset	15,686,568
Fair value as at 31 December 2022	**4,948,636,330**

During the year ended 31 December 2022, the Group entered into the following transactions in respect of investment properties;

- The Group, through 67.98% owned subsidiary, OneEstate S.à r.l., finalized the acquisition of the two remaining properties of the Elements Portfolio in January and in December 2022. The two properties are respectively located located in Aachen and Cottbus (Germany) and were acquired by way of asset deals, at a real estate price of € 90.1m.
- The Group has also finalized the acquisition of the last two properties of the Imperial Portfolio, both located in Solskenet (Sweden), in January and in June 2022. The first one was acquired by way of share deal i.e. acquisition of the shares of the holding SPV, at a real estate price of € 112.3m through 67.98% subsidiary Onelog Solskenet Holding AB. The second one was acquired by way of share deal at a real estate price of € 3.1m through 67.98% subsidiary Onelog Borås Solskenet AB.
- The Group, through fully owned subsidiary, LOG Nabi S.à r.l, acquired Hercules portfolio composed of 10 properties gathering 178k sqm in the United Kingdom. The acquisition was structured on basis of a share deal at a real estate price of €456.6m.
- The Group, through 67.98% owned subsidiary, OneLog Zoetermeer B.V., secured on an off-market basis c. 20.8k sqm of Grade A warehouse space in Zoetermeer, the Netherlands. The transaction had been executed on a forward purchase basis with agreed total investment cost of c. €38m.
- The Group, through 67.98% owned subsidiary, LOG NL Hoofddorp B.V., acquired on a forward funding basis c. 46.9k sqm of a Grade A warehouse space in a prime location south-west of Amsterdam. the Netherlands. The first instalment paid was € 47.1m.
- The Group, through 67.98% owned subsidiary, OneLog France Holding SAS, secured portfolio of 6 logistics development projects, three located in the south of France and remaining located near Nantes and north-east of Paris in central France, totaling c. 153k sqm. In the portfolio, 4 assets have already been acquired through share deals through initial instalments of € 44.2m.
- The Group, through 67.98% owned subsidiary, PrismItaly s.à r.l., acquired three brand new last-mile assets located in Bologna, Cuneo and Siena (Italy) between April and July 2022. The deal was sourced off market for real estate price of €97.8m and the assets were acquired by way of share deals.
- In July 2022, the Group finalized the acquisition of the last property of the Pluto Portfolio, through 67.97% owned subsidiary, Alpha LOG Fund. The asset is located in Verona (Italy) and was acquired by way of an asset deal at a real price of € 24.4m.
- The Group secured the acquisition of a 54.7k sqm development in an established logistic location west of Milan through its 67.97% owned subsidiary Alpha LOG Fund. A forward purchase agreement was signed in Q3 2022 with a first instalment of € 16m.
- In December 2022, the Group acquired a portfolio composed by six Swedish and two Finnish facilities in very attractive locations with total lettable area of 196k sqm for a purchase price of €258.6m. The acquisition was structured by way of share deals through two wholly owned subsidiaries (DeuxLog Sweden AB and ALEM Finland Oy).
- The Group, through 67.98% owned subsidiary, OneLazza SCI, acquired on a forward funding scheme a build to suit logistics project in Creil, Northern France that will deliver 63k sqm standard logistics facility. The first instalment amounted to € 16.5m.
- In Q4 2022, the Group, through fully owned subsidiary, Log Ress SCI, acquired 324k sqm building site in Ressons-sur-Matz, Norther France. The first instalment paid for this development project amounted to € 14.3m.
- In July 2022, the Group has disposed of a portfolio of 6 assets, 3 in France and 3 in the Netherlands. The disposal of the portfolio was closed for a total real estate price of c. €182m (see Note 22).
- The Group has also completed the disposal of a property located in Utrecht (Netherlands) for a real estate price of €90m (see Note 15).

Notes to the Consolidated Financial Statements

5 Investment property (continued)

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

	Investment property
	€
Fair value as at 1 January 2021	**2,386,005,719**
Purchases (including acquisition costs)*	574,185,524
Capital expenditure	40,675,910
Unrealised gain/(loss)	546,130,951
Realised gain/(loss)	1,969,303
Acquired through acquisition of subsidiaries (Note 15)	734,328,378
Sales	(33,000,000)
Transfer to investment property held for sale (Note 22)	(148,856,676)
Capitalised lease incentives	(118,602)
Fair value as at 31 December 2021	**4,101,320,507**

*the balance includes €44m of development costs on newly acquired assets.

During the year ended 31 December 2021, the Group entered into the following transactions in respect of investment properties;

- The Group, through a fully owned subsidiary, Real Estate Investment 1 S.àr.l., acquired a brand new 56.3k sqm logistics asset located South of Berlin, at a real estate price of €85.5m.
- The Group, through a fully owned subsidiary, LOG LUX 2 S. à. r. l., acquired 64-acre gross (47-acre net) development site in Nuneaton, West Midlands, with the potential to develop up to 980k sqft (c.91k sqm) of logistics space across 5 units. The total land price amounts to £33.0m.
- The Group, through a 67.95% owned subsidiary, Alpha Log Fund, acquired 6 logistics asset located in Northern Italy for a purchase price of €127.5, of which 5 assets were completed before year end for €104.4m.
- The Group, through a 67.98% owned subsidiary, Nangart Invest S.L., acquired a logistics asset located in Illescas, Spain for a purchase price of €60.0m.
- The Group, through a 67.98% owned subsidiary, Drumhead S.L., acquired a logistics asset located in Barcelona, Spain for a purchase price of €88.0m.
- The Group through its fully owned subsidiary, Log Estate S.à r.l., acquired 100% interest in a German Special Purpose Vehicle (PKCH GmbH, refer to Note 15), holding a warehouse development site in Stolberg, Germany for a purchase price of €2.7m.
- The Group acquired 100% interest in a German Special Purpose Vehicle (Philippsburg GmbH (formerly: Dietz Logistik 24.Grundbesitz GmbH), refer to Note 15), holding a warehouse development site in Philippsburg Germany for a purchase price of €22.4m. The aim is to develop a 51k sqm logistics facility across 3 units.
- The Group, through its fully owned subsidiary, LOG DE S.à.r.l, acquired a 152,665 square meter plot of land located in Bremen, Germany for a purchase price of €7.6m.
- The Group, through a fully owned subsidiary, LOG LUX S. à. r. l., acquired a 10.35 acres (c. 41.9k sqm) development site in Milton Keynes, one of the major logistics hotspots in the United Kingdom ("Golden Triangle"). The total land price amounts to £7.0m less retention costs of £1.6m.
- The Group through its Subsidiary, OneLog Invest (Lux) S.à r.l., acquired 100% interest in 7 Nordic Special Purpose Vehicles (NSF II Denmark K/S, NSF II Fin 6 Oy, Alfa Yksi Oy, NSF II Norway Torvstikkeren 10 Holding AS, NSF II Norway Regnbuevein 9 Holding AS, NSF Norway Vestby Holding AS, and NSF II Logistics Sweden Holding AB) refer to Note 15), holding in total 20 large scale logistics assets for €841.8m situated in Denmark, Finland, Sweden and Norway of which 19 assets were completed before year end for €695.5m.
- The Group has completed the acquisition of a 28.3-acre site in Leeds (Yorkshire), with the potential to accommodate up to 513k sqft of logistics space across four units at an acquisition cost of €41.2m.
- On December 29th, 2021, the Group has completed the disposals of 5 assets in Netherlands on an asset deal basis for a total of €33m (slightly above last net market value) and above 22 680 sqm.
- The Group through a 67.98% owned subsidiary OneRaffa acquired 3 last mile logistics assets located in Germany for EUR 96.5m. The properties are fully let on a 10-year basis.

Notes to the Consolidated Financial Statements

5 Investment property (continued)

Valuation process

The Group's investment properties were valued as at 31 December 2022 and as at 31 December 2021 by two independent professional qualified valuers, CBRE Limited and Cushman Wakefield, who hold recognised relevant professional qualifications and relevant experience in the locations and segments of the investment properties valued. For all investment properties, their current use equals the highest and best use. The AIFM and the General Partner reviewed the valuations performed by the independent valuers 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.

As at 31 December 2022, the Group has invested in the following investment properties:

Country	Valuation technique	Rental yield	Estimated rental value	Market value	Right of use asset	Fair value
			€	€	€	€
France	Income Capitalisation approach / Cost approach	4.48%	55,188,870	1,051,137,100	-	1,051,137,100
Germany	Income Capitalisation approach / Cost approach	4.35%	51,706,630	1,060,357,500	15,686,568	1,076,044,068
Netherlands	Income Capitalisation approach	5.20%	22,923,511	412,250,000	-	412,250,000
Poland	Income Capitalisation approach	6.20%	5,248,214	74,967,000	-	74,967,000
Spain	Income Capitalisation approach	4.10%	9,153,694	207,100,000	-	207,100,000
Italy	Income Capitalisation approach	4.06%	40,754,494	673,243,893	-	673,243,893
United Kingdom	Income Capitalisation approach	4.37%	33,697,159	487,697,116	-	487,697,116
Denmark	Income Capitalisation approach	4.70%	6,199,182	101,896,697	-	101,896,697
Finland	Income Capitalisation approach / Cost approach	4.44%	7,443,904	125,035,397	-	125,035,397
Norway	Income Capitalisation approach	3.99%	6,691,305	135,010,147	-	135,010,147
Sweden	Income Capitalisation approach / Cost approach	4.29%	21,200,385	604,254,912	-	604,254,912
				4,932,949,762	**15,686,568**	**4,948,636,330**

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

Country	Valuation technique	Rental yield	Estimated rental value	Market value	Right of use asset	Fair value
			€	€	€	€
France	Income capitalisation approach	3.90%	47,411,740	1,016,350,000	-	1,016,350,000
Germany	Income capitalisation approach	3.62%	34,932,576	964,842,000	-	964,842,000
Netherlands	Income capitalisation approach	4.59%	19,975,791	420,953,324	2,010,000	422,963,324
Poland	Income capitalisation approach	6.08%	4,603,677	74,279,000	-	74,279,000
Spain	Income capitalisation approach	4.05%	7,411,540	218,120,000	-	218,120,000
Italy	Income capitalisation approach	3.44%	30,635,826	566,360,000	1,230,639	567,590,639
United Kingdom	Cost approach	N/A	N/A	42,281,888	-	42,281,888
United Kingdom	Income capitalization approach	3.89%	98,409,605	98,409,605	79,605	98,489,210
Denmark	Income capitalisation approach	4.24%	5,740,500	106,783,996	-	106,783,996
Finland	Cost approach	4.09%	3,902,941	87,900,000	-	87,900,000
Norway	Cost approach	3.38%	6,524,065	161,216,267	-	161,216,267
Sweden	Cost approach	3.18%	14,516,891	340,504,182	-	340,504,182
Total continued investment properties						4,101,320,506
Investment properties held for sale (Note 22)						
France	Income capitalisation approach	3.90%	4,490,842	96,370,000	-	96,370,000
Netherlands	Income capitalisation approach	4.59%	2,466,874	52,486,676	-	52,486,676
						148,856,676
Total continued investment properties				**4,246,856,938**	**3,320,244**	**4,250,177,182**

Notes to the Consolidated Financial Statements

5 Investment property (continued)

Valuation process (continued)

As at 31 December 2022 and 2021, the Group has classified the fair value of investment properties as Level 3.

The Group is exposed to property price risk including property rentals risk.

The values of real estate assets mainly depend on:

- the real estate market valuation which is subject to fluctuations particularly regarding rents and prices determined by the supply, demand and the general economic conditions, and
- the specificities of each real estate asset. The portfolio is substantially composed of logistics assets located in areas around 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.

As at 31 December 2022, if rental yield rates had been 0.5% higher, with all other variables held constant, the valuation of investment properties would have been €923,405,896 lower (2021: €3,619,363,115 lower). As at 31 December 2022, if rental yield rates had been 0.5% lower, with all other variables held constant, the valuation of investment properties would have been €655,869,787 higher (2021: €4,884,436,437 higher).

As at 31 December 2022, if rental income rates had been 5% higher, with all other variables held constant, the valuation of investment properties would have been €193,270,390 higher (2021: €3,909,604,907 higher). As at 31 December 2022, if rental income rates had been 5% lower, with all other variables held constant, the valuation of investment properties would have been €237,294,149 lower (2021: €4,283,561,917 lower).

Valuation techniques underlying management's estimation of fair value

The income capitalisation method is 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 maintenance costs, vacancy rates and market rents.

6 Trade and other receivables

	31 December 2022	31 December 2021
	€	€
Trade and other receivables		
Value added tax receivable*	106,933,882	68,225,400
Receivable from sale of subsidiary (see Note 15)	85,948,999	-
Gross rent receivable	23,868,542	8,820,503
Trade receivables	5,620,263	5,046,701
Other receivables	41,030,529	25,994,417
	263,402,215	**108,087,021**
*Amounts considered as non-financial assets.		
Other financial assets		
Security deposits	46,160,870	6,478
Cash time deposits	3,055,321	9,073,384
	49,216,191	**9,079,862**
	312,618,406	**117,166,883**

As at 31 December 2022, the Trade and other receivables include a security deposit of €46.0m for the acquisition of the property under forward purchase agreement by Onelog NL Zoetermeer B.V. which was closed in January 2023 (see Note 25).

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.

Notes to the Consolidated Financial Statements

7 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. All cash and cash equivalents available are held at banks with credit risk rating within the "good" category of at least one of the three main rating agencies: Moodys, Fitch, and Standard & Poors.

Institution	Credit rating agency	31 December 2022	31 December 2021	31 December 2022	31 December 2021
				€	€
BNP Paribas	S&P	A+	A+	116,339,121	218,600,009
Bank of New York Mellon	S&P	AA-	AA-	75,497,820	61,021,234
Société Générale	S&P		A	-	14,072,261
Banque Populaire	Fitch	A+	A+	2,464,374	2,970,980
PM Deutsche Kreditbank Berlin	Moody's		P-1	-	1,564,404
Banco Santander	S&P	A+	A+	4,168,803	1,542,723
Deutsche Bank	S&P	A-		5,644,839	-
Danske Bank	S&P	A		11,686,269	-
Nordea	S&P	AA-		4,409,906	-
Barclays Bank	S&P	A		6,343,943	-
JP Morgan Chase	S&P	A+	A+	33,134,969	82,986
Other	N/A	N/A	N/A	617,351	2,529,304
				260,307,395	**302,383,901**

8 Trade and other payables

	31 December 2022	31 December 2021
	€	€
Trade and other payables		
Trade payables	61,315,355	143,331,644
Value Added Tax and other taxes payable (*)	41,995,195	13,442,365
Accrued operating expenses	24,541,008	14,757,758
Fixed asset accruals	24,011,294	10,095,580
Management fees (see Note 13)	10,633,483	6,762,575
Audit fees	1,617,540	811,908
Accounting fees	914,784	568,692
Administration fees	506,349	289,925
Depositary fees accrued	437,922	169,482
Tax fees	294,477	126,046
Valuation fees	246,487	-
Legal fees	39,240	76,015
Withholding tax (*)	-	24,260
Other payables and accrued expenses	3,181,667	3,309,290
	169,732,801	**193,765,540**
*Amounts considered as non-financial assets.		
Other financial liabilities		
Cash collateral payable	37,130,000	1,040,000
Refundable deposits	9,903,510	8,724,270
	47,033,510	**9,764,270**
	216,766,311	**203,529,810**

Notes to the Consolidated Financial Statements

9 Rental income

	31 December 2022	31 December 2021
	€	€
Rental income	198,267,992	142,800,836
	198,267,992	**142,800,836**

At year-end the total contractually agreed rental income based on the leases in operation is as follows:

	31 December 2022	31 December 2021
	€	€
No later than 1 year	215,277,077	168,356,278
Later than 1 year and no later than 2 years	191,698,838	150,663,237
Later than 2 years and no later than 3 years	168,539,269	123,493,909
Later than 3 years and no later than 4 years	133,011,626	103,826,293
Later than 4 years and no later than 5 years	117,921,808	84,654,592
Later than 5 years	525,588,022	363,980,746
Total	**1,352,036,640**	**994,975,055**

The rental income generated by the Group is only from logistics properties.

10 Operating expenses

	31 December 2022	31 December 2021
	€	€
Management fees (see Note 13)	18,730,849	12,402,911
Non-recoverable real estate taxes & real estate expenses	14,471,960	13,852,969
Other property expenses	11,916,516	4,496,235
Corporate costs	7,689,718	3,132,222
Accounting and professional fees	4,031,174	2,629,346
Audit fees	1,882,362	1,419,786
Legal fees	1,712,958	1,405,618
Bank charges	1,678,248	5,178,357
Other tax	1,213,681	5,833,937
Tax fees	1,121,598	924,135
Non recoverable value added tax	957,197	529,172
Administration fees	876,269	475,381
Valuation fees	785,350	798,848
Net worth tax	4,815	9,630
Withholding tax	-	182,597
Other operating expenses	3,802,874	5,128,885
	70,875,569	**58,400,029**

Notes to the Consolidated Financial Statements

11 Finance result

	31 December 2022	31 December 2021
	€	€
Interest income bank accounts	362,777	264,594
Other finance income	-	1,375,000
Finance income	**362,777**	**1,639,594**
Interest expense on bank loans and notes issued (see Note 12)	24,344,246	13,910,501
Interest expenses on shareholder's loans (see Note 12)	37,198,213	21,101,304
Unrealised foreign exchange losses	59,548,308	435,960
Realised foreign exchange losses	483,710	568,695
Debt issue fees	2,642,797	9,157,422
Finance expense	**124,217,274**	**45,173,882**
Finance result	**(123,854,497)**	**(43,534,288)**

12 Borrowings

The table below shows the Group's bank borrowings and Shareholder loan facility as at 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
	€	€
Non-current		
Bank loans	154,100,000	-
Shareholder loans	1,395,115,691	1,019,019,353
Debt issue costs*	(7,551,895)	(8,540,415)
Amortisation of debt issuance costs*	57,248	92,584
Loans from non-controlling interests	679,060,647	559,104,507
Lease liability	28,688,180	16,959,381
Notes issued	795,911,944	795,092,437
Other loans	-	101,182
Total non-current borrowings	**3,045,381,815**	**2,381,829,029**
Current		
Bank loans	186,850,000	-
Accrued interest on bank loans	1,453,090	-
Accrued interest on shareholder loans	10,443,875	6,010,260
Accrued interest on loans from non-controling interest	3,244,474	2,256,156
Accrued interest on notes issued	579,452	579,452
Interest free loans	299,000,000	274,357,342
Lease liability	3,549,127	3,422,385
Total current borrowings	505,120,018	286,625,595
Total borrowings	**3,550,501,833**	**2,668,454,624**

Notes to the Consolidated Financial Statements

12 Borrowings (continued)

Bank loans, notes issued & finance lease

Notes issued

On 8 November 2021, the Fund has issued two notes (the "Notes"), 0.375% Notes due on 15 November 2026 at an issue price of 99.45%, for an amount of €500m and on 19 October 2021, the Group has issued another note, and 0.875% Notes due on 15 November 2029 at an issue price of 99.249%, for €300m. Both bonds are listed on Euronext Dublin – Global Exchange Market.

Bank loans

During the financial year ended 31 December 2022, the Group has entered into the following revolving credit facilities:

- Revolving credit facility agreements with Natixis for a principal amount of €100m. The revolving credit facility bears floating interest of 3 month EURIBOR and margin of 1.4% per annum and maturity date is 31 October 2023.
- Revolving credit facility agreements with HSBC for a combined principal amount of €100m. The revolving credit facility bears floating interest of 3 month EURIBOR and margin of 1.0% per annum and maturity date is 4 April 2025.
- Revolving credit facility agreements with CA-CIB for a principal amount of €75m. The revolving credit facility bears floating interest of 3 month EURIBOR and margins of 1.1% per annum and maturity date is 4 April 2025.
- Revolving credit facility agreement with BNP Paribas for a principal amount of €100m. The revolving credit facility bears floating interest of 3 month EURIBOR and margins of 1.1% per annum and maturity date is 14 April 2023.

As at 31 December 2022, the Group has complied with all loan covenants.

Lease liability

The Group, as part of the OIL transaction, has entered into lease agreements through a subsidiary named GPE Feuillane22 (FR) SCI and One Post SCI. The Group has recognised lease liabilities in respect of two properties located in France. As of 31 December 2022, the lease liability amounted to €16.5m (2021: €20.3m).

On 13 December 2022, the Group entered into finance lease agreements through a subsidiary named OneRaffa S.à r.l. The Group recognised lease liabilities in respect of a property located in the Cottbus, Germany. As of 31 December 2022, the lease liability amounted to €15.7 million.

Interest expenses incurred during year ended 31 December 2022 in relation to recognised lease liabilities amounted to €643,741 (2021: 535,825). All interest expenses in relation to variable lease payments are included in lease liabilities.

Total payment in relation to lease liabilities during year ended 31 December 2022 amounted to €4,804,447 (2021:4,011,705).

Shareholder loans and interest free loan

On 6 August 2019, the Master Fund entered into a Shareholder loan agreement with Logistics Europe AXA Feeder S.C.A. and ALEF Holding S.C.A., for a shareholder loan facility that corresponds to its Investor Capital Commitment reduced by any amount corresponding to any drawdown allocated from time to time to the subscription of Class A shares. This agreement is effective for thirty years beginning from the effective date of the agreement.

The interest rate on these shareholder loans is based on TP analysis. The interest rate is equal to 2.97% as at 31 December 2022 (31 December 2021: 2.26%).

During the year ended 31 December 2022, the Master Fund has received a total amount of €865,161,696 (2021: €505,845,324) under interest free loan facility. Part of the IFL balance was converted into interest bearing loan amounting to €376,096,338 (2021: €279,819,755) and capital amounting to €464,422,700 (2021: €237,893,827).

For the year ended 31 December 2022, the Shareholder loan facility amounts to €1,395m (2021: €1,019m) with accrued interest payable of €10.4m (2021: €6.0m) (See note 12).

The balance of IFL for the year ended 31 December 2022 amounts to €297.2m with ALEF Holding SCA and €1.8m with Logistics Europe AXA Feeder S.C.A. which was converted into equity and interest bearing loans subsequent to year end (See note 25).

Notes to the Consolidated Financial Statements

12 Borrowings (continued)

Bank loans, notes issued & finance lease (continued)

Reconciliation of liabilities (excluding movements in accrued interest) arising from financial activities:

		Cash flows		Non cash changes					
	1 January 2022	Loan draw-downs	Repayments	Amort-isation of debt issue costs	Lease liability	Conversion into IBL/ share capital	Acquired on acquisition of subsidiaries	Settled on disposal of subsidiaries	31 December 2002
	€	€	€	€	€	€	€	€	€
Bank loans	-	480,775,000	(257,718,238)	-	-	-	117,893,238	-	340,950,000
Shareholder loans	1,019,019,353	-	(275,716,456)	-	-	376,096,338	275,716,456	-	1,395,115,691
Interest free loan	274,357,342	865,161,696	-	-	-	(840,519,038)	-	-	299,000,000
Loans from non-controlling interests	559,104,507	144,046,241	(24,090,101)	-	-	-	-	-	679,060,647
Lease liability	20,381,766	-	(3,400,000)	-	15,255,541	-	-	-	32,237,307
Debt issuance costs	(8,447,831)	-	953,184	-	-	-	-	-	(7,494,647)
Notes issued	795,092,437	-	-	819,507	-	-	-	-	795,911,944
Other loans	101,182	-	(101,182)	-	-	-	-	-	-
	2,659,608,756	**1,474,727,396**	**(560,072,793)**	**819,507**	**15,255,541**	**(464,422,700)**	**393,609,694**	**-**	**3,534,780,942**

	1 January 2021	Cash flows		Non cash changes				
	1 January 2021	Loan draw-downs	Repayments	Amort-isation of debt issue costs	Transfer to equity held for sale	Conversion into IBL/ share capital	Acquired on acquisition of subsidiaries	31 December 2001
	€	€	€	€	€	€	€	€
Bank loans	508,963,750	42,800,000	(551,763,750)	-	-	-	-	-
Shareholder loans	739,199,598	-	-	-	-	279,819,755	-	1,019,019,353
Interest free loan	286,225,600	505,845,324	-	-	-	(517,713,582)	-	274,357,342
Loans from non-controlling interests	209,311,393	357,710,454	(7,917,340)	-	-	-	-	559,104,507
Lease liability	26,928,032	2,154,729	(6,228,032)	-	(2,472,963)	-	-	20,381,766
Debt issuance costs	(8,250,512)	(8,540,415)	8,250,512	92,584	-	-	-	(8,447,831)
Notes issued	-	795,092,437	-	-	-	-	-	795,092,437
Other loans	-	101,182	(358,389,290)	-	-	-	358,389,290	101,182
	1,762,377,861	**1,695,163,711**	**(916,047,900)**	**92,584**	**(2,472,963)**	**(237,893,827)**	**358,389,290**	**2,659,608,756**

13 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 the AIFM, General Partner and their affiliates to be related parties.

Parent

Shareholder loan

For details of the shareholder loan, please refer to Note 12.

Interest free loan

For details of the interest free loan, please refer to Note 12.

Notes to the Consolidated Financial Statements

13 Related party transactions (continued)

Other 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 that equals 0.55% of the Group's aggregate share value and the NAV per unit of the Class C shares.

Management fees charged for the year ended 31 December 2022 amounted to €18,730,849 (2021: €12,402,911), of which €10,633,483 (2021: €6,762,575) was payable at the financial year end.

14 Non-controlling interests

As at 31 December 2022, the Group held a 67.98% (2021: 67.98%) interest in OneLog Invest (Lux) S.à r.l., (see Note 22). The remaining 32.02% (2021:32.02%) is held by a third party, ACEF Holding S.C.A., who has a non-controlling interest in the investment. Within the OneLog Invest (Lux) S.à r.l subgroup, there are also a number of entities in which a third party has a non-controlling interest of between 2% and 6%, none of which are individually material to the Group. The following analysis has been presented at the level of the consolidated OneLog Invest (Lux) S.à r.l. subgroup.

As at 31 December 2022, the Group also held a 67.98% (2021: 67.98%) interest in Log Italy Fund REIF and a 67.97% (2021: 67.95%) interest in Alpha Log Fund, (see Note 22). The remaining shares in both entities are held by third parties, who have a non-controlling interest in both investments.

Movements in non-controlling interests are detailed in the table below.

	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Year ended 31 December 2022
	€	€	€	€
Opening balance	14,584,091	146,777,902	336,091,612	497,453,605
Additions	-	15,670,161	34,460,931	50,131,092
Foreign exchange movement (recognised in other comprehensive income)	-	52,033	(2,709,966)	(2,657,933)
Distribution	(325,373)	(3,570,465)	-	(3,895,838)
Profit allocated during the year	(842,423)	(7,556,567)	(74,275,635)	(82,674,625)
Closing balance	**13,416,295**	**151,373,064**	**293,566,942**	**458,356,301**

	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Year ended 31 December 2021
	€	€	€	€
Opening balance	7,024,767	90,880,344	144,003,483	241,908,594
Additions	4,754,911	37,384,876	104,195,504	146,335,291
Profit allocated during the year	2,804,413	18,512,682	87,892,625	109,209,720
Closing balance	**14,584,091**	**146,777,902**	**336,091,612**	**497,453,605**

Notes to the Consolidated Financial Statements

14 Non-controlling interests (continued)

Below is the summarised financial information for each subgroup that has non-controlling interests that are material to the Group as at 31 December 2022. The amounts disclosed for each subgroup are before inter-company eliminations.

Summarised balance sheet

31 December 2022	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Total
	€	€	€	€
Non-current assets	39,100,000	451,110,460	2,894,675,852	3,384,886,312
Current assets	2,076,999	28,553,637	323,117,270	353,747,906
Current liabilities	235,347	6,098,569	161,251,799	167,585,715
Net current assets	40,941,652	473,565,528	3,056,541,323	3,571,048,503
Non-current liabilities	-	-	2,200,233,579	2,200,233,579
Net assets	**40,941,652**	**473,565,528**	**856,307,744**	**1,370,814,924**
Accumulated non-controlling interests	**13,416,295**	**151,373,064**	**293,566,942**	**458,356,301**

Summarised statement of comprehensive income

31 December 2022	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Total
	€	€	€	€
Revenue	(2,358,740)	16,128,937	123,611,311	137,381,508
Profit for the year	(2,630,961)	(23,684,518)	(228,739,145)	(255,054,624)
Other comprehensive income				
Total comprehensive income	**(2,630,961)**	**(23,684,518)**	**(228,739,145)**	**(255,054,624)**
Total profit/(loss) allocated to non-controlling interest	**(842,423)**	**(7,556,567)**	**(74,275,635)**	**(82,674,625)**

Below is the summarised financial information for each subgroup that has non-controlling interests that were material to the Group as at 31 December 2021. The amounts disclosed for each subgroup are before inter-company eliminations.

Summarised balance sheet

31 December 2021	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Total
	€	€	€	€
Non-current assets	43,200,000	426,136,367	2,829,871,506	3,299,207,873
Current assets	1,527,050	38,525,354	194,425,659	234,478,063
Current liabilities	138,267	5,796,644	174,065,102	180,000,013
Net current assets	44,588,783	458,865,077	2,850,232,063	3,353,685,923
Non-current liabilities	-	-	1,857,236,284	1,857,236,284
Net assets	**44,588,783**	**458,865,077**	**992,995,779**	**1,496,449,639**
Accumulated non-controlling interests	**14,584,091**	**146,777,902**	**336,091,612**	**497,453,605**

Notes to the Consolidated Financial Statements

14 Non-controlling interests (continued)

Summarised statement of comprehensive income

31 December 2021	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Total
	€	€	€	€
Revenue	2,310,519	14,536,815	85,163,071	102,010,405
Profit for the year	8,758,425	56,102,954	263,232,044	328,093,423
Other comprehensive income	-	-	-	-
Total comprehensive income	**8,758,425**	**56,102,954**	**263,232,044**	**328,093,423**
Total profit/(loss) allocated to non-controlling interest	**2,804,413**	**18,512,682**	**87,892,625**	**109,209,720**

15 Acquisitions and disposals of subsidiaries

a. Acquisitions of subsidiaries

On 7 January 2022, the Group, in a share deal acquired 100% interest in Onelog Sweden 9 AB, special purpose vehicle holding asset in prime logistics hotspot. Purchase price paid for the acquisition of Onelog Sweden 9 AB amounts to €60.5m.

On 31 March 2022, the Group in a share deal acquired 100% interest in 7 Quicksilver special purpose vehicles, Quicklsilver Logistics Propco 1 S.à r.l., Quicklsilver Logistics Propco 2 S.à r.l., Quicklsilver Logistics Propco 3 S.à r.l., Quicklsilver Logistics Propco 4 S.à r.l., Quicklsilver Logistics Propco 5 S.à r.l., Quicksilver Logistics Propco 7 limited and Quicklsilver Logistics Propco 9 S.à r.l. situated in Luxembourg and the United Kingdom. Quicksilver entities are holding 10 properties across attractive core locations in the United Kingdom with total area of 178k sqm. The total purchase price paid on acquisition of Quicksilver entities is amounting to €260.7m.

On 21 June 2022, the Group, in a share deal acquired 100% interest in Onelog Borås Solskenet 2 AB, special purpose vehicle holding asset in prime logistics hotspot. Purchase price paid for the acquisition of Onelog Borås Solskenet 2 AB amounts to €0.5m.

On 27 June 2022, the Group completed acquisition in a share deal of 98% interest in 3 Virtuo special purpose vehicles, SCI Virtuo Chateaudun, SCI Virtuo Chevroliere and SCI VAL Developpement located in France (together names as “Virtuo entities”). Virtuo entities hold 6 development project located in France. Purchase price paid ofr acquisition is €39.1m.

The Group acquired 3 special purpose vehicles as a part of Sirius portfolio. On 14 April 2022, the Group acquired in a share deal 100% interest in OneBologna S.r.l., following by acquisition of OneCueno S.r.l. and OneSiena S.r.l. (together named as “Sirius entities”) on 15 June 2022 and 28 July 2022, also in a share deal. Sirius entities are holding 3 logistics assets. Purchase price paid for acquisition of Sirius entities is 98.3m.

To complete Imperial II portfolio, the Group in a share deal acquired 5 Swedish special purpose vehicles on 9 December 2022 and 2 Finnish special purpose vehicles on 15 December 2022. The portfolio is composed of 8 facilities, 6 located in Sweden and 2 located in Finland, with total area of c. 196k sqm. Purchase price paid for acquisition of portfolio is €112.3m

Notes to the Consolidated Financial Statements

15 Acquisitions and disposals of subsidiaries (continued)

a. Acquisitions of subsidiaries (continued)

The table below shows the assets and liabilities recognised in the consolidated statement of financial position at the date of acquisition in 2022:

	Onelog Sweden 9 AB	Quicksilver entities	OneLog Borås Solskenet 2 AB	Virtuo entities	Sirius entities	Imperial II entities	Total
	€	€	€	€	€	€	€
Investment property (see Note 5)	112,281,266	456,622,541	3,149,651	44,166,915	97,808,512	258,653,221	972,682,106
Cash and cash equivalents	1,306,785	6,632,560	68,409	158,610	323,289	3,260,883	11,750,536
Borrowings (see Note 12)	(50,858,039)	(192,786,573)	(2,677,821)	(5,180,823)	-	(142,106,438)	(393,609,694)
Other receivables	601	1,520,548	6,874	29,129	11,458,367	4,240,882	17,256,401
Tax payable	(200,241)	(3,596,962)	(69,005)	-	(376,527)	(401,030)	(6,430,014)
Other payables	(1,986,490)	(7,695,021)	(26,487)	(50,652)	(10,838,457)	(11,399,943)	(30,210,801)
Total purchase consideration	**60,543,882**	**260,697,093**	**451,621**	**39,123,179**	**98,375,184**	**112,247,575**	**571,438,534**
Cash balance acquired	(1,306,785)	(6,632,560)	(68,409)	(158,610)	(323,289)	(3,260,883)	(11,750,536)
Net inflow/outflow of cash and cash equivalents	(59,237,097)	(254,064,533)	(383,212)	(38,964,569)	(98,051,895)	(108,986,692)	(559,687,998)

On 16 April 2021, the Group, in a share deal acquired 100% shares of PKCH GmbH, a German special purpose vehicle holding a warehouse development site in Stolberg, Germany. Purchase price paid for the acquisition of PKCH is amounting to €2.7m.

On 6 July 2021, the Group, in a share deal acquired 100% interest in Dietz Logistik 24. Grundbesitz GmbH, a German special purpose vehicle holding a warehouse development site in Philippsburg Germany for a purchase price of €22.4m. Subsequent to the acquisition the name of Dietz Logistik 24. Grundbesitz GmbH changed to Philippsburg GmbH.

On 29 October 2021, the Group in a share deal acquired 100% interest in 7 Nordic Special Purpose Vehicles, OneLog Invest Denmark K/S (formerly NSF II Denmark K/S), OneLog Fin 6 Oy (formerly SF II Fin 6 Oy), OneLog Alfa Yksi Oy (formerly Alfa Yksi Oy), OneLog Norway Torvstikkeren 10 Holding AS (formerly NSF II Norway Torvstikkeren 10 Holding AS), OneLog Norway Regnbueveien 9 Holding AS (formerly NSF II Norway Regnbuevein 9 Holding AS), OneLog Norway Vestby Holding AS (formerly NSF Norway Vestby Holding AS), and OneLog Logistics Sweden Holding AB (formerly NSF II Logistics Sweden Holding AB), situated situated in Denmark, Finland, Sweden and Norway (together termed as "Nordic entities"). Nordic entities holding 20 large scale logistics assets of which the acquisition of 19 was completed before year-end. The total purchase price paid on acquisition of Nordic entities is amounting to € 334m. This price is based on the estimated NAVs of the companies acquired. The final price will be subject to final NAVs. Neither transaction was considered to be a business combination.

The table below shows the assets and liabilities recognised in the consolidated statement of financial position at the date of acquisition in 2021:

	PKCH GmbH	Philippsburg GmbH	Nordic entities	Total
	€	€	€	€
Investment property (see Note 5)	3,759,520	35,050,000	695,518,858	734,328,378
Cash and cash equivalents	1,758	6,014	10,089,875	10,097,647
Borrowings (see Note 12)	(1,037,436)	(12,971,864)	(344,379,990)	(358,389,290)
Other receivables	-	594,619	652,519	1,247,138
Tax payable	-	(200,628)	(472,780)	(673,408)
Other payables	(201)	(16,139)	(16,711,730)	(16,728,070)
Total purchase consideration	**2,723,641**	**22,462,002**	**344,696,752**	**369,882,395**
Cash balance acquired	(1,758)	(6,014)	(10,089,875)	(10,097,647)
Net inflow/outflow of cash and cash equivalents	(2,721,883)	(22,455,988)	(334,606,877)	(359,784,748)

Notes to the Consolidated Financial Statements

15 Acquisitions and disposals of subsidiaries (continued)

b. Disposals of subsidiaries

On 30 December 2022, the Group disposed 100% of the share capital of OneLog NL Utrecht B.V.

The assets and liabilities of OneLog NL Utrecht B.V. derecognised in the consolidated statements of financial position on the date of sale during 2022 were:

	OneLog NL Utrecht B.V.
	€
Investment property (see Note 5)	90,800,000
Cash and cash equivalents	57,816
Borrowings (see Note 12)	(53,402,560)
Other receivables	2,107,440
Deferred income	(351,652)
Tax payable	696,154
Other payables	(1,748,042)
Deferred tax liabilities	(7,628,765)
Net assets of subsidiary sold	30,530,391
Add: gain on sale of subsidiary	2,016,048
Sale price of the shares	32,546,439
Add: gain on sale of subsidiary	53,402,560
Consideration receivable on sale of subsidiary (see Note 6)	**85,948,999**

Breakdown of the net loss on sale of subsidary presented in statement of comprehensive are as follows:	
Realised gain on disposal of investment property arising from sale of subsidiary (see Note 5)	(14,650,000)
Deferred taxes expense on the investment property held by subsidiary prior to sale	3,417,766
Gain on sale of subsidiary (see above)	2,016,048
Net loss on sale of subsidary	**(9,216,186)**

16 Redeemable shares

As at 31 December 2022, the Fund has issued two classes of shares:

- Class A shares, with no par value,
- Class C Shares, with par value of €100.

As at 31 December 2022, the Fund had an issued and fully paid up share capital of €80,311,300 (2021: €58,661,100).

The Fund has an authorised capital of a maximum amount of €500,000,000 to be used in order to issue new shares.

Notes to the Consolidated Financial Statements

17 Derivatives at fair value through profit or loss

The Group uses forward currency contracts, which represents commitments to purchase domestic currency to hedge against foreign currency exposures. 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 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 currency change or 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.

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

		Fair values	
	Contract/notional amount	Assets	Liabilities
	€	€	€
As at 31 December 2022			
Currency forward contracts			
Current	6,679,313,842	41,448,394	82,134
As at 31 December 2021			
Currency forward contracts			
Non-current	3,066,660,213	3,672,071	-
Current	14,816,235	-	1,267,515
Currency option			
Current	1,998,652	-	254,879

The Group entered into currency forward contract in order mitigate the currency risk relating to its operations in SEK, DKK, GBP and NOK.

The currency forward contracts held at 31 December 2022 were due to mature in January 2023, March 2023 and May 2023 respectively (31 December 2021: January 2022 and January 2023).

The Group did not hold any currency option as at 31 December 2022 (31 December 2021: maturity on 23 May 2022).

The table below shows realised foreign exchange gain and loss on derivative contracts as at 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
	€	€
Realised foreign exchange gain on derivative contracts	14,083,111	1,324,269
Realised foreign exchange loss on derivative contracts	(18,965)	(845,682)
Net realised foreign exchange gain on derivative contracts	**14,064,146**	**478,587**

The table below shows unrealised foreign exchange gain on derivative contracts as at 31 December 2022 and 31 December 2021:

	31 December 2022	31 December 2021
	€	€
Unrealised foreign exchange gain on derivative contracts	39,216,583.01	4,100,032.00
Net unrealised foreign exchange gain on derivative contracts	**39,216,583**	**4,100,032**

Notes to the Consolidated Financial Statements

18 Taxation

The Group is liable to income tax and other taxes in Luxembourg. The table below shows the total amount charged for the period, split by type of taxation as follows:

	Charge for the year ended 31 December 2022	Accrual 31 December 2022	Charge for the period ended 31 December 2021	Accrual 31 December 2021
	€	€	€	€
Income tax *	36,209,902	23,441,294	9,381,254	1,117,112
Taxation expense	36,209,902	23,441,294	9,381,254	1,117,112
Deferred taxation	(36,753,746)	132,625,222	115,114,421	169,378,968
Total taxation	**(543,844)**	**156,066,516**	**124,495,675**	**170,496,080**

* The tax on the Group'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 2022	31 December 2021
	€	€
Profit before tax	(438,556,211)	600,404,257
Theoretical tax rate	24.33%	24.92%
Theoretical tax expense	(106,700,726)	151,254,331
Income not subject to taxes	(12,961,368)	(1,483,701)
Expenses not deductible	17,488,606	2,532,491
Income taxes not recognised	126,851,899	(136,101,264)
Effect of different foreign tax rate	(60,888,313)	(25,583,111)
Taxation expense	**(36,209,902)**	**(9,381,254)**

Theoretical tax rate is corresponding to weighted average tax rate. Decrease in theoretical tax rate is a result of change in weights associated to individual tax rates due to movement in investments.

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

Deferred tax liabilities	31 December 2022	31 December 2021
	€	€
The balance comprises temporary timing differences attributable to:		
Other:		
Fair value of investment properties	132,625,222	169,378,968
Total deferred tax liabilities	**132,625,222**	**169,378,968**

Movements	Other	Other
	€	€
Balance as at 1 January	169,378,968	55,271,449
Charged/(credited) to profit or loss (continued operations)	(36,753,746)	115,114,421
Discountinued operations (Note 22)	-	(1,006,902)
Balance as at 31 December	**132,625,222**	**169,378,968**

As at 31 December 2022, there is €229,339,035 of negative temporary difference on investment properties for which potential deferred tax assets of €54,870,105 have not been recognised in the balance sheet.

Notes to the Consolidated Financial Statements

19 Deferred income

	31 December 2022	31 December 2021
	€	€
Deferred income	15,256,390	13,562,185

20 Commitments and contingent liabilities

As at 31 December 2022, the total commitment of the investors in the Fund amounts to €3,147,448,307 (2021: €2,419,648,307). As at 31 December 2022, €597,688,940 (2021: €436,050,636) has not yet been called.

The Fund had no commitments to third parties (2021: Nil).

21 Operating segments

The Board of Managers of the General Partner 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 Managers of General Partner for the operating segments for the years ended 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	31 December 2021
	€	€
Total rental income	198,267,992	142,800,836
Operating (loss)/profit	(314,701,714)	643,938,545
Net (loss)/gain from fair value adjustment on investment property	(521,454,363)	546,130,951
Gain on disposal of investment property	-	1,969,303
Not included in operating profit:		
Finance income	362,777	1,639,594
Finance expense	(124,217,274)	(45,173,882)
Taxation expense	543,844	(124,495,675)
Total assets	5,570,271,059	4,677,426,578
Total liabilities (excluding NAV)	3,939,628,512	3,064,132,997
Net asset value (IFRS)	1,172,286,246	1,115,839,976

The Board of Managers of the General Partner assesses the performance of the operating segments based on a measure of operating profit.

The operating profit and profit or loss of the Group's operating segments reported to the Board of Managers of the General Partner are measured in a manner consistent with that in profit or loss. The amounts provided to the Board of Managers of the General Partner 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 segments and consolidated financial statements, no reconciliation is required.

The Group has no single tenant or group under common control which contributed to more than 10% of the Group's revenues.

Notes to the Consolidated Financial Statements

22 Non-current assets classified as held for sale

As at 31 December 2022, no assets and liabilities were classified as held for sale.

On 14 April 2022, the Group entered into Master Sale and Purchase Protocol ("MSPP") as seller. Under MSPP, in a share deal the Group sold entire share capital of Log NL B.V., OneLog NL Venray B.V., OneLog NL Amsterdam B.V. (together termed as "Dutch entities"), which held the properties namely Etten-Leur Property, Venray Property, Amsterdam Property (together termed as "Dutch properties") and in an asset deal sold properties namely Ambérieu Property, Castelnau Property and Saint-Martin Property (together termed as "French properties").

The sale was completed in July 2022.

As at 31 December 2021, the following assets and liabilities of the Dutch and French entities were classified as held for sale:

	31 December 2021
	€
a. Assets of disposal groups classified as held for sale	
Investment property	148,856,676
Other receivables and prepayments	597,609
Cash and cash equivalents	1,846,375
	151,300,660
b. Liabilities of disposal groups classified as held for sale	
Trade and other payables	(764,112)
Deferred income	(658,442)
Tax liabilities	(1,006,902)
Borrowings	(2,472,963)
	(4,902,419)

Assets and liabilities of the Dutch and French entities prior to the sale in 2022, including the gain on sale of the property follows:

	€
Investment property	167,120,774
Deferred tax assets	72,531
Other receivables and prepayments	1,071,997
Cash and cash equivalents	1,457,056
Trade and other payables	(341,711)
Deferred income	(658,442)
Deferred tax liabilities	(5,701,377)
Tax liabilities	(211,628)
Borrowings	(2,457,117)
Net assets of disposal group classified as non-current assets held for sale	**160,352,083**
Proceeds from sale of shares (share deals)	31,295,465
Proceeds from sale of investment properties (asset deals)	114,881,000
Settlement of shareholder loans, including accrued interest	32,020,346
Cost of disposal	(1,287,551)
Proceeds from sale/net inflow of cash and cash equivalents on sale	**176,909,260**
Gain on sale of non-current assets held for sale	**16,557,177**
Results of operations of disposal group reclassed to gain on sale of disposal group	**15,266,448**
Net gain on sale of non-current assets held for sale	**31,823,625**

From 1 January 2022 to disposal date, the Dutch and French entities generated net loss from operations amounting to €1,312,608.

Notes to the Consolidated Financial Statements

23 Group information

The consolidated financial statements of the Group includes the following entities:

Name of company	Registered office of the company	Nature of relationship	Effective ownership percentage 31 December 2022	Effective ownership percentage 31 December 2021	Consolidation method
AXA Logistics Europe Master S.C.A.	Luxembourg				
OneLog Invest (Lux) S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
LOG Italy Fund REIF	Italy	Subsidiary	67.98%	67.98%	Full consolidation
Alpha Log Fund	Italy	Subsidiary	67.97%	67.95%	Full consolidation
LOG DE S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
LOG LUX S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
LOG LUX 2 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
LOG FR SAS	France	Subsidiary	100.00%	100.00%	Full consolidation
Log Honfleur SCI	France	Subsidiary	99.90%	99.90%	Full consolidation
Log Ress SCI	France	Subsidiary	99.90%	99.90%	Full consolidation
Onelog NL TZA B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
Onelog NL Ridderkerk B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
Meerane 14 (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Heinsberg 17 (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Castrop S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
Real Estate Investment 1 S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
LOG Peninsular Industry SLU	Spain	Subsidiary	100.00%	100.00%	Full consolidation
LOG SP Partners S.L.U	Spain	Subsidiary	100.00%	100.00%	Full consolidation
Duerrholz 1 (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Friedrichspark 3 (Lux) S.à r.l.	Luxembourg	Subsidiary	0.00%	64.51%	Full consolidation
Frechen 7 (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Juechen 8 (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
OnePell S.à r.l.	Luxembourg	Subsidiary	67.98%	0.00%	Full consolidation
PDC Industrial Center 47 sp.z.o.o.	Poland	Subsidiary	67.98%	67.98%	Full consolidation
Manua sp.z.o.o.	Poland	Subsidiary	67.98%	67.98%	Full consolidation
Tabosa sp.z.o.o.	Poland	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Venray B.V.	Netherlands	Subsidiary	0.00%	67.98%	Full consolidation
OneLog NL Utrecht B.V.	Netherlands	Subsidiary	0.00%	67.98%	Full consolidation
OneLog Properties France SAS	France	Subsidiary	67.98%	67.98%	Full consolidation
Vendôme Logistique OPPCI	France	Subsidiary	100.00%	100.00%	Full consolidation
Princeton Holdings (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Carmine Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Sepia Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Princeton Participation GmbH & Co KG	Germany	Subsidiary	60.64%	60.64%	Full consolidation
Princeton Investments (Lux) S.à r.l.	Luxembourg	Subsidiary	64.51%	64.51%	Full consolidation
Princeton Participation Management GmbH	Germany	Subsidiary	64.51%	64.51%	Full consolidation
Langenbach Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.28%	64.28%	Full consolidation
Celestite Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.28%	64.28%	Full consolidation
Marcasite Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.28%	64.28%	Full consolidation

Notes to the Consolidated Financial Statements

23 Group information (continued)

Name of company	Registered office of the company	Nature of relationship	Effective ownership percentage 31 December 2022	Effective ownership percentage 31 December 2021	Consolidation method
Vanilla Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.28%	64.28%	Full consolidation
Coriander Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.28%	64.28%	Full consolidation
Aventurine Logistics (Lux) S.à r.l.	Luxembourg	Subsidiary	64.28%	64.28%	Full consolidation
OneLog France Holding SAS	France	Subsidiary	67.98%	67.98%	Full consolidation
OnePost SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
OneMetz SCI	France	Subsidiary	67.98%	0.00%	Full consolidation
OneNorth SCI	France	Subsidiary	67.98%	0.00%	Full consolidation
OneLazza SCI	France	Subsidiary	67.98%	0.00%	Full consolidation
SCI Virtuo Chateaudun	France	Subsidiary	66.62%	0.00%	Full consolidation
SCI Virtuo Chevroliere	France	Subsidiary	66.62%	0.00%	Full consolidation
SCI VAL Developpement	France	Subsidiary	66.62%	0.00%	Full consolidation
GPE Douai Holding 23 (FR) SAS	France	Subsidiary	67.98%	67.98%	Full consolidation
GPE Feuillane Holding 21 (FR) SAS	France	Subsidiary	67.98%	67.98%	Full consolidation
GPE Chester Holding 25 (FR) SAS	France	Subsidiary	67.98%	67.98%	Full consolidation
GPE Feuillane 22 (FR) SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
SCI Castelnau1	France	Subsidiary	67.98%	67.98%	Full consolidation
SCI St Martin	France	Subsidiary	67.98%	67.98%	Full consolidation
Douai Logistics (France) SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Holding 2 B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Holding 1 B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Uden B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Amsterdam B.V.	Netherlands	Subsidiary	0.00%	67.98%	Full consolidation
OneLog NL Tiel B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Zaandam B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Kerkrade B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL OBP B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Breda B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Rotterdam B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
Onelog Helmond B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Helmond 2 B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Sittard B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Hoorn B.V.	Netherlands	Subsidiary	67.98%	0.00%	Full consolidation
OneLog NL Veghel B.V.	Netherlands	Subsidiary	67.98%	0.00%	Full consolidation
Onelog NL Zoetermeer B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Alphen B.V.	Netherlands	Subsidiary	67.98%	0.00%	Full consolidation
Onesotoko SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
OneGrenay SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
OneSaintVulbas SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
One Tigery SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
OneAygue SCI	France	Subsidiary	67.98%	67.98%	Full consolidation

Notes to the Consolidated Financial Statements

23 Group information (continued)

Name of company	Registered office of the company	Nature of relationship	Effective ownership percentage 31 December 2022	Effective ownership percentage 31 December 2021	Consolidation method
SPA San Salvo	Italy	Subsidiary	67.98%	67.98%	Full consolidation
Logistica Bentivolgio SPA	Italy	Subsidiary	67.98%	67.98%	Full consolidation
OneSiena S.r.l.	Italy	Subsidiary	67.98%	0.00%	Full consolidation
OneBologna S.r.l	Italy	Subsidiary	67.98%	0.00%	Full consolidation
OneCuneo S.r.l	Italy	Subsidiary	67.98%	0.00%	Full consolidation
PrismItaly S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Treasury S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
Angers Marly Logistics Investments SCI	France	Subsidiary	99.99%	100.00%	Full consolidation
FOS Distriport Logistics Investments SCI	France	Subsidiary	99.99%	100.00%	Full consolidation
Meaux Vert St Denis Logistics Investments SCI	France	Subsidiary	99.99%	100.00%	Full consolidation
St Georges Esp. Logistics Investments SCI	France	Subsidiary	99.99%	100.00%	Full consolidation
Lockefarm Invest S.L.	Spain	Subsidiary	67.98%	67.98%	Full consolidation
Nangart Invest S.S.	Spain	Subsidiary	67.98%	67.98%	Full consolidation
Alpha Power S.r.l.	Italy	Subsidiary	67.97%	67.95%	Full consolidation
LOG NL B.V.	Netherlands	Subsidiary	0.00%	100.00%	Full consolidation
PKCH GmbH	Germany	Subsidiary	100.00%	100.00%	Full consolidation
Drumhead S.L.	Spain	Subsidiary	67.98%	67.98%	Full consolidation
Philippsburg GmbH (formerly: Dietz Logistik 24.Grundbesitz GmbH)	Germany	Subsidiary	100.00%	100.00%	Full consolidation
One Estate S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
One Raffa S.à r.l.	Luxembourg	Subsidiary	67.98%	100.00%	Full consolidation
LOG Nabi S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Log NL Hoofddorp B.V.	Netherlands	Subsidiary	67.98%	100.00%	Full consolidation
LOG Real S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
LOG Estate S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 1 limited	Luxembourg	Subsidiary	100.00%	0.00%	Full consolidation
Quicksilver Logistics Propco 2 limited	Luxembourg	Subsidiary	100.00%	0.00%	Full consolidation
Quicksilver Logistics Propco 3 limited	Luxembourg	Subsidiary	100.00%	0.00%	Full consolidation
Quicksilver Logistics Propco 4 limited	Luxembourg	Subsidiary	100.00%	0.00%	Full consolidation
Quicksilver Logistics Propco 5 limited	Luxembourg	Subsidiary	100.00%	0.00%	Full consolidation
Quicksilver Logistics Propco 7 limited	United Kingdom	Subsidiary	100.00%	0.00%	Full consolidation
Quicksilver Logistics Propco 9 limited	Luxembourg	Subsidiary	100.00%	0.00%	Full consolidation
OneLog Norway Vestby Holding AS	Norway	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Norway Regnbueveien 9 Holding AS	Norway	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Norway Torvstikkeren 10 Holding AS	Norway	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Naeringspark 1 AS	Norway	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Regnbueveien 9 AS	Norway	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Norway Torvstikkeren 10 AS	Norway	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Alfa Yksi Oy	Finland	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Fin 6 Oy	Finland	Subsidiary	67.98%	67.98%	Full consolidation

Notes to the Consolidated Financial Statements

23 Group information (continued)

Name of company	Registered office of the company	Nature of relationship	Effective ownership percentage 31 December 2022	Effective ownership percentage 31 December 2021	Consolidation method
OneLog Keskinäinen Kiinteistö Oy Manttaalitie 5 7	Finland	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Kiinteistö Oy Hämeenlinnan Taipaleentie 6	Finland	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Fin 13 Oy	Finland	Subsidiary	67.98%	67.98%	Full consolidation
OneLog BidCo Denmark ApS	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Invest Denmark K/S	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Kolding ApS	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Hedensted ApS	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Greve ApS	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Køge ApS	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
Onelog Sweden AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Logistics Sweden Holding AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Invest Stigamo AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Stockholm Viby AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Nykvarn Mörby AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Stockholm Örnäs AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Stockholm Örnäs 2 AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Borås Solskenet AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Borås Solskenet 2 AB	Sweden	Subsidiary	67.98%	0.00%	Full consolidation
OneLog Jönköping Stigamo 1:39 AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Stigamo 1:62 AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Solskenet Holding AB	Sweden	Subsidiary	67.98%	0.00%	Full consolidation
OneLog Sweden 9 AB	Sweden	Subsidiary	67.98%	0.00%	Full consolidation
DeuxLog Sweden AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
DeuxLog Logistics Holding AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
DeuxLog Eskilstuna 1 AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
DeuxLog Stockholm 1 AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
DeuxLog Stockholm 2 AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
DeuxLog Landskrona 1 AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
DeuxLog Helsingborg 1 AB	Sweden	Subsidiary	100.00%	0.00%	Full consolidation
ALEM Finland Oy	Finland	Subsidiary	100.00%	0.00%	Full consolidation
ALEM Karhuntassuntie 3 Oy	Finland	Subsidiary	100.00%	0.00%	Full consolidation
ALEM Karhuntassuntie 3	Finland	Subsidiary	100.00%	0.00%	Full consolidation
Koy Karhuntassuntie 3	Finland	Subsidiary	100.00%	0.00%	Full consolidation
ALEM Lebeämäenkuja 4 Oy	Finland	Subsidiary	100.00%	0.00%	Full consolidation
Kiinteistö Oy Leveämäenkuja 4	Finland	Subsidiary	100.00%	0.00%	Full consolidation

Notes to the Consolidated Financial Statements

24 Significant events

Year 2022 was marked by the war in Ukraine and a deterioration in the economic situations, particularly in the second half of the year, with the consequences of the development of an inflationary context and a general impact on the markets. All of these elements have been taken into account in the judgments and estimates made by the Board of Managers of the General Partner for the preparation of the financial statements for the year ended 31 December 2022. At this stage, no material direct impact has been identified.

25 Subsequent events

Acquisitions and disposals

Zoetermeer transaction
On 5 January 2023, Onelog NL Zoetermeer B.V. (67.98% owned by the Fund) has closed the acquisition of a property located in Zoetermeer (NL) based on a forward purchase contract which had been signed on 14 February 2022 at a net purchase price of €46 million (see Note 6).

External financing

Revolving credit facilities
On 26 January 2023, the Fund repaid €18,000,000 out of the €100,000,000 which were drawn on the HSBC facility as at year-end 2022, as well as €30,000,000 on 31 January 2023 out of the €86,850,000 which were drawn on the BNP Paris-Bas facility as at year-end.

On 27 January 2023, the Fund made an additional drawdown of €3,850,000 on the HSBC facility.

Subscriptions and capital calls
In Q1 2023, the Fund launched a capital call to its investors for a total amount of €170,000,000 with value date 22 March 2023. After this capital call, the commitment queue of the Fund amounts to €128,688,940.

Capital activity

The IFL balance of € 299.0m resulting from the capital call made by the Fund in Q4 2022, has been subsequently converted into equity and interest bearing loans in Q1 2023, in compliance with the Fund documentation.

In Q1 2023, the Fund launched a new capital call of € 170.0m with value date on 22 March 2023. The contribution has been made by way of IFL which will be converted into equity and interest bearing loans in Q2 2023.

Other

In April 2023, a fire made some minor damages to one of the Virtuo properties under development. Damage suffered will be covered by the insurance of the developer and delivery of the building will be consequently postponed. No financial impact and adjustment to the figures as at 31 December 2022 are required.

There were no other material events affecting the Group since year end.

Unaudited appendix

SPECIAL REPORT PURSUANT TO REGULATION (EU) 2019/2088

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: AXA Logistics Europe Master (the "Financial Product" or the "Fund")

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics, but **did not make any sustainable investments**

Capitalised terms not otherwise defined in this appendix shall have the meaning ascribed to them in the investment and shareholders agreement relating to the Fund as amended and restated from time to time (the "ISA").

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

The environmental characteristics promoted by the Fund consist in investing in a minimum of assets considering the ESG Process described in the ISA, based on a proprietary methodology. The AIFM, through the Fund, invests in, manages and develops real estate assets aiming at reducing the carbon footprint of such assets and/or having a positive impact on the environment.

The Fund has met the commitments related to the environmental and social characteristics promoted for the reference period by investing in, managing and developing assets taking into account the ESG Scoring Process described in the ISA.

1

Unaudited appendix

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

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

The AIFM uses a combination of actual data, external data providers, research and information gathered through stakeholder surveys to assess the performance of the sustainability indicators.

In order to give the most accurate picture of the sustainability performance of the Financial Product, the performance of the indicators for the reference period from 1st January 2022 to 31 December 2022 will be given at a later date, upon the data being available.

…and compared to previous periods?

Not applicable

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Financial Product did not make any sustainable investments during the reporting period.

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

The Financial Product did not make any sustainable investments during the reporting period.

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

The Financial Product did not make any sustainable investments during the reporting period.

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

The Financial Product did not make any sustainable investments during the reporting period.

Unaudited appendix

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

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Reporting on certain principal adverse impact ("PAI") indicators may be limited or may reflect reporting periods prior to 2022 due to data availability. Not all companies and counterparties currently report on all sustainability factors. In particular, the AIFM relies on a third party data provider. The reports are based on the data available at the time of this report. Therefore, possible date discrepancies may occur (in particular regarding data provided by third parties). The AIFM may change its third party data provider at any time and at its own discretion, which may result in changes in relation to the data and or methodologies used for the same instruments or investments in future reports.

PAIs have been considered through the application of (i) qualitative and (ii) quantitative approaches described in the Financial Product's ISA, during the reporting period.

(i) The qualitative approach to considering PAIs is based on exclusion policies that were followed throughout the reporting period.

(ii) Under the quantitative approach, the integration of several relevant PAI indicators into the ESG Scoring Process as well as the limitation of low-rated investments allowed for the consideration of PAIs during the reporting period.

The annual measurement of the PAI indicators for the reference period from 1st January 2022 to 31 December 2022 will be provided at a later date to allow for the most relevant collection and better processing of the data related to these indicators, in order to give the most accurate picture of the negative impacts related to the Financial Product. These indicators will be disseminated upon the data being available.

Unaudited appendix

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

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

Largest investments[1]	Sector	% Assets	Country
Nuneaton	Logistics	3%	United Kingdom
Saint-Georges-D'Espéranche	Logistics	3%	France
Port-Saint-Louis-Du-Rhone	Logistics	3%	France
Koblenz	Logistics	2%	Germany
Graben I	Logistics	2%	Germany
Bremen 2	Logistics	2%	Germany
Philippsburg	Logistics	2%	Germany
Helloworld	Logistics	2%	Netherlands
Borås Solskenet 3	Logistics	2%	Sweden
Lille	Logistics	2%	France
Saint-Quentin-Fallavier 2	Logistics	2%	France
Barcelona AMZ	Logistics	2%	Spain
Argos Stafford	Logistics	2%	United Kingdom
Eskilstuna Asbestahult 1:5	Logistics	1%	Sweden
Stockholm Norslunda 1:32	Logistics	1%	Sweden
Getafe	Logistics	1%	Spain
Wusterhausen	Logistics	1%	Germany
Stockholm Örnäs 1:18	Logistics	1%	Sweden
Marly-La-Ville	Logistics	1%	France
Torvuttaket 26	Logistics	1%	Norway
Illescas	Logistics	1%	Spain
Novara San Pietro	Logistics	1%	Italy
Vow Europe, Magna Park	Logistics	1%	United Kingdom
Venette	Logistics	1%	France
Brackmills	Logistics	1%	United Kingdom
Stockholm Norslunda 1:33	Logistics	1%	Sweden
Fos-sur-Mer	Logistics	1%	France
Vert-Saint-Denis	Logistics	1%	France
Bodenheim	Logistics	1%	Germany
Eindhoven	Logistics	1%	Netherlands
Milton Keynes	Logistics	1%	United Kingdom
Jönköping Stigamo 1:57	Logistics	1%	Sweden
Helsinborg Grustaget 7	Logistics	1%	Sweden

[1] Unaudited AXA REIM data as of December 31st, 2022

Unaudited appendix

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

Asset allocation describes the share of investments in specific assets.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

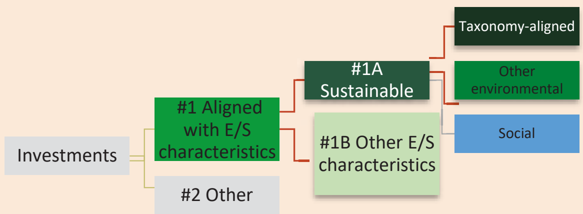
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What was the proportion of sustainability-related investments?

What was the asset allocation?

The AIFM uses a combination of actual data, external data providers, research and information gathered through stakeholder surveys to assess the asset allocation.

The asset allocation below is based on latest available data, dated 31 December 2022.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

[include the note below where the financial product commits to making sustainable investments]
The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

***On 31 December 2022**, the asset allocation was as follow:*

[TBD%] of the Gross Asset Value of the Financial Product was #1 Aligned with E/S characteristics; and

[TBD%] of the Gross Asset Value of the Financial was composed by #2 Other assets.

Category #1 "Aligned with E/S characteristics" includes investments that are covered by the ESG Scoring Process and having an ESG Score above 1.4.

Category #2 "Other" is described under question "What investments were included under "#2 Other", what was their purpose and were there any minimum environmental or social safeguards?".

In which economic sectors were the investments made?

Investments were made in Logistics properties.

Unaudited appendix

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

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

The Fund did not take into account the EU Taxonomy's environmental objectives criteria. The Financial Product did not take into account the "do no significant harm" criteria of the EU Taxonomy.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[2]?

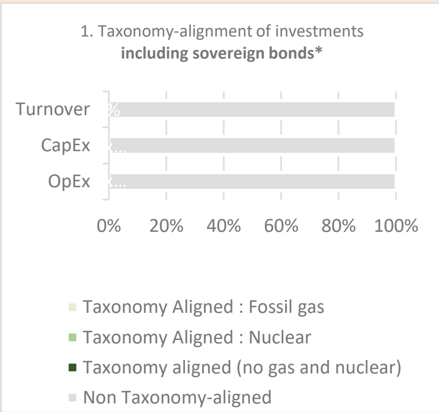
☐ Yes :

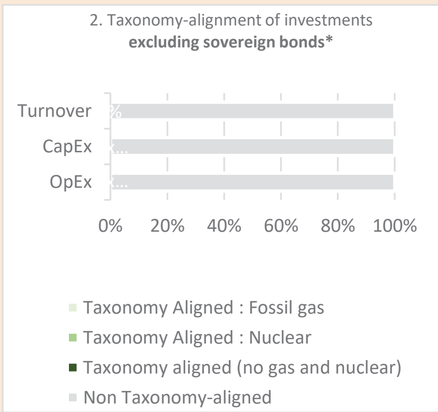
In fossil gas ☐ In nuclear energy ☐

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in

relation to the investments of the financial product other than sovereign bonds.





**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What was the share of investments made in transitional and enabling activities?

The share of investments in transitional and enabling activities invested in by Fund was 0% of Fund's Gross Asset Value.

[2] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (« climate change mitigation ») and do not significantly harm any EU Taxonomy objective- see explanatory note in the left hand margin. Th full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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Unaudited appendix

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

- ***How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?***

Not applicable

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy invested in by the Fund was 0% of the Fund's Gross Asset Value.

What was the share of socially sustainable investments?

The share of socially sustainable investments was 0% of the Fund's Gross Asset Value.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

The "Other" assets in which the Fund invest consisted of :

- *Cash and Securities used in accordance with section 3.2 of the investment and shareholders agreement (the "ISA"). (being specified that any money market instrument/fund qualified as article 8 SFDR shall be included under #1 Aligned with E/S characteristics);*
- *Derivatives used in accordance with section 3.2 of the investment and shareholders agreement (the "ISA") ; and*
- *Other instruments eligible to the Fund and that are not covered by the ESG Scoring Process, or the ESG score of which is <1.4.*

Environmental or social safeguards have been applied and assessed on all "other" assets with the exception of (i) derivatives other than those relating to a single issuer, and (ii) the cash and cash equivalent investments described above.

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

Over 2022, the AIFM has continued to deploy its ESG strategy which aims at improving the social and environmental characteristics of its real estate assets.

To comply with its decarbonization commitments, the AIFM deploys energy audits prioritizing the most energy-consuming assets (DPE E, F or G). In 2022, 17 assets which represent 13.6% of eligible AuM[3] of AXA Logistics Europe Master have undergone an energy audit, thus allowing to reach 35.1% of eligible AuM with an energy audit of less than 3 years old. These energy audits

[3] KPIs apply to all standing real estate assets owned during the full year of reporting (i.e. excluding i) irrelevant assets (parking, land, cellars, etc.), ii) assets under development and iii) assets not covered by an asset management agreement).

Unaudited appendix

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

help to understand the energy profile of the building and to identify the levers for reducing their energy consumption and the associated costs. They represent a key tool to identify and prioritize the relevant actions to be deployed for each asset in order to reduce their energy consumptions and their associated greenhouse gas emissions.

The AIFM has also pursued its efforts in terms of certification for its real estate assets. This approach ensures that responsible asset management practices are put in place. By the end of 2022, 57.2% of eligible AuM (excluding residential assets) had a sustainable development certification (e.g. BREEAM IN USE, HQE, LEED…).

Finally, the AIFM is actively involved with the tenants of its buildings, in order to reinforce their understanding of sustainable development issues and also to involve them in our approach. A template of ESG appendix for leases has been finalized in early 2022 and adapted to various local regulations, with the objective of deploying it in all new leases or leases renewals. Since 2021, a large-scale satisfaction survey has been carried out every year among our building's tenants, through their property managers, covering 90.2% of eligible AuM[4]*.*

How did this financial product perform compared to the reference benchmark?

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

  Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

  Not applicable

- ***How did this financial product perform compared with the broad market index?***

  Not applicable

[4] As per 2022, this figure only considers assets which have been included in the satisfaction survey launched at the European level. This figure may change if any assets are subject to a survey outside of this scope, and for which information is collected as part of the annual data collection whose results will be available in May 2023.

Unaudited appendix

ANNEXE TO PERIODIC REPORTS FOR PRODUCTS COVERED BY ART.29 LEC

Annexe to periodic reports for products covered by Art.29 LEC

At AXA IM, we believe fiduciary duty goes beyond delivering returns to our clients. It is also about investing responsibly, driving climate action, biodiversity protection and ensuring the long-term sustainability of the world we live in. Pursuant to Article 29 of the French Law n°2019-1147 on November 8, 2019 ("Loi énergie-climat" – or LEC), AXA IM's climate and biodiversity strategies and approach to ESG risks are presented in the paragraphs below.

The fund has also embedded specific features that are described in the Annex pursuant to the Regulation (EU) 2019/2088 ("Sustainable Finance Disclosure Regulation" – or SFDR) of the fund's annual report.

***Climate* strategy**

As a founding investor of the Net Zero Asset Managers (NZAM) initiative launched in December 2020, we are committed to achieve net zero emission[1] across our portfolios by 2050 or sooner, as well as playing a key role in helping our clients better understand climate change and how it may impact their portfolios and support them in adapting their investment decisions accordingly. As direct Real Estate Asset Manager, it is also our responsibility to engage with tenants to ensure we maintain open channels that can enable improved behaviours in building use to the benefit of society and the planet.

Our Climate strategy is aligned with the frameworks proposed by the Task Force on Climate-related Financial Disclosures (TCFD), the Institutional Investor Group on Climate Change (IIGCC) and the Paris Aligned Investment Initiative (PAII) coordinated by the IIGCC, and is evidenced by our active involvement international initiatives such as Climate Action 100+ (CA 100+) or the Climate Bonds Initiative. It consists in:

- **Net Zero Targets[2]**:
    - AXA IM published its first net zero target in October 2021, as part of the first NZAM progress report[3]. This target was subsequently revised in April 2022[4], to cover 65% of the AUMs[5].
    - AXA IM developed a Net Zero Framework on Corporates (Fixed Income and Listed Equity), Sovereigns, and directly managed Real Estate asset classes which follows industry standards[6] considering internal and external information to determine the Net zero profile of companies.

- **Stewardship[7]**:
    - Engagement and continued dialogue with companies, clients and tenants are crucial to influencing the net zero trajectories. As for tenants, we progressively embed ESG clause in all new lease signed or renewal covering data sharing, asset certification or energy efficiency measures implementation. We also monitor tenant satisfaction through annual surveys conducted each year on a sample of assets and require our Property Managers to conduct green committees to share key ESG information.

- **Exclusions:** we exclude investments which fail to meet certain climate change criteria, focusing in particular on coal, as well as unconventional oil & gas. Our investment portfolios exclude coal-based electric power generating utilities and coal mining assets that are not credibly demonstrating a commitment to energy transition. Since early 2022 we also exclude

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[1] "Our road to net zero", AXA Investment Managers, https://www.axa-im.com/who-we-are/our-road-net-zero
[2] AXA IM has set an initial milestone of 25% reduction by 2025 compared to 2019 at the entity-level, and will soon set a 2030 climate target, in line with our 2050 net zero target: see sections 2.2 "Climate strategy" and 4.6 "Climate dashboard" of the 2022 AXA IM Climate report.
[3] See NZAM 2021 progress report, December 2021: NZAM-Progress-Report.pdf (netzeroassetmanagers.org)
[4] See NZAM Initial target disclosure report, May 2022: NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf (netzeroassetmanagers.org)
[5] These objectives are not currently implemented to other alternative asset classes (i.e., Alternative credit, and Structured finance).
[6] The Task Force on Climate-related Financial Disclosures (TCFD) recommendations on metrics and targets, the IIGCC's Net Zero Investment Framework, the Carbon Risk Real Estate Monitor (CRREM) decarbonisation pathways for real estate assets and the Germanwatch's Climate Change Performance Index (CCPI) for sovereign assets.
[7] See AXA IM's Stewardship & Engagement policies: Stewardship & Engagement | Responsible Investing | AXA IM Corporate (axa-im.com)

Unaudited appendix

ANNEXE TO PERIODIC REPORTS FOR PRODUCTS COVERED BY ART.29 LEC (CONTINUED)

investments in the unconventional oil & gas sector focusing in particular on tar sands, arctic and shale. We are committed to exit all coal investments in OECD countries by the end of this decade, and throughout the rest of the world by 2040. This commitment will be implemented over time, using exclusion but also engagement approaches. Investors should note that exclusion policies have limited application for real estate assets.

- **Transparency:** from 2023, the ESG reporting available for our Article 8 and Article 9 products will include, when possible depending on available data, an enhanced climate section, including carbon metrics. In addition, we collect actual data for all Direct Real Estate properties within our external ESG data management platform. All buildings in scope are assessed to get a clear understanding of scope of responsibilities and assets characteristics within a maximum of 15 months after a building is acquired. Qualitative data are updated on a yearly basis to reflect improvements brought to the asset. Quantitative data (energy, water, waste) are collected manually on a yearly basis (during the first quarter). Since 2021, we deploy data collect automation wherever possible to ease data collect and improve data quality.

The implementation of net-zero targets to all funds is based on the entity-level Net zero strategy. However, for some funds with SRI label, carbon intensity objectives at fund level are defined against benchmarks (see dedicated report of the SRI label funds).

The detailed climate strategy applied by AXA IM and the fund pursuant to the implementation decree of Article 29 of the LEC is described in the AXA IM annual Climate Report (TCFD – Article 29 LEC combined report)[8]: Policies and reports | AXA IM Corporate (axa-im.com)

Biodiversity strategy[9]

AXA IM is engaged to protect biodiversity. We have strengthened our strategy to better integrate the challenges relating to biodiversity protection in our investment process and fundamental research. As an investor we consider that we have a role to play to:
- Increase understandings of biodiversity impacts on economic activities;
- Integrate risk and opportunities associated with biodiversity in our investment decision and asset management priorities;
- Drive capital flows towards solving biodiversity loss impacts.

Exclusions

AXA IM has been applying a palm oil exclusion policy on all its AUM since 2014 excluding investments that have negative impacts on forest, natural ecosystems, and local communities. In 2021, AXA IM extended this policy to cover investments incorporating significant land use controversies and responsible for biodiversity loss in relation to soy, cattle, and timber. Faced with these consequences, AXA IM actively pursues a rigorous policy as part of its forest investments in selecting its assets, its forest management partners, and in adapting management practices to meet these global challenges. Investors should note that exclusion policies have limited application for real estate assets.

Metrics

AXA IM works in close collaboration with data providers to develop metrics to measure impact of our investments on biodiversity ecosystem services (biodiversity footprint). The measurement of the biodiversity footprint represents an aggregation of the pressures on ecosystems generated by human activities, among them: water and air pollution; land artificialisation, exploitation and pollution; and climate change. Regarding Real Estate assets, such methodologies are still under development with a lack of asset class specific mature measurement frameworks.

[8] This includes the entire scope of AXA IM climate strategy: its quantitative targets (both at the entity level and for each main asset class), their time horizons, the underlying metrics and baselines: see sections 2.2 "Climate strategy" and 4.6 "Climate dashboard" of the 2022 AXA IM Climate report.
[9] While this biodiversity strategy is being implemented at AXA IM level globally, it should be noted that it has inherent limitations for certain asset classes.

Unaudited appendix

ANNEXE TO PERIODIC REPORTS FOR PRODUCTS COVERED BY ART.29 LEC (CONTINUED)

Initiatives[10]

AXA IM conducts constructive discussions on biodiversity topics with WWF, CDP, Ceres, Global Canopy, and other external experts. In 2022 we became members of the two new important collaborative engagement initiatives: dialogue with chemical companies on management of hazardous substances supported by ChemSec[11]; and collaborative engagement on biodiversity, pollution and waste led by FAIRR[12]. Moreover, one of the key initiatives, which as we expect will bring a global biodiversity momentum even higher, is Nature Action 100 (NA100) launched at the COP15 of the UN Convention on Biological Diversity (CBD). This initiative will leverage on the CA100+ experience of a globe collaborative engagement by investors around the globe and will target a selection of companies considered as systemically important from the point of view of their impacts, dependencies, and potential solutions on biodiversity. We will also continue to participate actively in the sector-leading initiatives by the Finance for Biodiversity Foundation[13], the organisation behind the Finance for Biodiversity Pledge[14], driving discussions on such topics as biodiversity impact metrics and the work on biodiversity-climate nexus.

The detailed biodiversity strategy applied by AXA IM pursuant to the implementation decree of Article 29 of the LEC is described in the AXA IM annual Climate Report (TCFD – Article 29 LEC combined report)[15]: Policies and reports | AXA IM Corporate (axa-im.com)

As such, it should be noted that AXA IM has not yet any 2030 quantitative target for biodiversity as request by the implementation decree of Article 29 of the LEC, as the issue was pending the enforcement of the UN CBD COP15 agreement by the signatory countries and related market-based methodological developments for measure the alignment of investment strategies with the global mid- and long-term goals. At this stage, AXA IM's continuous improvement plan related to its biodiversity strategy consists of a progressive extension of the measurement of the biodiversity footprint of our portfolios starting 2024 and possibly 2023. In addition, the publication the Taskforce on Nature-related Financial Disclosures (TNFD) schedules for Autumn 2023 should enable us to strengthen our strategy in this area in 2024 across all the TNFD pillars.

ESG risks management

AXA IM uses an approach to sustainability risks that is derived from the integration of ESG criteria in its research and investment processes. We have implemented a framework to integrate sustainability risks in investment decisions based on sustainability factors which relies notably on:

Sectorial and normative exclusions policies covering climate (coal mining and coal-based energy production; oil sands production and oil sands-related pipelines; shale and tight oil & gas; arctic oil & gas), biodiversity (ecosystem protection and deforestation) and human rights (controversial weapons manufacturing).

ESG scoring methodologies:

- AXA IM has implemented scoring methodologies to rate issuers and real assets on ESG criteria.
- The ESG rating for Direct Real Estate assets has been developed around 3 pillars: Environment (E), Social (S) and Governance (G), each covered by dedicated indicators. The assessment is linked to the performance of a building over a defined period and therefore takes into account criteria that can be measured at the asset level. All E, S and G pillars are linked to the building itself or to its management method and are defined to allow the evaluation of any type of physical real estate asset, regardless of its

[10] While these initiatives are being implemented at AXA IM level globally, it should be noted that they have inherent limitations for certain asset classes.
[11] See press release: Investors with $8 trillion call for phase-out of dangerous "forever chemicals" – ChemSec
[12] See: Biodiversity Loss from Waste & Pollution - FAIRR
[13] AXA IM chairs the Finance for Biodiversity Foundation's Biodiversity Impact Metrics Working Group and actively participates in the Engagement Working Group.
[14] Finance for Biodiversity Pledge: https://www.financeforbiodiversity.org/signatories/
[15] This includes the funds where a specific biodiversity strategy is applied, and the related impact measurement. AXA IM has not yet any 2030 quantitative target for biodiversity, as the issue was pending the UN CBD COP15 agreement and related market-based methodological developments for measure the alignment of investment strategies with the global mid- and long-term goals: see sections 2.3 "Biodiversity strategy" and 4.7 "Introducing biodiversity-specific indicators" of the 2022 AXA IM Climate report.

Unaudited appendix

ANNEXE TO PERIODIC REPORTS FOR PRODUCTS COVERED BY ART.29 LEC (CONTINUED)

asset class (residential, office, hotel, etc.).
- The ESG rating is a tool developed by AXA IM and has been constructed in line with regulation and industry benchmarks requirements, such as BREEAM-in-use and GRESB, in order to integrate the expectations of AXA IM's main stakeholders and to guarantee the coherence of the actions carried out at asset level. For quantitative questions related to energy and water consumption, the rating uses actual consumption data collected by the property managers in the data management platform. AXA IM Alts does not currently use sector averages or estimates to assess the ESG performance of its assets.
- These ESG scores provide a standardized and holistic view on the performance of Real Estate assets on ESG factors and enable to further incorporate ESG risks and opportunities in the investment decision.

This framework helps us to ensure we consider how sustainability impacts on the development, performance, or position of an asset, as well as having material effects on the financial value in a broad sense (financial materiality). It also helps us to assess the external impacts of an asset's activities on ESG factors (ESG materiality).

This framework is complemented with:

- **ESG KPIs:** Investment teams have access to a wide range of extra-financial data and analysis on ESG factors, across asset classes.

- **Stewardship strategy[16]:** We adopt an active approach to stewardship by using our scale as a global investment manager to influence tenant and market practices. In doing so, we strive to reduce investment risk and enhance returns as well as drive positive impacts for our society and the environment. These are key to achieving sustainable long-term value creation for our clients.

If such sustainability risks materialize in respect of any investment, they may have a negative impact on the financial performance of the relevant investment. AXA IM does not guarantee that the investments are not subject to sustainability risks to any extent and there is no assurance that the sustainability risks assessment will be successful at capturing all sustainability risks at any point in time. Investors should be aware that the assessment of the impact of sustainability risks on the performance is difficult to predict and is subject to inherent limitations such as the availability and quality of the data.

The detailed approach to take into account ESG risks into risks management processes applied by AXA IM and the fund pursuant to the implementation decree of Article 29 of the LEC is described in the AXA IM annual Climate Report (TCFD – Article 29 LEC combined report)[17]: Policies and reports | AXA IM Corporate (axa-im.com)

At AXA IM, we believe fiduciary duty goes beyond delivering returns to our clients. It is also about investing responsibly, driving climate action, biodiversity protection and ensuring the long-term sustainability of the world we live in. Pursuant to Article 29 of the French Law n°2019-1147 on November 8, 2019 ("Loi énergie-climat" – or LEC), AXA IM's climate and biodiversity strategies and approach to ESG risks are presented in the paragraphs below.

The fund has also embedded specific features that are described in the Annex pursuant to the Regulation (EU) 2019/2088 ("Sustainable Finance Disclosure Regulation" – or SFDR) of the fund's annual report.

[16] See AXA IM's Stewardship & Engagement policies: Stewardship & Engagement | Responsible Investing | AXA IM Corporate (axa-im.com)

[17] This includes AXA IM's ESG risk management framework, impact of ESG factors on returns, and climate transition and physical risks assessment (incl. value-at-risk analysis for 1.5°C, 2°C and 3°C scenarios, using MSCI's Climate VaR methodology): see sections 3. "Risk management" and 4.6 "Climate dashbard" of the 2022 AXA IM Climate report.