



# 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 2023**

R.C.S. Luxembourg B 235.921  
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L - 2453 Luxembourg  
Grand Duchy of Luxembourg

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# Management and administration

## Registered Office

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

## Auditor

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

## General Partner

AXA Logistics Europe GP S.à r.l.  
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Grand Duchy of Luxembourg

## Legal Advisor

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10 Boulevard Grande-Duchesse Charlotte,  
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## Board of Managers of the General Partner

Nadine Pereira  
Michael Kidd  
Thierry Drinka

## Tax Advisor

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Grand Duchy of Luxembourg

## Alternative Investment Fund Manager (the "AIFM")

AXA Real Estate Investment Managers SGP  
Tour Majunga, 6 place de la Pyramide  
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France

## Real Estate Appraisers

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France

## Depository and Paying Agent

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

## Cushman & Wakefield

125 Old Broad Street  
London EC2N 1AR  
United Kingdom

## Central Administration, Registrar and Transfer Agent

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

# Fund summary

## MANAGEMENT REPORT

### European economy

The Eurozone economy contracted by 0.1% quarter-on-quarter (q-o-q) in Q3 2023, down from a downwardly revised growth rate of 0.1% q-o-q in Q2 2023. The decline is primarily attributable to a negative contribution from changes in inventory. Fixed investment remained stable compared to Q2 2023, exports decreased by 1.1% q-o-q, offset by a 1.2% q-o-q drop in imports. Household consumption rose by 0.3% q-o-q, while public spending grew by 0.3% q-o-q, up from 0.2% q-o-q in Q2 2023. Among the bloc's biggest economies, GDP contracted in both Germany (-0.1% q-o-q) and France (-0.1% q-o-q) but expanded in both Spain (+0.3% q-o-q) and Italy (+0.1% q-o-q). The UK economy shrank by 0.1% q-o-q, down from 0.0% q-o-q in Q2 2023. Amidst significant geo-political risks, AXA IM Research expect a deceleration in advanced economies as monetary tightening weighs more obviously, forecasting slowing growth in the US, Eurozone, Japan and the UK. AXA IM Research forecasts Eurozone growth at 0.3% in 2024 and 0.8% in 2025. The UK is expected to see GDP of 0.2% in 2024 and 0.6% in 2025.

Eurostat's final Eurozone December HICP print came in line with the flash estimate. Headline inflation increased by 0.5 percentage points to 2.9%. The pick-up in headline inflation reflected a comparison with a year earlier when several governments were heavily subsidising gas, electricity and food costs with measures they have since started to withdraw. The core rate, excluding volatile food and energy prices, also cooled, slowing to 3.4%, its lowest point since March 2022. As we enter 2024, shipping issues in the Red Sea may lead to higher price pressures. In the UK, annual inflation unexpectedly rose to 4% in December 2023 from a nearly two-year low of 3.9% in November. AXA IM Research expect both Eurozone and UK CPI inflation to decelerate to reach target by 2025.

Accordingly, AXA IM Research have pencilled June 2024 for the first ECB rate cut, with rates expected to be cut by 25 basis points a quarter until June 2025. This will, however, continue to depend on the pace of underlying price pressures cooling. The BoE is expected to start loosening from August 2024, with Bank rate expected to be cut to 4.50% by end-2024 and 3.75% by mid-2025.

### European Investment

Investors are navigating a more uncertain environment. High interest rates, falling but still high inflation, a slower economic environment, the risk of government or central bank policy errors, and political conflict on several fronts continue to weigh on investment volumes and pricing. Pricing expectations between buyers and sellers have narrowed but still diverge. European real estate investment volumes reached a below average €43 billion in Q4 2023, up 17% q-o-q but down 32% year-on-year (y-o-y), and the lowest figure for the final quarter of a year since 2011. This took volumes for the year to €162 billion, the lowest annual figure since 2012 and a 48% decline on 2022.

European industrial and logistics investment volumes rose 21% q-o-q but fell 3.4% y-o-y in Q4 2023, to €9.5 billion. This took volumes for 2023 to €34 billion, the lowest since 2016 but still above the five-year pre-pandemic annual average. All Western European countries with the exception of Ireland and Switzerland experienced y-o-y declines in volumes in 2023. The UK attracted 32% of the annual total (€10.9 billion), followed by Germany (21%, €7.0 billion) and, at some distance, France (8%, €2.7 billion).

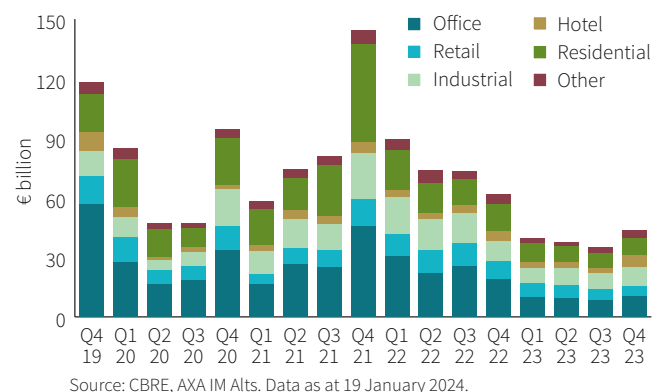


# Fund summary

## MANAGEMENT REPORT (CONTINUED)

### European Investment (continued)

#### European industrial and logistics investment volumes

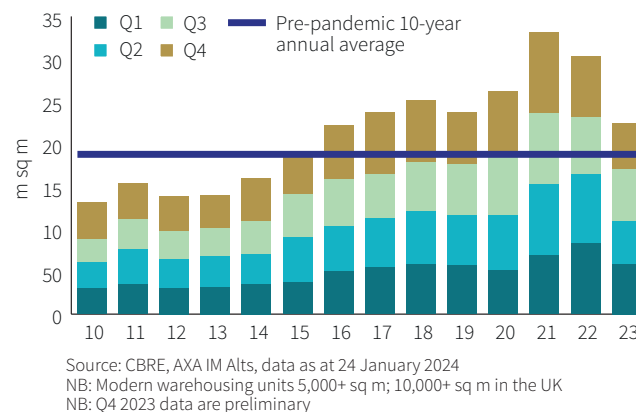


Prime logistics yields continued to move upwards in most key markets in Q4 2023, the UK and some of the Central European markets were the main exceptions, with yields remaining stable. However, it should be noted that limited liquidity in some markets means prime yield estimates have largely been based on sentiment rather than evidence. With logistics assets having substantially repriced and the occupational market expected to continue to outperform, investors’ view of the sector is improving.

#### European Logistics

Continued uncertainty coupled with the lack of suitable, available space in the market has resulted in a slowdown in distribution warehouse and logistics take-up. Based on preliminary data, take-up in Europe fell 11% q-o-q in Q4 2023, to 5.5 million sq m (NB: only includes Belgium, Czech Republic, France, Germany, Hungary, Italy, Netherlands, Poland, Spain and the UK). Occupier markets remain relatively active - whilst take-up in 2023, at 22.5 million sqm, was 26% down on 2022, it was still well above the 10-year pre-pandemic annual average. Nonetheless, only Belgium and Italy experienced an increase in take-up in 2023 in comparison to 2022.

#### Europe - Distribution and logistics take-up



There is a scarcity of suitable, available space in many core European logistics markets. Having fallen to a record low of 2.3% as at the end of Q3 2022, the vacancy rate in Europe had risen to an estimated 4.0% by Q4 2023. Nonetheless, vacancy rates remain below their long-term averages in most Western European countries - Spain and the UK being the exceptions. CBRE data suggests 4.8 million sqm of stock was completed in Europe in Q4 2023, down 4% q-o-q and 17% y-o-y. JLL data suggests the volume of space under construction in Europe declined for the seventh consecutive quarter in Q4 2023, with the construction of both speculative and built-to-suit/owner-occupied space falling. High external funding costs, construction costs and exit yields are expected to continue to put development under pressure.

Rental growth continues to spread through Europe’s key logistics markets with with a growth of 10% y-o-y or more reported in 16 markets. Although it appears to be decelerating in several markets, further rental growth is expected, notably in markets where the demand-supply balance is tight.

# Fund summary

## MANAGEMENT REPORT (CONTINUED)

### Portfolio as at 31 December 2023

#### 1. Introduction

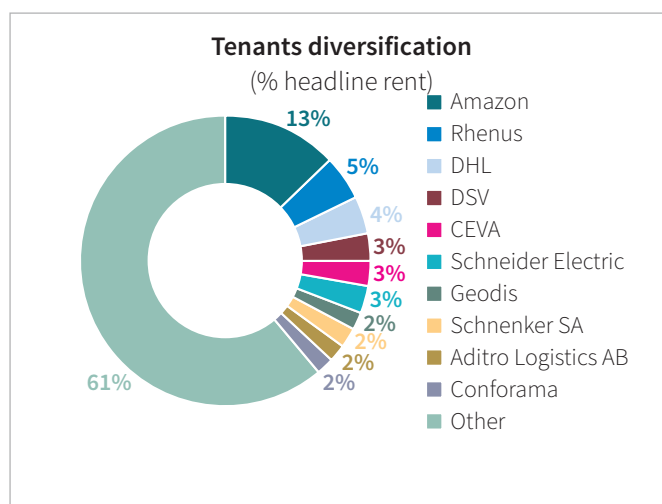
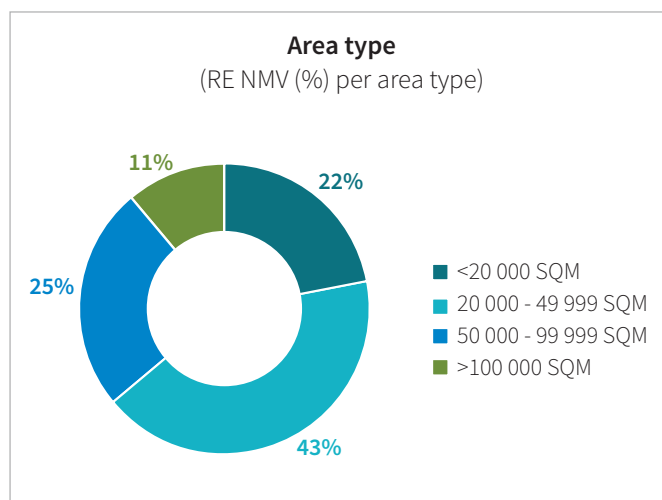
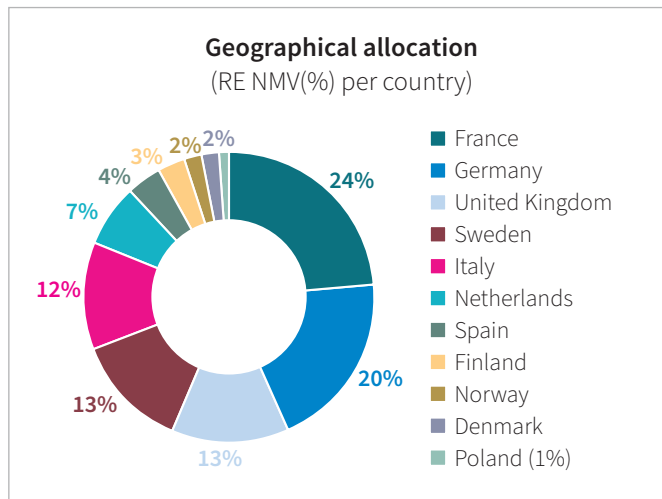
Since its launch in July 2019, the Fund has established a well-diversified Operating Portfolio gathering more than 4.2 million square meters of high-quality Logistics space across supply constrained core markets of 11 countries in Europe. The growth strategy, aiming at building more diversification with best-in class ESG assets, is essentially focused on generating value through the capture of rents reversion.

#### 2. Asset management

The operational results reflect on the active asset management which aim at delivering a continued income growth while enhancing the long-term value creation. In 2023, the Fund has maintained a robust operating performance with an occupancy ratio of 98.9% and a total rental income of €244m (€ 198m in 2022). During the year, the Asset Management Team has closely managed the letting activity of both Operating Portfolio and Development activity to deliver on the Fund’s strategic objectives.

The rental income increase was supported by a robust lease indexation profile (c. 90% of leases directly linked to inflation) in addition to successful lease negotiations which have delivered significant rent reversions. The Fund evidenced an increase of the real estate metrics with an evolution of the Net Initial Yield (NIY) from 4.5% in 2022 to 4.7% in 2023 and a longer WALT from 6.9 year in 2022 to 7.5 year in 2023. The Reversionary Yield is standing at 5.5% (5.0% in 2022).

The portfolio benefits from a diversified type of assets from distribution platforms, fulfilment centres, cross dock and last mile properties allowing to support a large range of customers’ operational needs. The top ten tenants, represented by major Logistics and e-commerce companies, is amounting c. 39% of the total Headline Rent and provide a diversified income stream.



# Fund summary

## MANAGEMENT REPORT (CONTINUED)

### Portfolio as of 31 December 2023 (continued)

#### 2. Asset management (continued)

The development program we have implemented since the early days of the Fund is intended to fast track the deployment of our ESG strategy. In 2023, the Fund completed c. 386k sqm of high-quality warehouse space with best in-class ESG specifications, which improved both the quality and the sustainable profile of our portfolio. At the end of the year, the properties delivered under the development program since the launch of the Fund represent circa 26% of the Operating Portfolio whereas properties aged below 5-year account for c. 43% of the total portfolio (from 7% in 2020).

The Asset Management team has successfully managed the leasing of speculative projects in 2023. These new properties are actively contributing to the income growth and operating performance of the Fund. The main projects delivered during 2023 were let before or during the construction phase: Nuneaton (Midlands, UK), Bremen (Germany), HelloWorld (Hoofddorp, Netherlands), Philippsburg (Germany) and are now fully contributing to the rental income of the Operating Portfolio.

We are also very pleased to report that the Fund was awarded 5 Stars in the 2023 Global Real Estate Sustainability Benchmark (GRESB) for both Standing and Development Investments. This achievement is a result of a continuous improvement and focus on ESG considerations. With a score of 90/100 on Standing Investments, the Fund achieved an increase of 5 points compared to 2022 and is sitting 15 points above the 2023 GRESB average. ALEF is now ranking 5th amongst a peer group of 27 participants. On Development Investments, the Fund is achieving a stronger result this year with a score of 99/100, above the 2023 GRESB average of 83/100 and now ranking 2nd within a peer group of 12 participants.

#### 3. Acquisitions and Development Projects completed in 2023

##### 3.1. Acquisitions of the year

During the year the Fund closed several acquisitions for a total amount of €35m. The main transactions are presented below:

##### Zoetermeer (Netherlands)

The Fund closed the acquisition of the Zoetermeer project (in the Netherlands) in the early days of January 2023. This transaction had been secured in 2022 on an off-market basis and provides c. 21 k sqm of Grade A newly built warehouse within the Rotterdam-The Hague conglomeration.

The property was 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. The property is EPC A rated and benefits from a BREEAM "Very Good" certification.

##### Dourges (France)

Acquisition of a new distribution warehouse of c. 44 k sqm in the north of France, immediately south of Lille, in one of the densest urban areas of the country. This 5-year-old facility located in the Delta 3 platform, benefits from an indoor train loading station, and a direct waterway and A1 motorway accesses (180km direct link to Paris). The property was delivered in 2018 and is leased for 12 years to a leading European logistics group, with yearly indexation clauses. The Investment structured as the acquisition of a financial lease, is offering attractive financing conditions.

# Fund summary

## MANAGEMENT REPORT (CONTINUED)

### Portfolio as of 31 December 2023 (continued)

#### 3. Acquisitions and Development Projects completed in 2023 (continued)

##### 3.2. Completions of the year

In 2023, the Fund completed 8 development projects for a total cost of c. €0.5bn. The main projects delivered during the year are presented below:

##### Nuneaton (UK)

In 2023 the two units of our UK development in Nuneaton, West Midlands, were delivered. Both units were pre-let with a 20-year agreement signed with Rhenus Logistics, covering a total warehouse space of c. 91 k sqm. This property has received the highest certification “BREEAM Outstanding”, setting new benchmarks in environmental and social responsibility within the logistics sector. In September, the asset was awarded a prestigious ESG Award from the UK Industrial Agents Society.

##### HelloWorld, Hoofddorp (Netherlands)

In Q1 2023, the Fund further strengthened its exposure to the Dutch market with the delivery of the HelloWorld project. This project gathers c.47 k sqm of high-quality warehouse space in the Schiphol market (prime location south-west of Amsterdam). Schiphol International Airport is just 5 minutes away, with all major logistics players 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). This trophy asset is certified BREEAM “Excellent”, thereby further enhancing the overall quality of the Portfolio. The nature-inclusive design of this modern warehouse unit will also feature more than 11,000 solar panels, generating sustainable energy for its users.

##### Philippsburg (Germany)

In May 2023, the Philippsburg development project reached practical completion. The 102 k sqm land site was acquired in 2021 in the Karlsruhe region (Germany) to develop 51k sqm of logistics space across 3 units. The construction was launched speculatively. A first lease was signed with ID-Logistics for 2 units in Q1 2023 and then a second lease was signed with Alexander Bürkle for the last unit in Q2 2023. The whole property was fully let before end of Q2 2023, at a rent level above the assumption used at underwriting of the deal.

#### 4. Disposal

We continue to rotate capital from selective disposals to support our allocation strategy. In November 2023, the Fund disposed a distribution warehouse of c. 16,000csqm located in Hedensted, Denmark.

#### 5. Compliance with Fund guidelines

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



HelloWorld, Hoofddorp (Netherlands)  
Photo for illustrative purposes only



# Fund summary

## AIFM REPORT – RISK MANAGEMENT

The risk management and controls activities are done at each level of the organisation 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 2023, the Fund's investments are made in accordance with prevailing regulations and its Investment and Shareholders Agreement ("ISA").

Risk factors to which the Fund may be exposed are detailed in the ISA, and as at 31 December 2023, 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 2023 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](http://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 31 December 2023, 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 2023 <sup>(1)</sup>	
Fixed Pay <sup>(2)</sup> (€ '000)	3,582
Variable Pay <sup>(3)</sup> (€ '000)	2,228
Number of employees <sup>(4)</sup>	2,808 among which 102 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<sup>(1)</sup>

Fixed Pay and Variable Pay (€ '000) <sup>(2)(3)</sup>	1,816
Number of identified employees <sup>(5)</sup>	339 among which 20 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 2023.

(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 December 2023.

(5) Number of identified employees within AXA IM Group level and AXA REIM SGP as at 31 December 2023.

# 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 31/12/2023	Maximum leverage authorized
Gross method	161.3%	400%
Commitment method	130.2%	300%

### 2. Material Changes

No material changes.



## Audit report

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

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### 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 2023;
- 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, including material accounting policy information and other explanatory information.

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### 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.

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### 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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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
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.

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### **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 IFRS Accounting Standards 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.

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### **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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 24 April 2024

Electronically signed by:  
Amaury Evrard



Amaury Evrard



Airborne Avenue  
Photo for illustrative purposes only



# Consolidated financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		31 December 2023	31 December 2022
	Note	€	€
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	5	4,902,764,134	4,948,636,330
<b>Total non-current assets</b>		<b>4,902,764,134</b>	<b>4,948,636,330</b>
<b>Current assets</b>			
Trade and other receivables	6	94,818,431	312,618,406
Prepayments		4,366,389	7,260,534
Amount receivable from shareholders	12	5,000,000	-
Derivatives at fair value through profit or loss	17	2,742,785	41,448,394
Cash and cash equivalents	7	222,963,050	260,307,395
<b>Total current assets</b>		<b>329,890,655</b>	<b>621,634,729</b>
<b>Total assets</b>		<b>5,232,654,789</b>	<b>5,570,271,059</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	12	3,572,247,986	3,045,381,815
Deferred tax liabilities	18	120,332,080	132,625,222
<b>Total non-current liabilities</b>		<b>3,692,580,066</b>	<b>3,178,007,037</b>
<b>Current liabilities</b>			
Borrowings	12	71,181,261	505,120,018
Derivatives at fair value through profit or loss	17	8,948,039	82,134
Deferred income	19	10,754,938	15,256,390
Taxation payable	18	10,551,787	23,441,294
Provisions		1,018,652	955,328
Trade and other payables	8	84,247,983	216,766,311
<b>Total current liabilities</b>		<b>186,702,660</b>	<b>761,621,475</b>
<b>Net assets attributable to the Partners</b>		<b>938,389,096</b>	<b>1,172,286,246</b>
<b>Total liabilities</b>		<b>4,817,671,822</b>	<b>5,111,914,758</b>
<b>Non-controlling interests (equity)</b>	14	<b>414,982,967</b>	<b>458,356,301</b>
Adjustments from net assets attributable to the Partners to Subscription Net Asset Value	4	125,151,629	145,381,084
<b>Adjusted Subscription Net Asset Value*</b>		<b>1,063,540,725</b>	<b>1,317,667,330</b>

\*Calculated in accordance with Note 2.27.

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 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	€	€
<b>Operating income</b>			
Rental income	9	242,647,025	198,267,992
Net loss from fair value adjustment on investment property	5	(265,330,722)	(521,454,363)
Net gain on sale of non-current assets held for sale	22	-	31,823,627
Net loss on sale of subsidiary	15	(1,479,790)	(9,216,186)
Net realised foreign exchange gain on derivative contracts	17	34,663,852	14,064,146
Net unrealised foreign exchange (loss)/gain on derivative contracts	17	(47,571,515)	39,216,583
Other income		5,346,700	3,472,056
<b>Total operating income</b>		<b>(31,724,450)</b>	<b>(243,826,145)</b>
Operating expenses	10	(75,706,657)	(70,875,569)
<b>Operating loss</b>		<b>(107,431,107)</b>	<b>(314,701,714)</b>
Finance income	11	16,540,369	362,777
Finance expense	11	(83,438,064)	(124,217,274)
<b>Finance result</b>		<b>(66,897,695)</b>	<b>(123,854,497)</b>
<b>Loss before tax</b>		<b>(174,328,802)</b>	<b>(438,556,211)</b>
Taxation expense	18	(15,192,268)	(36,209,902)
Deferred taxation	18	12,293,142	36,753,746
<b>Total tax</b>		<b>(2,899,126)</b>	<b>543,844</b>
<b>Loss for the year after tax</b>		<b>(177,227,928)</b>	<b>(438,012,367)</b>
<b>Other comprehensive income after tax:</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency translation reserve		(9,844,704)	(3,384,268)
<b>Total comprehensive loss for the year</b>		<b>(187,072,632)</b>	<b>(441,396,635)</b>
<b>Loss for the year attributable to:</b>			
Partners		(137,379,445)	(355,337,742)
Non-controlling interests	14	(39,848,483)	(82,674,625)
<b>Total comprehensive loss for the year is attributable to:</b>			
Partners		(147,224,149)	(358,722,010)
Non-controlling interests	14	(39,848,483)	(82,674,625)
<b>Net decrease in net assets attributable to the Partners for the year</b>		<b>(147,224,149)</b>	<b>(358,722,010)</b>
Adjustments from net assets attributable to the Partners to Subscription Net Asset Value		(20,229,455)	131,254,003
<b>Net decrease in Subscription Net Asset Value*</b>		<b>(167,453,604)</b>	<b>(227,468,007)</b>

\*Calculated in accordance with Note 2.27.

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 2023

		Year ended 31 December 2023	Year ended 31 December 2022
	Note	€	€
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before tax		(174,328,802)	(438,556,211)
<b>Adjustments</b>			
Net loss from fair value adjustment on investment property	5	265,330,722	521,454,363
Net loss on sale of subsidiary	15	1,479,790	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	(34,663,852)	(14,064,146)
Net unrealised foreign exchange gain on derivative contracts	17	47,571,515	(39,216,583)
Finance result	11	66,897,695	123,854,497
Loss generated by non-current assets held for sale prior to disposal	22	-	1,312,608
<b>Increase/decrease in operating assets</b>			
Decrease/(increase) in trade and other receivables (excluding interest and taxation)		126,740,211	(94,411,379)
Decrease/(increase) in prepayments		2,894,145	(5,677,978)
(Decrease)/increase in deferred income		(4,437,423)	2,045,857
Increase/(decrease) in provisions		63,324	(710,157)
Decrease in trade and other payables (excluding interest and taxation)		(86,953,090)	(17,012,507)
<b>Cash generated from operations</b>		<b>210,594,235</b>	<b>16,410,923</b>
Taxation paid		(28,009,232)	(8,179,108)
Interest received	11	2,195,991	362,777
Interest paid		(77,156,973)	(56,921,753)
Net receipt/(payment) on forward contracts	17	34,663,851	14,064,146
<b>Net cash generated from/(used in) operating activities</b>		<b>142,287,872</b>	<b>(34,263,015)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries, net of cash acquired	15	-	(559,687,998)
Purchases of investment property (including acquisition costs)*	5	(35,464,088)	(219,926,191)
Sale of subsidiary	15	98,531,470	-
Capital expenditure on investment property	5	(190,027,740)	(338,893,264)
Capitalised lease incentives	5	(35,977,266)	(3,788,085)
Proceeds from sale of non-current assets held for sale		-	176,909,260
<b>Net cash used in investing activities</b>		<b>(162,937,624)</b>	<b>(945,386,278)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Drawdown on borrowings**	12	426,753,267	1,489,982,937
Repayment of borrowings	12	(394,193,012)	(560,072,793)
Distribution to the Partners**		(51,146,398)	(49,254,420)
Distribution to Non-controlling interests	14	(5,361,323)	(3,895,838)
Net proceeds from Non-controlling interests	14	3,517,791	50,131,092
<b>Net cash (used in)/provided by financing activities</b>		<b>(20,429,675)</b>	<b>926,890,978</b>
<b>Net Decrease in cash and cash equivalents</b>		<b>(41,079,427)</b>	<b>(52,758,315)</b>
Cash and cash equivalents at beginning of the year		260,307,395	302,383,901
Net currency translation differences		3,735,082	10,681,809
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>222,963,050</b>	<b>260,307,395</b>

\* Excludes €15,597,457 movement in right of use asset/finance lease as this is considered a non-cash transaction.

\*\* Amount excludes movement of €300m share premium converted into shareholder loans during the year, amounts received/paid under Dividend Reinvestment Program of €9m and Interest Free Loan balances converted to share capital during the year as these are considered non-cash transactions.

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 2023

	Note	Limited Partners*			General Partner			Total	
		Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total Limited Partners	Share Capital	Retained Earnings		Total General Partner
		€	€	€	€	€	€	€	
<b>Net assets attributable to the Partners as at 31 December 2021 (IFRS)</b>		<b>605,548,252</b>	<b>514,628,194</b>	<b>(4,336,682)</b>	<b>1,115,839,764</b>	<b>100</b>	<b>112</b>	<b>212</b>	<b>1,115,839,976</b>
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)
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)
<b>Net assets attributable to the Partners as at 31 December 2022 (IFRS)</b>		<b>1,020,716,532</b>	<b>159,290,477</b>	<b>(7,720,950)</b>	<b>1,172,286,059</b>	<b>100</b>	<b>87</b>	<b>187</b>	<b>1,172,286,246</b>
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
<b>Net assets attributable to the Partners as at 31 December 2022 (Adjusted Subscription NAV)</b>		<b>1,020,716,532</b>	<b>304,671,561</b>	<b>(7,720,950)</b>	<b>1,317,667,143</b>	<b>100</b>	<b>87</b>	<b>187</b>	<b>1,317,667,330</b>
Capital contributions		270,717,126	-	-	270,717,126	-	-	-	270,717,126
Distributions of capital / share premium		(357,390,127)	-	-	(357,390,127)	-	-	-	(357,390,127)
Loss for the year after tax		-	(137,379,422)	-	(137,379,422)	-	(23)	(23)	(137,379,445)
Other comprehensive loss	2, 4	-	-	(9,844,704)	(9,844,704)	-	-	-	(9,844,704)
<b>Net assets attributable to the Partners as at 31 December 2023 (IFRS)</b>		<b>934,043,531</b>	<b>21,911,055</b>	<b>(17,565,654)</b>	<b>938,388,932</b>	<b>100</b>	<b>64</b>	<b>164</b>	<b>938,389,096</b>
Adjustments from net assets attributable to the Partners to adjusted Subscription Net Asset Value	4	-	125,151,629	-	125,151,629	-	-	-	125,151,629
<b>Net assets attributable to the Partners as at 31 December 2023 (Adjusted Subscription NAV)</b>		<b>934,043,531</b>	<b>147,062,684</b>	<b>(17,565,654)</b>	<b>1,063,540,561</b>	<b>100</b>	<b>64</b>	<b>164</b>	<b>1,063,540,725</b>

\* 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 2023 (CONTINUED)

Number of shares in issue	Year ended 31 December 2023	Year ended 31 December 2022
Expressed in units	units	units
<b>Class A Shares</b>		
Shares in issue at the beginning of the year	803,112	586,611
Shares subscribed	172,167	216,501
Shares redeemed	-	-
<b>Class A Shares in issue at the end of the year</b>	<b>975,279</b>	<b>803,112</b>
<b>Class C Shares</b>		
Shares in issue at the beginning of the year	1	1
Shares subscribed	-	-
Shares redeemed	-	-
<b>Class C Shares in issue at the end of the year</b>	<b>1</b>	<b>1</b>
<b>Net assets per share (IFRS NAV)</b>		
Expressed in (€)	€	€
Class A shares	962.17	1,459.68
Class C shares	164.56	187.34
<b>Net assets per units (subscription NAV)</b>		
Expressed in (€)	€	€
Class A shares	1,090.50	1,640.70
Class C shares	164.56	187.34

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

# Notes to the Consolidated Financial Statements

## AS AT 31 DECEMBER 2023

### 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 (“AXA REIM SGP”), as the legal person responsible for performing the portfolio and risk management of the Fund, and 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 24 April 2024.

### 2 Summary of material accounting policies

The material 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 IFRS Accounting Standards as 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.

##### (c) Income and cash flow statements

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.

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.

# Notes to the Consolidated Financial Statements

## 2 Summary of material accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### (d) Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards 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.

#### (e) New and amended standards adopted by the Group

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material impact on the consolidated financial statements of the Group.

#### (f) New standards and interpretations not yet adopted

Certain new accounting standards, amendment and interpretations have been published that are not mandatory for 31 December 2023 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 Group's financial statements.

- IFRS S1 General requirements for Disclosure of Sustainability-related Financial Information – Original issue (effective 1 January 2024).
- IFRS S2 Climate-related Disclosures – Original issue (effective 1 January 2024).
- IFRS 7 Financial Instruments: Disclosures – Amendments regarding supplier finance arrangements (effective 1 January 2024).
- IAS 1 Presentation of Financial Statements – Amendments to defer the effective date of the January 2020 amendments (effective 1 January 2024).
- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of debt with covenants (effective 1 January 2024).
- IAS 7 Statement of Cash Flows – Amendments regarding supplier finance arrangements (effective 1 January 2024).
- IAS 21 The Effects of Changes in Foreign Exchange Rates – Amendments regarding lack of exchangeability (effective 1 January 2025).
- IFRS 16 Leases – Amendment regarding lease liability in a sale and leaseback (effective 1 January 2025).

#### (g) 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 (Note 11).

# Notes to the Consolidated Financial Statements

## 2 Summary of material accounting policies (continued)

### 2.2 Critical 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 2023 or 31 December 2022.

### 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 material 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 2.17 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 trade and 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 Estate 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 material 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 Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost less impairment.

### 2.8 Prepayments

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

### 2.9 Expenses

All expenses, including management fees, are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

### 2.10 Interest income and interest 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 material accounting policies (continued)

### 2.11 Group formation expenses

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

### 2.12 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.

### 2.13 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.

##### *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.

# Notes to the Consolidated Financial Statements

## 2 Summary of material accounting policies (continued)

### 2.13 Consolidation (continued)

#### (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.

### 2.14 Investment property

Investment property is 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 material accounting policies (continued)

### 2.15 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 material accounting policies (continued)

### 2.16 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.

### 2.17 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.

### 2.18 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 Consolidated Statement of Financial Position in the countries where the Group operates.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

# Notes to the Consolidated Financial Statements

## 2 Summary of material accounting policies (continued)

### 2.18 Taxation (continued)

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.

The international tax reform released by Organization for Economic Cooperation and Development (OECD), known as Pillar Two, aims to ensure that an effective taxation of 15% is reached in each jurisdiction where multinational groups operate. This tax reform will be effective in France, where AXA Group head office is located, starting for the 2024 fiscal year. As a result, the Group will have to determine the effective tax rate based on Pillar 2 rules in each jurisdiction where it operates, and, if it is lower than the minimum 15% rate, an additional tax will have to be paid.

Amendments to IAS 12 – Income Taxes issued by the IASB on May 23, 2023, introduce a mandatory temporary exception, prohibiting both the recognition and disclosure of deferred tax assets and deferred tax liabilities that arise from the implementation of the OECD Pillar Two model rules. AXA has applied this exception in its 2023 consolidated financial statements.

AXA Group is carefully monitoring the list of countries where its controlled corporate entities and investment vehicles operate. At this stage, it is too early to have a firm list of the jurisdictions where it is certain an additional tax would be due.

### 2.19 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.

### 2.20 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.

### 2.21 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.

#### *Refundable deposits*

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.

# Notes to the Consolidated Financial Statements

## 2 Summary of material accounting policies (continued)

### 2.22 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.

### 2.23 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.

### 2.24 Other income

Other income is 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.

### 2.25 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.

### 2.26 Derivatives

Derivative financial assets and liabilities are classified as financial assets/liabilities at fair value through profit or loss (held for trading). Derivative financial assets and liabilities comprise currency forward contracts for hedging purposes (economic hedge). The Fund does not apply hedge accounting in accordance with IFRS 9.

Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value; transaction costs are included directly in finance costs. Gains or losses on derivatives are recognised in the profit or loss in net change in fair value of financial instruments at fair value through profit or loss.

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

## 2.27 Adjustments from net assets attributable to the partners to subscription net asset value

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.
- (iv) The adjustment related to the revaluation to fair value of financial assets and financial liabilities excluding the tax effects of fair value uplift of those financial assets/financial liabilities.

## 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
	€	€	€	€
<b>As at 31 December 2023</b>				
Investment property	-	-	4,902,764,134	4,902,764,134
Derivatives at fair value through profit or loss (assets)	-	2,742,785	-	2,742,785
Derivatives at fair value through profit or loss (liabilities)	-	(8,948,039)	-	(8,948,039)
<b>As at 31 December 2022</b>				
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)

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 2023 and 31 December 2022.

### 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 2023.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>As at 31 December 2023</b>				
<b>Assets</b>				
Amount receivable from shareholders	-	5,000,000	-	5,000,000
Trade and other receivables(*)	-	60,569,423	-	60,569,423
Cash and cash equivalents	222,963,050	-	-	222,963,050
<b>Total</b>	<b>222,963,050</b>	<b>65,569,423</b>	<b>-</b>	<b>288,532,473</b>
<b>Liabilities</b>				
Trade and other payables(*)	-	69,027,247	-	69,027,247
Borrowings(*)	-	3,650,916,336	-	3,650,916,336
Net assets attributable to the partners	-	-	938,389,096	938,389,096
<b>Total</b>	<b>-</b>	<b>3,719,943,583</b>	<b>938,389,096</b>	<b>4,658,332,679</b>

(\*) 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 2022.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>As at 31 December 2022</b>				
<b>Assets</b>				
Trade and other receivables (*)	-	205,684,524	-	205,684,524
Cash and cash equivalents	260,307,395	-	-	260,307,395
<b>Total</b>	<b>260,307,395</b>	<b>205,684,524</b>	<b>-</b>	<b>465,991,919</b>
<b>Liabilities</b>				
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
<b>Total</b>	<b>-</b>	<b>3,732,767,596</b>	<b>1,172,286,246</b>	<b>4,905,053,842</b>

(\*) 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
						€
<b>As at 31 December 2023</b>						
<b>Financial assets</b>						
Trade and other receivables*	15,892,924	86,714	316,019	32,781,521	11,492,245	60,569,423
Amount receivable from shareholders	-	-	-	5,000,000	-	5,000,000
Cash and cash equivalents	10,756,064	6,131,687	17,147,250	181,409,129	7,518,920	222,963,050
Derivatives at fair value through profit or loss	-	-	-	2,742,785	-	2,742,785
<b>Total financial assets</b>	<b>26,648,988</b>	<b>6,218,401</b>	<b>17,463,269</b>	<b>221,933,435</b>	<b>19,011,165</b>	<b>291,275,258</b>
<b>Financial liabilities</b>						
Borrowings*	(165,226,757)	(20,069,811)	(11,717,349)	(3,453,902,419)	-	(3,650,916,336)
Trade and other payables*	(3,903,245)	(234,520)	(805,456)	(57,998,739)	(6,085,287)	(69,027,247)
Derivatives at fair value through profit or loss	-	-	-	(8,948,039)	-	(8,948,039)
Net assets attributable to the Partners	-	-	-	(938,389,096)	-	(938,389,096)
<b>Total financial liabilities</b>	<b>(169,130,002)</b>	<b>(20,304,331)</b>	<b>(12,522,805)</b>	<b>(4,459,238,293)</b>	<b>(6,085,287)</b>	<b>(4,667,280,718)</b>

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

# 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
						€
<b>As at 31 December 2022</b>						
<b>Financial assets</b>						
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
<b>Total financial assets</b>	<b>25,103,210</b>	<b>3,779,033</b>	<b>3,384,895</b>	<b>439,731,794</b>	<b>35,441,381</b>	<b>507,440,313</b>
<b>Financial liabilities</b>						
Borrowings*	(79,208,092)	(21,403,493)	(12,079,328)	(3,445,305,567)	-	(3,557,996,480)
Trade and other payables*	(21,717,213)	(975,820)	(1,174,075)	(138,040,399)	(12,863,609)	(174,771,116)
Derivatives at fair value through profit or loss	-	-	-	(82,134)	-	(82,134)
Net assets attributable to the Partners	-	-	-	(1,172,286,246)	-	(1,172,286,246)
<b>Total financial liabilities</b>	<b>(100,925,305)</b>	<b>(22,379,313)</b>	<b>(13,253,403)</b>	<b>(4,755,714,346)</b>	<b>(12,863,609)</b>	<b>(4,905,135,976)</b>

\* 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 2023 had GBP and SEK weakened/strengthened by 5% against the euro, post-tax profit for the year would have been €6.477,757 (2022: €2,662,216) lower/higher.

Foreign exchange risk arising from DKK and NOK exposure is not considered material to the Group for the financial years 2023 and 2022 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 2023 had market interest rates increased by 100 basis points with all other variables held constant, the impact on the net assets would be €35,968,360 (2022: €28,925,875) 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 2023	31 December 2022
	Notes	€	€
Bank borrowings	12	4.71% / Euribor 3M+1.1%	Euribor 3M+1.1%
Shareholder loan	12	3.31%	2.97%
Notes issued	12	0.56%	0.63%

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

#### (iii) Price risk

As at 31 December 2023 and 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 2023	31 December 2022
	€	€
Amount receivable from shareholders	5,000,000	-
Trade and other receivables (*)	60,569,423	205,684,524
Cash and cash equivalents	222,963,050	260,307,395
	<b>288,532,473</b>	<b>465,991,919</b>

\*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 ISA, 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, the use of revolving credit facilities 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 ISA 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
- Banque Européenne du Crédit Mutuelle

In 2023, the Group has also entered into a mortgaged loan with Deutsche Pfandbriefbank AG (see Note 12 for further information on bank borrowings).

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 2023 is as follows:

	On demand / < 1 month	1 month to 1 year	1 to 5 years	Later than 5 years	Total
	€	€	€	€	€
<b>Liabilities</b>					
Derivatives at fair value through profit or loss	-	8,948,039	-	-	8,948,039
Trade and other payables*	-	69,027,247	-	-	69,027,247
Borrowings**	5,000,000	159,882,270	944,832,111	4,697,959,870	5,807,674,251
Net assets attributable to partners***	-	7,738,857	-	930,650,239	938,389,096
	<b>5,000,000</b>	<b>245,596,413</b>	<b>944,832,111</b>	<b>5,628,610,109</b>	<b>6,824,038,633</b>

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

\*\* Borrowings also include accrued interest.

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

The maturity analysis at 31 December 2022 was as follows:

	On demand / < 1 month	1 month to 1 year	1 to 5 years	Later than 5 years	Total
	€	€	€	€	€
<b>Liabilities</b>					
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 partners***	-	50,000,000	-	1,122,286,246	1,172,286,246
	<b>299,030,906</b>	<b>462,388,221</b>	<b>850,324,140</b>	<b>3,779,619,417</b>	<b>5,391,362,684</b>

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

\*\* Borrowings also include accrued interest.

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

### 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 ISA.

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% (2022:45%) loan to value ("LTV") in aggregate at portfolio level. As at 31 December 2023, the leverage of the real estate portfolio was 19.1% LTV (2022: 26.9% 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.
- (iv) The adjustment related to the revaluation to fair value of financial assets and financial liabilities excluding the tax effects of fair value uplift of those financial assets/financial liabilities.

The table below shows the subscription NAV adjustments:

	31 December 2023	31 December 2022
	€	€
<b>Total net assets attributable to partners as per IFRS consolidated financial statements</b>	<b>938,389,096</b>	<b>1,172,286,246</b>
<b>Adjustments</b>		
Set up costs adjustment	372,438	437,307
Acquisition expense adjustment	58,609,761	51,573,430
Revaluation to financial assets/liabilities	87,771,911	157,520,944
Revaluation to fair value of savings of purchaser's costs such as transfer taxes	25,619,398	24,560,567
Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	(47,221,879)	(88,711,164)
<b>Total adjustments</b>	<b>125,151,629</b>	<b>145,381,084</b>
<b>Subscription net asset value</b>	<b>1,063,540,725</b>	<b>1,317,667,330</b>

## 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 the external valuer 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 2023:

	Investment property
	€
<b>Fair value as at 1 January 2023</b>	<b>4,948,636,330</b>
Purchases (including acquisition costs)	51,061,545
Capitalised expenditure	144,508,150
Unrealised loss	(265,330,722)
Realised loss (Note 15)	(402,437)
Currency translation gain	2,284,161
Sales (Note 15)	(13,850,718)
Capitalised lease incentives	35,977,266
Movement on right of use asset	(119,441)
<b>Fair value as at 31 December 2023</b>	<b>4,902,764,134</b>

During the year ended 31 December 2023, the Group entered into the following transactions in respect of investment properties;

- On 4 January 2023, the Group finalised the acquisition of a c. 20,800 sqm warehouse space in Zoetermeer, the Netherlands, through its 67.98% owned subsidiary Onelog NL Zoetermeer B.V.. The acquisition had been secured in 2022 on a forward purchase basis with agreed total investment cost of € 38.1m.
- The Group, through its 66.62% owned subsidiary SCI VAL Developement, acquired on 7 June 2023 a new asset located in Arles, South-East of France. The acquisition was structured by way of a forward funding scheme with a first instalment of € 5.0m.
- In July 2023, the Group made a new acquisition in Ayguemorte-les-Graves, South-West of France, to develop a c. 5,100 sqm warehouse space. The acquisition was made in a forward funding scheme with a first instalment of € 2.0m.
- On 26 July 2023, the Group acquired a site in Ennery, France, by way of a forward funding scheme to develop 2 units of respectively c. 6,800 sqm and c. 37,000 sqm. The acquisition was made through 67.98% owned subsidiary OneMetz SCI. A first instalment of c. € 3.0m was paid in Q3 2023.
- On 20 September 2023, the Group acquired “a plot of land in Honfleur, France, for € 3.3m through its wholly owned subsidiary Log Honfleur SCI, intending to develop c.32,000 sqm of gross lettable area for logistics.
- The Group, through its 67.98% owned subsidiary One North, acquired on 29 September 2023 a c. 40,000 sqm distribution warehouse located in Dourges, North of France at a real estate price of c. € 37.0m. The acquisition was partially finance by way of a finance lease with bank KBC for c. € 15.5m (see Note 12).
- On 23 November 2023, the Group disposed of a property located in Hedensted, Denmark at a real estate price of c. €13.4m. The transaction was done by way of a share deal (see Note 15), selling the participation in 67.98% owned subsidiary Onelog Hedensted ApS.
- During the financial year ended 2023, the following development projects have reached final completion: Hoofdoorp (in the Netherlands), Philippsburg (in Germany) and Nuneaton (in the United Kingdom).

# 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
	€
<b>Fair value as at 1 January 2022</b>	<b>4,101,320,507</b>
Purchases (including acquisition costs)	219,926,191
Capitalised expenditure	338,893,264
Unrealised gain/(loss)	(521,454,363)
Realised gain/(loss)	(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
<b>Fair value as at 31 December 2022</b>	<b>4,948,636,330</b>

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 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 NL 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 NL 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, Northern 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)

### Valuation process

The Group's investment properties were valued as at 31 December 2023 and as at 31 December 2022 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 2023, the Group has invested in the following investment properties:

Country	Valuation technique	Rental yield	Estimated rental value*	Fair value**	Right of use asset	Fair value including right of use asset
			€	€	€	€
France	Income Capitalisation approach / Comparison method / Discounted cash flow	4.25%	73,374,064	1,135,836,938	-	1,135,836,938
Germany	Income Capitalisation approach	4.17%	58,996,486	1,044,515,100	15,527,313	1,060,042,413
Netherlands	Income Capitalisation approach	5.31%	25,137,101	385,940,000	-	385,940,000
Poland	Income Capitalisation approach	6.88%	5,349,141	73,782,000	-	73,782,000
Spain	Income Capitalisation approach	4.64%	10,509,673	189,200,000	-	189,200,000
Italy	Income Capitalisation approach	5.36%	42,114,850	637,624,966	-	637,624,966
United Kingdom	Income Capitalisation approach	4.65%	37,052,902	506,302,162	-	506,302,162
Denmark	Income Capitalisation approach	4.68%	5,515,556	89,240,404	-	89,240,404
Finland	Income Capitalisation approach	5.17%	6,907,392	123,000,000	-	123,000,000
Norway	Income Capitalisation approach	4.68%	7,250,858	116,965,945	-	116,965,945
Sweden	Income Capitalisation approach	4.94%	31,839,167	584,829,306	-	584,829,306
				<b>4,887,236,821</b>	<b>15,527,313</b>	<b>4,902,764,134</b>

\* Represents the estimated future rental value to be received from the respective investment properties.

\*\* The fair value of the underlying investment properties as at 31 December 2023, excluding right of use assets.

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

Country	Valuation technique	Rental yield	Estimated rental value	Fair value	Right of use asset	Fair value including right of use asset
			€	€	€	€
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
				<b>4,932,949,762</b>	<b>15,686,568</b>	<b>4,948,636,330</b>

# Notes to the Consolidated Financial Statements

## 5 Investment property (continued)

### Valuation process (continued)

As at 31 December 2023 and 2022, 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 2023, if rental yield rates had been 0.5% higher, with all other variables held constant, the valuation of investment properties would have been €828,520,333 lower (2022: €923,405,896 lower). As at 31 December 2023, if rental yield rates had been 0.5% lower, with all other variables held constant, the valuation of investment properties would have been €551,090,535 higher (2022: €655,869,787 higher).

As at 31 December 2023, if rental income rates had been 5% higher, with all other variables held constant, the valuation of investment properties would have been €219,293,503 higher (2022: €193,270,390 higher). As at 31 December 2023, if rental income rates had been 5% lower, with all other variables held constant, the valuation of investment properties would have been €241,360,639 lower (2022: €237,294,149 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 2023	31 December 2022
	€	€
<i>Trade and other receivables</i>		
Gross rent receivable	25,384,116	23,868,542
Value added tax receivable*	28,718,234	106,933,882
Receivable from sale of subsidiary (see Note 15)	-	85,948,999
Tax receivables	5,530,774	-
Trade receivables	10,405,253	5,620,263
Other receivables	11,068,090	41,030,529
	<b>81,106,467</b>	<b>263,402,215</b>
<i>Other financial assets</i>		
Security deposits	1,561,429	46,160,870
Cash collateral and escrow accounts	8,980,000	-
Cash time deposits	3,170,535	3,055,321
	<b>13,711,964</b>	<b>49,216,191</b>
	<b>94,818,431</b>	<b>312,618,406</b>

\* Amounts considered as non-financial assets.

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.

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

Institution	Credit rating agency	31 December 2023	31 December 2022	31 December 2023	31 December 2022
				€	€
BNP Paribas	S&P	A+	A+	85,106,610	116,339,121
Bank of New York Mellon	S&P	AA	AA-	58,667,133	75,497,820
Société Générale	S&P	A	A	2,504,402	-
Banque Populaire	Fitch	A+	A+	2,002,035	2,464,374
Banco Santander	S&P	A+	A+	3,695,892	4,168,803
Deutsche Bank	S&P	A	A-	6,362,906	5,644,839
Danske Bank	S&P	A+	A	33,771,653	11,686,269
Nordea	S&P	AA-	AA-	2,386,804	4,409,906
Barclays Bank	S&P	A+	A	2,685,675	6,343,943
JP Morgan Chase	S&P	A+	A+	24,197,478	33,134,969
Other	N/A	N/A	N/A	1,582,462	617,351
				<b>222,963,050</b>	<b>260,307,395</b>

## 8 Trade and other payables

	Note	31 December 2023	31 December 2022
		€	€
<i>Trade and other payables</i>			
Management fees	13	7,634,172	10,633,483
Accrued operating expenses		23,297,930	24,541,008
Trade payables		(215,579)	61,315,355
Fixed asset accruals		21,536,584	24,011,294
Value Added Tax and other taxes payable(*)		15,220,736	41,995,195
Audit fees		1,658,324	1,617,540
Legal fees		73,902	39,240
Administration fees		245,836	506,349
Accounting fees		854,256	914,784
Depository fees accrued		131,907	437,922
Tax fees		217,443	292,477
Valuation fees		237,460	246,487
Other payables and accrued expenses		1,386,278	3,181,667
		<b>72,279,249</b>	<b>169,732,801</b>
<i>Other financial liabilities</i>			
Cash collateral payable		-	37,130,000
Refundable deposits		11,968,734	9,903,510
		<b>11,968,734</b>	<b>47,033,510</b>
		<b>84,247,983</b>	<b>216,766,311</b>

\*Amounts considered as non-financial assets.

# Notes to the Consolidated Financial Statements

## 9 Rental income

	31 December 2023	31 December 2022
	€	€
Rental income	242,647,025	198,267,992
	<b>242,647,025</b>	<b>198,267,992</b>

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

	31 December 2023	31 December 2022
	€	€
No later than 1 year	238,387,079	215,277,077
Later than 1 year and no later than 2 years	224,144,517	191,698,838
Later than 2 years and no later than 3 years	186,668,578	168,539,269
Later than 3 years and no later than 4 years	160,774,412	133,011,626
Later than 4 years and no later than 5 years	148,520,693	117,921,808
Later than 5 years	825,412,740	525,588,022
<b>Total</b>	<b>1,783,908,019</b>	<b>1,352,036,640</b>

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

## 10 Operating expenses

	Note	31 December 2023	31 December 2022
		€	€
Management fees	13	18,761,211	18,730,849
Non-recoverable real estate taxes & real estate expenses		17,768,376	14,471,960
Corporate costs		8,339,614	7,689,718
Other property expenses		8,430,369	11,916,516
Accounting and professional fees		3,112,623	4,031,174
Audit fees		2,574,024	1,882,362
Acquisition costs		10,129,618	-
Bank charges		1,628,581	1,678,248
Valuation fees		1,068,892	785,350
Tax fees		1,017,276	1,121,598
Legal fees		746,574	1,712,958
Other tax		724,283	1,213,681
Administration fees		507,343	876,269
Non recoverable value added tax		164,394	957,197
Withholding tax		82,690	-
Net worth tax		4,815	4,815
Other operating expenses		645,974	3,802,874
		<b>75,706,657</b>	<b>70,875,569</b>

# Notes to the Consolidated Financial Statements

## 11 Finance result

	Note	31 December 2023	31 December 2022
		€	€
Interest income bank accounts		2,195,991	362,777
Unrealised foreign exchange gains		14,344,378	-
<b>Finance income</b>		<b>16,540,369</b>	<b>362,777</b>
Interest expense on bank loans and notes issued	12	10,893,558	8,402,113
Interest expense on loans from non-controlling interests	12	16,902,934	15,122,627
Interest expenses on shareholder's loans	12	52,842,795	37,198,213
Unrealised foreign exchange losses		-	59,548,308
Realised foreign exchange losses		113,128	483,710
Debt issue fees		2,685,649	3,462,303
<b>Finance expense</b>		<b>83,438,064</b>	<b>124,217,274</b>
<b>Finance result</b>		<b>(66,897,695)</b>	<b>(123,854,497)</b>

## 12 Borrowings

The table below shows the Group's bank borrowings, notes issued and Shareholder loan facility as at 31 December 2023 and 31 December 2022:

	31 December 2023	31 December 2022
	€	€
<b>Non-current</b>		
Bank loans	86,234,449	154,100,000
Shareholder loans	1,994,198,565	1,395,115,691
Debt issue costs*	(7,609,533)	(7,551,895)
Amortisation of debt issuance costs*	122,444	57,248
Loans from non-controlling interests	667,873,393	679,060,647
Lease liability	34,692,193	28,688,180
Notes issued	796,736,475	795,911,944
<b>Total non-current borrowings</b>	<b>3,572,247,986</b>	<b>3,045,381,815</b>
<b>Current</b>		
Bank loans	5,000,000	186,850,000
Accrued interest on bank loans	518,988	1,453,090
Accrued interest on shareholder loans	14,896,475	10,443,875
Accrued interest on loans from non-controlling interest	2,076,505	3,244,474
Accrued interest on notes issued	577,869	579,452
Interest free loans	39,111,218	299,000,000
Lease liability	9,000,206	3,549,127
<b>Total current borrowings</b>	<b>71,181,261</b>	<b>505,120,018</b>
<b>Total borrowings</b>	<b>3,643,429,247</b>	<b>3,550,501,833</b>

\*Amounts considered as non-financial assets.

# 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"): a 0.375% note 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 a 0.875% note 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

As at 31 December 2023, the Group has entered into the following revolving credit facilities:

- Revolving credit facility agreement with Natixis for a principal amount of €100m. The revolving credit facility bears floating interest of 3 month EURIBOR plus margin and maturity date is 18 October 2024.
- Revolving credit facility agreements with HSBC for a combined principal amount of €100m. The revolving credit facility bears floating interest of 3 month EURIBOR plus margin and matures on 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 plus margin and matures on 4 April 2025.
- Revolving credit facility agreement with BNP Paribas and Banque Européenne du Crédit Mutuel for a principal amount of €150m. The revolving credit facility bears floating interest of 3 month EURIBOR plus margin and maturity date is 4 October 2026.
- Mortgaged loan with Deutsche Pfandbriefbank AG for a principal amount of SEK960m. The loan bears fixed interest and maturity date is 15 February 2028.

As at 31 December 2023, the Group has complied with all loan covenants and has drawn €5m out of the total €425m available commitment on the revolving credit facilities.

#### Lease liability

The Group, as part of the OIL transaction, has entered into lease agreements through a subsidiaries named GPE Feuille22 (FR) SCI and One Post SCI. The Group has recognised lease liabilities in respect of two properties located in France. As of 31 December 2023, the lease liability amounted to €13.0m (2022: €16.5m).

On 13 December 2022, the Group entered into a lease agreement through a subsidiary named OneRaffa S.à r.l. The Group recognised lease liabilities in respect of a property located in Cottbus, Germany. As of 31 December 2023, the lease liability amounted to €15.7m (2022: €15.7m).

On 29 September 2023, the Group entered into a lease agreement through a subsidiary named One North SCI. The Group recognised lease liabilities in respect of a property located in Dourges, France. As of 31 December 2023, the lease liability amounted to €15.3m.

Interest expenses incurred during the year ended 31 December 2023 in relation to recognised lease liabilities amounted to €1,282,387 (2022: €643,741). All interest expenses in relation to variable lease payments are included in lease liabilities.

Total payment in relation to lease liabilities during the year ended 31 December 2023 amounted to €4,022,925 (2022: €4,804,447).

#### Shareholder loans and interest free loan

On 6 August 2019 and 16 December 2019, the Fund entered into a shareholder loan agreement with Logistics Europe AXA Feeder S.C.A. and ALEF Holding S.C.A. respectively, 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 3.31% as at 31 December 2023 (31 December 2022: 2.97%).

During the year ended 31 December 2023, the Fund has received a total amount of €309,911,218 (2022: €865,161,696) under interest free loan facility, of which €9,111,218 was received under the dividend reinvestment program ("DRIP"). During the year, some of the Interest Free Loan ("IFL") balance was converted into interest bearing loan amounting to €299,082,874 (2022: €376,096,338) and capital amounting to €270,717,126 (2022: €464,422,700). During the year ended 31 December 2023, the €300m share premium balance was converted into shareholder loans.

For the year ended 31 December 2023, the Shareholder loan facilities amounts to €1,994m (2022: €1,395m) with accrued interest payable of €14.9m (2022: €10.4m).

The balance of IFL for the year ended 31 December 2023 amounts to €39.1m with ALEF Holding S.C.A. (2022: €297.2m), of which €5m was receivable as at 31 December 2023, and €nil with Logistics Europe AXA Feeder S.C.A. (2022: €1.8m), 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				31 December 2023
	1 January 2023	Loan draw-downs	Payments	Amortisation of debt issue costs	Conversion into IBL/ share capital	Share premium and interest as DRIP	Foreign exchange	Lease liabilities	
	€	€	€	€	€	€	€	€	€
Bank loans	340,950,000	96,514,494	(351,000,000)	-	-	-	4,769,955	-	91,234,449
Shareholder loans	1,395,115,691	-	-	-	599,082,874	-	-	-	1,994,198,565
Interest free loan	299,000,000	300,800,000	-	-	(569,800,000)	9,111,218	-	-	39,111,218
Loans from non-controlling interests	679,060,647	29,438,773	(39,170,087)	-	-	-	(1,455,940)	-	667,873,393
Lease liability	32,237,307	-	(4,022,925)	-	-	-	-	15,478,017	43,692,399
Debt issuance costs	(7,494,647)	-	-	7,558	-	-	-	-	(7,487,089)
Notes issued	795,911,944	-	-	824,531	-	-	-	-	796,736,475
	<b>3,534,780,942</b>	<b>426,753,267</b>	<b>(394,193,012)</b>	<b>832,089</b>	<b>29,282,874</b>	<b>9,111,218</b>	<b>3,314,015</b>	<b>15,478,017</b>	<b>3,625,359,410</b>

	Cash flows				Non cash changes				31 December 2022
	1 January 2022	Loan draw-downs	Repayments	Amortisation of debt issue costs	Conversion into IBL/ share capital	Acquired on acquisition of subsidiaries	Foreign exchange	Lease liabilities	
	€	€	€	€	€	€	€	€	€
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)	-	-	-	-	-	-
	<b>2,659,608,756</b>	<b>1,489,982,937</b>	<b>(560,072,793)</b>	<b>819,507</b>	<b>(464,422,700)</b>	<b>393,609,694</b>	<b>-</b>	<b>15,255,541</b>	<b>3,534,780,942</b>

## 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.

The Fund has appointed Baytree Logistics Properties LLP ("Baytree") as a development manager to work on certain of the Fund's development projects. Baytree is an indirect subsidiary of AXA IM-RA.

### 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 2023 amounted to €18,761,211 (2022: €18,730,849), of which €7,634,172 (2022: €10,633,483) was payable at the financial year end.

## 14 Non-controlling interests

As at 31 December 2023, the Group held a 67.98% (2022: 67.98%) interest in OneLog Invest (Lux) S.à r.l., (see Note 22). The remaining 32.02% (2022: 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 2023, the Group also held a 67.98% (2022: 67.98%) interest in Log Italy Fund REIF and a 67.98% (2022: 67.98%) 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 2023
	€	€	€	€
Opening balance	13,416,295	151,373,064	293,566,942	458,356,301
Additions	-	3,517,791	-	3,517,791
Foreign exchange movement (recognised in other comprehensive income)	-	-	(1,681,318)	(1,681,318)
Distribution	(536,904)	(4,824,420)	-	(5,361,324)
Profit allocated during the year	(467,179)	(5,538,905)	(33,842,399)	(39,848,483)
<b>Closing balance</b>	<b>12,412,212</b>	<b>144,527,530</b>	<b>258,043,225</b>	<b>414,982,967</b>

	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)
<b>Closing balance</b>	<b>13,416,295</b>	<b>151,373,064</b>	<b>293,566,942</b>	<b>458,356,301</b>

Below is the summarised financial information for each subgroup that has non-controlling interests that are material to the Group as at

# Notes to the Consolidated Financial Statements

## 14 Non-controlling interests (continued)

31 December 2023. The amounts disclosed for each subgroup are before inter-company eliminations.

### Summarised balance sheet

31 December 2023	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Total
	€	€	€	€
Non-current assets	35,800,000	433,830,000	2,832,056,488	3,301,686,488
Current assets	2,220,868	27,503,410	157,890,894	187,615,172
Current liabilities	215,042	8,992,305	66,840,219	76,047,566
Net current assets	37,805,826	452,341,105	2,923,107,163	3,413,254,094
Non-current liabilities	-	-	2,181,746,496	2,181,746,496
<b>Net assets</b>	<b>37,805,826</b>	<b>452,341,105</b>	<b>741,360,667</b>	<b>1,231,507,598</b>
<b>Accumulated non-controlling interests</b>	<b>12,412,212</b>	<b>144,527,530</b>	<b>258,043,225</b>	<b>414,982,967</b>

### Summarised statement of comprehensive income

31 December 2023	LOG Italy Fund REIF	Alpha Log Fund	OneLog Invest (Lux) S.à r.l.	Total
	€	€	€	€
<b>Revenue</b>	<b>2,043,277</b>	<b>18,700,348</b>	<b>137,771,452</b>	<b>158,515,077</b>
<b>Loss for the year</b>	<b>(1,459,042)</b>	<b>(17,282,321)</b>	<b>(115,511,982)</b>	<b>(134,253,345)</b>
<b>Total comprehensive income</b>	<b>(1,459,042)</b>	<b>(17,282,321)</b>	<b>(115,511,982)</b>	<b>(134,253,345)</b>
<b>Total profit/(loss) allocated to non-controlling interest</b>	<b>(467,179)</b>	<b>(5,538,905)</b>	<b>(33,842,399)</b>	<b>(39,848,483)</b>

Below is the summarised financial information for each subgroup that has non-controlling interests that were 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
<b>Net assets</b>	<b>40,941,652</b>	<b>473,565,528</b>	<b>856,307,744</b>	<b>1,370,814,924</b>
<b>Accumulated non-controlling interests</b>	<b>13,416,295</b>	<b>151,373,064</b>	<b>293,566,942</b>	<b>458,356,301</b>

# Notes to the Consolidated Financial Statements

## 14 Non-controlling interests (continued)

### 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
Loss for the year	(2,630,961)	(23,684,518)	(228,739,145)	(255,054,624)
<b>Total comprehensive income</b>	<b>(2,630,961)</b>	<b>(23,684,518)</b>	<b>(228,739,145)</b>	<b>(255,054,624)</b>
<b>Total profit/(loss) allocated to non-controlling interest</b>	<b>(842,423)</b>	<b>(7,556,567)</b>	<b>(74,275,635)</b>	<b>(82,674,625)</b>

## 15 Acquisitions and disposals of subsidiaries

### a. Acquisitions of subsidiaries

During the year ended 31 December 2023, the Group did not make any acquisitions of new 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, Quicksilver Logistics Propco 1 S.à r.l., Quicksilver Logistics Propco 2 S.à r.l., Quicksilver Logistics Propco 3 S.à r.l., Quicksilver Logistics Propco 4 S.à r.l., Quicksilver Logistics Propco 5 S.à r.l., Quicksilver Logistics Propco 7 limited and Quicksilver 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 Development located in France (together names as "Virtuo entities"). Virtuo entities hold 4 development project located in France. Purchase price paid for 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)
<b>Total purchase consideration</b>	<b>60,543,882</b>	<b>260,697,093</b>	<b>451,621</b>	<b>39,123,179</b>	<b>98,375,184</b>	<b>112,247,575</b>	<b>571,438,534</b>
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)

### b. Disposals of subsidiaries

On 23 November 2023, the Group disposed of 100% of the share capital of OneLog Hedensted ApS. The assets and liabilities of OneLog Hedensted ApS derecognised in the consolidated statements of financial position on the date of sale during 2023 were:

	OneLog Hedensted ApS
	€
Investment property (see Note 5)	13,850,719
Cash and cash equivalents	3,057
Borrowings (see Note 12)	(10,741,320)
Other receivables	110,765
Deferred income	(64,029)
Tax payable	(72,543)
Other payables	(165,088)
Deferred tax liabilities	-
Net assets of subsidiary sold	2,921,561
Add: loss on sale of subsidiary	(1,077,353)
Sale price of the shares	1,844,208
Borrowings repayment	10,741,320
<b>Consideration receivable on sale of subsidiary</b>	<b>12,585,528</b>

#### Breakdown of the net loss on sale of subsidiary presented in statement of comprehensive are as follows:

Realised loss on disposal of investment property arising from sale of subsidiary (see Note 5)	(402,437)
Loss on sale of subsidiary (see above)	(1,077,353)
<b>Net loss on sale of subsidiary</b>	<b>(1,479,790)</b>

# Notes to the Consolidated Financial Statements

## 15 Acquisitions and disposals of subsidiaries (continued)

### b. Disposals of subsidiaries (continued)

On 30 December 2022, the Group disposed of 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
<b>Consideration receivable on sale of subsidiary (see Note 6)</b>	<b>85,948,999</b>

### Breakdown of the net loss on sale of subsidiary 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
<b>Net loss on sale of subsidiary</b>	<b>(9,216,186)</b>

## 16 Redeemable shares

As at 31 December 2023, the Fund has issued two classes of shares:

- Class A shares, with par value of €100,
- Class C Shares, with par value of €100.

As at 31 December 2023, the Fund had an issued and fully paid up share capital of €97,528,000 (2022: €80,311,300).

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

# 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:

	Assets			Liabilities			Net
	Current	Non-current	Total	Current	Non-current	Total	
	€	€	€	€	€	€	€
<b>As at 31 December 2023</b>							
Currency forward contracts	2,742,785	-	2,742,785	(8,948,039)	-	(8,948,039)	(6,205,254)
<b>Current</b>	<b>2,742,785</b>	<b>-</b>	<b>2,742,785</b>	<b>(8,948,039)</b>	<b>-</b>	<b>(8,948,039)</b>	<b>(6,205,254)</b>
<b>As at 31 December 2022</b>							
Currency forward contracts	41,448,394	-	41,448,394	(82,134)	-	(82,134)	41,366,260
<b>Current</b>	<b>41,448,394</b>	<b>-</b>	<b>41,448,394</b>	<b>(82,134)</b>	<b>-</b>	<b>(82,134)</b>	<b>41,366,260</b>

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

The currency forward contracts held at 31 December 2023 are due to mature in March 2024 (31 December 2022: January 2023, March 2023 and May 2023).

The fair values and nominal values (by currency) of derivative instruments are set out below:

	Nominal value (in local currency)				Assets	Liabilities	Net
	GBP	SEK	NOK	DKK			
	€	€	€	€	€	€	€
<b>As at 31 December 2023</b>							
<b>Derivatives at fair value through profit or loss</b>							
Currency forward contracts	438,725,000	4,212,763,240	892,019,964	507,579,363	2,742,785	(8,948,039)	(6,205,254)
<b>Total derivatives at fair value through profit or loss</b>	<b>438,725,000</b>	<b>4,212,763,240</b>	<b>892,019,964</b>	<b>507,579,363</b>	<b>2,742,785</b>	<b>(8,948,039)</b>	<b>(6,205,254)</b>
<b>As at 31 December 2022</b>							
<b>Derivatives at fair value through profit or loss</b>							
Currency forward contracts	582,950,000	5,791,080,428	1,118,886,292	588,604,830	41,448,394	(82,134)	41,366,260
<b>Total derivatives at fair value through profit or loss</b>	<b>582,950,000</b>	<b>5,791,080,428</b>	<b>1,118,886,292</b>	<b>588,604,830</b>	<b>41,448,394</b>	<b>(82,134)</b>	<b>41,366,260</b>

# Notes to the Consolidated Financial Statements

## 17 Derivatives at fair value through profit or loss (continued)

The table below shows realised foreign exchange gain and loss on derivative contracts as at 31 December 2023 and 31 December 2022:

	31 December 2023	31 December 2022
	€	€
Realised foreign exchange gain on derivative contracts	34,663,852	14,083,111
Realised foreign exchange loss on derivative contracts	-	(18,965)
<b>Net realised foreign exchange gain on derivative contracts</b>	<b>34,663,852</b>	<b>14,064,146</b>

The table below shows unrealised foreign exchange gain on derivative contracts as at 31 December 2023 and 31 December 2022:

	31 December 2023	31 December 2022
	€	€
Unrealised foreign exchange gain on derivative contracts	-	39,216,583.01
Unrealised foreign exchange loss on derivative contracts	(47,571,515)	-
<b>Net unrealised foreign exchange gain on derivative contracts</b>	<b>(47,571,515)</b>	<b>39,216,583</b>

## 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 2023	Accrual 31 December 2023	Charge for the year ended 31 December 2022	Accrual 31 December 2022
	€	€	€	€
Taxation expense	15,192,268	10,551,787	36,209,902	23,441,294
Deferred taxation	(12,293,142)	120,332,080	(36,753,746)	132,625,222
<b>Total taxation</b>	<b>2,899,126</b>	<b>130,883,867</b>	<b>(543,844)</b>	<b>156,066,516</b>

\* The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average of 24.03% tax rate on the applicable profits of the consolidated companies as follows:

	31 December 2023	31 December 2022
	€	€
Profit before tax	(174,328,802)	(438,556,211)
Theoretical tax rate	24.03%	24.33%
Theoretical tax expense	(41,891,211)	(106,700,726)
Income not subject to taxes	(11,777,590)	(12,961,368)
Expenses not deductible	1,007,288	17,488,606
Income taxes not recognised	63,979,879	126,851,899
Effect of different foreign tax rate	(26,510,634)	(60,888,313)
<b>Taxation expense</b>	<b>(15,192,268)</b>	<b>(36,209,902)</b>

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.



# Notes to the Consolidated Financial Statements

## 18 Taxation (continued)

Deferred tax liabilities	31 December 2023	31 December 2022
	€	€
The balance comprises temporary timing differences attributable to:		
Fair value of investment properties	120,332,080	132,625,222
<b>Total deferred tax liabilities</b>	<b>120,332,080</b>	<b>132,625,222</b>

Movements	2023	2022
	€	€
Balance as at 1 January	132,625,222	169,378,968
Charged/(credited) to profit or loss (continued operations)	(12,293,142)	(36,753,746)
<b>Balance as at 31 December</b>	<b>120,332,080</b>	<b>132,625,222</b>

As at 31 December 2023, there is €271,248,992 (2022: €229,339,035) of negative temporary difference on investment properties for which potential deferred tax assets of €61,950,637 (2022: €54,870,105) have not been recognised in the balance sheet.

## 19 Deferred income

	31 December 2023	31 December 2022
	€	€
Deferred income	10,754,938	15,256,390

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

## 20 Commitments and contingent liabilities

As at 31 December 2023, the total commitment of the investors in the Fund amounts to €3,152,448,307 (2022: €3,147,448,307). As at 31 December 2023, €27,888,940 (2022: €597,688,940) has not yet been called.

The Fund had no commitments to third parties (2022: Nil).

# Notes to the Consolidated Financial Statements

## 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 year ended 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
	€	€
Total rental income	242,647,025	198,267,992
Operating (loss)/profit	(107,431,108)	(314,701,714)
Net (loss)/gain from fair value adjustment on investment property	(265,330,722)	(521,454,363)
<b>Not included in operating profit:</b>		
Finance income	16,540,369	362,777
Finance expense	(83,438,064)	(124,217,274)
Taxation expense	(2,899,125)	543,844
Total assets	5,232,654,789	5,570,271,059
Total liabilities (excluding NAV)	3,879,282,726	3,939,628,512
Net asset value (IFRS)	938,389,096	1,172,286,246

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 2023 and 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.

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)
<b>Net assets of disposal group classified as non-current assets held for sale</b>	<b>160,352,083</b>
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)
<b>Proceeds from sale/net inflow of cash and cash equivalents on sale</b>	<b>176,909,260</b>
<b>Gain on sale of non-current assets held for sale</b>	<b>16,557,177</b>
<b>Results of operations of disposal group reclassified to gain on sale of disposal group</b>	<b>15,266,448</b>
<b>Net gain on sale of non-current assets held for sale</b>	<b>31,823,625</b>

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 2023	Effective ownership percentage 31 December 2022	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	67.98%	67.98%	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
Log Nisa SCI	France	Subsidiary	99.90%	0.00%	Full consolidation
Log YAS SCI	France	Subsidiary	99.90%	0.00%	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
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%	67.98%	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 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
Vanilla 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 2023	Effective ownership percentage 31 December 2022	Consolidation method
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%	67.98%	Full consolidation
One North SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
OneLazza SCI	France	Subsidiary	67.98%	67.98%	Full consolidation
SCI Virtuo Chateaudun	France	Subsidiary	66.62%	66.62%	Full consolidation
SCI Virtuo Chevroliere	France	Subsidiary	66.62%	66.62%	Full consolidation
SCI VAL Developpement	France	Subsidiary	66.62%	66.62%	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 Castelnau	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 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	0.00%	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%	67.98%	Full consolidation
OneLog NL Veghel B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
Onelog NL Zoetermeer B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneLog NL Alphen B.V.	Netherlands	Subsidiary	67.98%	67.98%	Full consolidation
OneStoko 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
SPA San Salvo	Italy	Subsidiary	67.98%	67.98%	Full consolidation
Logistica Bentivoglio SPA	Italy	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 2023	Effective ownership percentage 31 December 2022	Consolidation method
OneSiena S.r.l.	Italy	Subsidiary	67.98%	67.98%	Full consolidation
OneBologna S.r.l.	Italy	Subsidiary	67.98%	67.98%	Full consolidation
OneCuneo S.r.l.	Italy	Subsidiary	67.98%	67.98%	Full consolidation
PrismItaly S.à r.l.	Luxembourg	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Treasury S.à r.l.	Luxembourg	Subsidiary	0.00%	67.98%	Full consolidation
Angers Marly Logistics Investments SCI	France	Subsidiary	99.99%	99.99%	Full consolidation
FOS Distriport Logistics Investments SCI	France	Subsidiary	99.99%	99.99%	Full consolidation
Meaux Vert St Denis Logistics Investments SCI	France	Subsidiary	99.99%	99.99%	Full consolidation
St Georges Esp. Logistics Investments SCI	France	Subsidiary	99.99%	99.99%	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	67.98%	67.98%	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	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%	67.98%	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%	67.98%	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 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 2 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 3 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 4 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 5 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 7 Limited	United Kingdom	Subsidiary	100.00%	100.00%	Full consolidation
Quicksilver Logistics Propco 9 S.à r.l.	Luxembourg	Subsidiary	100.00%	100.00%	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
OneLog Keskinäinen Kiinteistö Oy Manttaalitie 5 7	Finland	Subsidiary	0.00%	67.98%	Full consolidation
OneLog Kiinteistö Oy Hämeenlinnan Taipaleentie 6	Finland	Subsidiary	0.00%	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

# 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 2023	Effective ownership percentage 31 December 2022	Consolidation method
OneLog Invest Denmark K/S	Denmark	Subsidiary	0.00%	67.98%	Full consolidation
OneLog Kolding ApS	Denmark	Subsidiary	67.98%	67.98%	Full consolidation
OneLog Hedensted ApS	Denmark	Subsidiary	0.00%	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%	67.98%	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%	67.98%	Full consolidation
OneLog Sweden 9 AB	Sweden	Subsidiary	67.98%	67.98%	Full consolidation
DeuxLog Sweden AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
DeuxLog Logistics Holding AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
DeuxLog Eskilstuna 1 AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
DeuxLog Stockholm 1 AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
DeuxLog Stockholm 2 AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
DeuxLog Landskrona 1 AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
DeuxLog Helsingborg 1 AB	Sweden	Subsidiary	100.00%	100.00%	Full consolidation
ALEM Finland Oy	Finland	Subsidiary	100.00%	100.00%	Full consolidation
ALEM Karhuntassuntie 3 Oy	Finland	Subsidiary	100.00%	100.00%	Full consolidation
Koy Karhuntassuntie 3	Finland	Subsidiary	100.00%	100.00%	Full consolidation
ALEM Leveämäenkuja 4 Oy	Finland	Subsidiary	100.00%	100.00%	Full consolidation
Kiinteistö Oy Leveämäenkuja 4	Finland	Subsidiary	100.00%	100.00%	Full consolidation

# Notes to the Consolidated Financial Statements

## 24 Significant events

The deterioration of macroeconomic conditions and economic prospects continued over the 2023 financial year, particularly through an inflationary context and an increase in interest rates. These elements were taken into account in the judgments and estimates established by management for the preparation of the accounts closed on 31 December 2023.

## 25 Subsequent events

### External financing

On 15 January 2024, the Fund repaid the €5,000,000 drawdown made on the HSBC facility and dated 13 December 2023.

### Capital activity

The IFL balance of €39.1m resulting from (i) the capital call made by the Fund to ALEF Holding S.C.A. in Q4 2023 for €30.0m and (ii) from the dividend reinvestment program applied by ALEF Holding S.C.A. for €9.1m in Q4 2023 as well, has been subsequently converted into equity and interest-bearing loans in Q1 2024, in compliance with the Fund documentation.

The Fund received in 2023 two redemptions requests: a first one validated during Q3 2023 and a second one validated during Q4 2023. On 22 March 2024, the first redemption request amounting to €7,738,857.29 was repaid to ALEF Holding S.C.A. and took the form of a partial capital repayment for €246,800, representing 2,468 class A limited shares, with a share premium of €2,445,002.01, and of a partial repayment of principal on shareholder loan for €5,047,055.28. The outstanding redemption request will be repaid in the course of 2024.

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



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## **Unaudited appendices**

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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 S.C.A. (the “Financial Product” or the “Fund”)

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

Yes

It made **sustainable investments 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

It made **sustainable investments with a social objective**: \_\_\_%

No

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 47% of sustainable investments

with an environmental objective in economic activities that 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 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 legal documentation of the Financial Product.*

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

*The environmental characteristics promoted by the Financial Product consist in investing in a minimum of assets considering the ESG Scoring Process described in the legal documentation of the Financial Product, based on a proprietary methodology. The Financial Product invests in and manages real estate assets aiming at reducing the carbon footprint of such assets and/or having a positive impact on the environment.*



**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.

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

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

● **How did the sustainability indicators perform?**

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

The indicators below are based on latest available data, as from 31 December 2023.

Sustainability indicator <sup>1</sup>	Value	Unit
Proportion in the Financial Product's portfolio of the Investments having an Investment ESG Score equal or greater than [1.4] according to the of ESG Scoring Process	100	Percentage
Global Investment ESG Score average of the Financial Product's portfolio	6.58	Score out of 10
Proportion of certified assets as % of AuM <sup>2</sup>	67.78	Percentage
Proportion of utility data coverage as % of AuM <sup>3</sup>	98.69	Percentage
Relative carbon emissions (scope 1 and 2) (per square meter of area) <sup>4</sup>	4.9027	kgCO <sub>2</sub> eq / sqm
Proportion of assets with EPC performance level A or B as % of AuM	65.27	Percentage
GRESB Score: Standing assets	90	Score out of 100
GRESB Score: Development assets	99	Score out of 100

<sup>1</sup> Indicators 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).

<sup>2</sup> Calculates the proportion of assets being certified by at least one ESG certification among the list provided in the GRESB reference guide.

<sup>3</sup> An asset is included in the data coverage only if it has 'complete' actual data for all utilities and has been owned during the full year of reporting. Data is considered as 'complete' if coverage in time and surface is above 90%.

<sup>4</sup> Only asset with 'complete' scope 1 and 2 data have been included in the calculation of the indicator.

● **...and compared to previous periods?**

Sustainability indicator <sup>5</sup>	Value for N-1 <sup>6</sup>	Value for N	Unit
Proportion in the Financial Product's portfolio of the Investments having an Investment ESG Score equal or greater than [1.4] according to the of ESG Scoring Process	100	100	Percentage
Global Investment ESG Score average of the Financial Product's portfolio	6.32	6.58	Score out of 10
Proportion of certified assets as % of AuM <sup>7</sup>	72.88	67.78	Percentage
Proportion of utility data coverage as % of AuM <sup>8</sup>	100	98.69	Percentage
Relative carbon emissions (scope 1 and 2) (per square meter of area) <sup>9</sup>	6.0844	4.9027	kgCO <sub>2</sub> eq / sqm
Proportion of assets with EPC performance level A or B as % of AuM	57.36	65.27	Percentage
GRESB Score: Standing assets	85	90	Score out of 100
GRESB Score: Development assets	95	99	Score out of 100

● **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 objective pursued by the sustainable investments that the Financial Product partially made during the reference period was contributing to climate change mitigation.*

*The sustainable investments made by the Financial Product contributed to such objectives through the following dimensions:*

- 1. The Energy Performance Certificate ("EPC") of the asset should be be A or B. The EPC is a European standard, serving as a benchmark to assess the energy efficiency of assets. [To extend the applicability of the definition beyond European countries and/or countries which does not apply such standard, our approach involves incorporating such countries into our analysis by referencing to an equivalence table for energy ratings based on EPC.<sup>10</sup>]*

<sup>5</sup> Indicators 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).

<sup>6</sup> Some figures may have been slightly adjusted compared to the initial publication.

<sup>7</sup> Calculates the proportion of assets being certified by at least one ESG certification among the list provided in the GRESB reference guide.

<sup>8</sup> An asset is included in the data coverage only if it has 'complete' actual data for all utilities and has been owned during the full year of reporting. Data is considered as 'complete' if coverage in time and surface is above 90%.

<sup>9</sup> Only asset with 'complete' scope 1 and 2 data have been included in the calculation of the indicator.

<sup>10</sup> For non residential real estate asset located in Germany, the equivalence approach used is the one developed by BVI accessible here: [BVI-Verfahren zur Umrechnung von Energieausweisen \(bvi-amk.net\)](https://www.bvi-amk.net)

2. *Additional criteria:*

- a. *The asset should be certified by an independent third party. Sustainability certifications accepted by the GRESB (Global Real Estate Sustainability Benchmark), which is a widely recognized body by the real estate investors community, are considered as applicable for this criteria<sup>11</sup>. The certification must be valid during the reporting period to be accepted; or*
- b. *The asset is a residential real estate asset; or*
- c. *The asset is a healthcare real estate asset.*

3. *We exclude asset being exposed to fossil fuel<sup>12</sup>, the exposure to fossil fuels in real estate assets being defined as the share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels.*

***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 has ensured the sustainable investments that it has partially made did not cause significant harm to any environmental or social sustainable investment objective through:*

- (i) *the application of AXA IM sectorial exclusion policies and AXA IM ESG standards as described in the legal documentation of the Financial Product,*
- (ii) *the exclusion of asset exposed to fossil fuel as described above,*
- (iii) *the exclusion of energy inefficient real estate assets, as defined by Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022, and*
- (iv) *the consideration and reporting of indicators for adverse impacts on sustainability factors as described below.*

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

*The indicators for adverse impact were taken into account as described under section “How did this financial product consider principal adverse impacts on sustainability factors?”*

<sup>11</sup> Such certifications includes notably BREEAM, LEED, DGNB, HQE etc.

<sup>12</sup> As of today, our data management system (DWH) only identifies the “main” use of an asset. Meaning that if an asset hosts different activities, only the main activity will be reflected. Due to this limitation, for now we can only identify assets whose main activity is the storage/sale of fossil fuels (e.g. petrol stations) but we can not identify assets that would host a secondary activity related to fossil fuel (e.g. petrol station in a shopping center, fossil fuel storage in a logistics asset, etc). Nonetheless, such secondary activity related to fossil fuel is expected to represent a marginal share of the investment.

**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.

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

*As part of its ESG standards policy, the Investment Manager avoids investing in companies which cause, contribute or are linked to violations of international norms and standards in a material manner, focusing in particular on UN Global Compact Principles, International Labor Organization (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Those standards notably focus on Human Rights, Society, Labor and Environment.*

*The Investment Manager also assesses the good practices of the investee companies through the application of the AXA IM exclusions to direct investment.*

*The Fund acquires or incorporates companies holding ultimately real estate assets. Due diligence (including KYC checks, UNGC breach exclusion) are performed before investing and good governance safeguards (including exclusion and ban list) resulting from the AXA IM exclusions are applied.*

*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?**

*Reporting on certain principal adverse impact (“PAI”) indicators may be limited or may reflect reporting periods prior to 2023 due to data availability. Not all companies and counterparties currently report on all sustainability factors. AXA IM Alts may rely 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). AXA IM Alts 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 legal documentation, during the reporting period.*

(i) The qualitative approach to considering PAIs is based on exclusion policies that were followed throughout the reporting period<sup>13</sup>.

(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 indicators below are based on latest available data, as from 31 December 2023.

Principal Adverse Impact indicator <sup>14</sup>	Value	Unit	Coverage Rate (%)
Exposure to fossil fuels through real estate through real estate assets	0.00	Percentage	76.70
Exposure to energy-inefficient real estate assets <sup>15</sup>	28.06	Percentage	91.60
Total Greenhouse Gas Emissions Scope 1	839.69	tonsCO2eq / sqm	93.16
Total Greenhouse Gas Emissions Scope 2	873.00	tonsCO2eq / sqm	100
Total Greenhouse Gas Emissions Scope 3	23,492.29	tonsCO2eq / sqm	74.05
Total Greenhouse Gas Emissions (scope 1, 2 and 3)	25,204.98	tonsCO2eq / sqm	80.23



## What were the top investments of this financial product?

Largest investments <sup>16</sup>	Sector	% Assets	Country
Nuneaton	Logistics	3,2%	United
Koblenz	Logistics	2,9%	Germany
Graben I	Logistics	2,7%	Germany
Saint-Georges-Bremen 2	Logistics	2,3%	France
Borås Solskenet 3	Logistics	1,8%	Sweden
Philippsburg	Logistics	1,7%	Germany
Port-Saint-Louis-Lille	Logistics	1,7%	France
Lille	Logistics	1,7%	France
HelloWorld	Logistics	1,6%	Netherlands

<sup>13</sup> Exclusion policies have specific limitations of application on alternative investments.

<sup>14</sup> Exclusions policies have specific limitations of application on alternative investments.

<sup>15</sup> Share of AuM investments in real estate assets for which Energy Rating Equivalent is different than "EU - EPC A" or "EU - EPC B". Non-european assets are excluded as well as German non-residential assets.

<sup>16</sup> Unaudited AXA IM data as of December 31<sup>st</sup>,2023

The list includes the 10 investments constituting the **greatest proportion of investments** of the financial product during the reference period which is the financial year ending December 31, 2023:

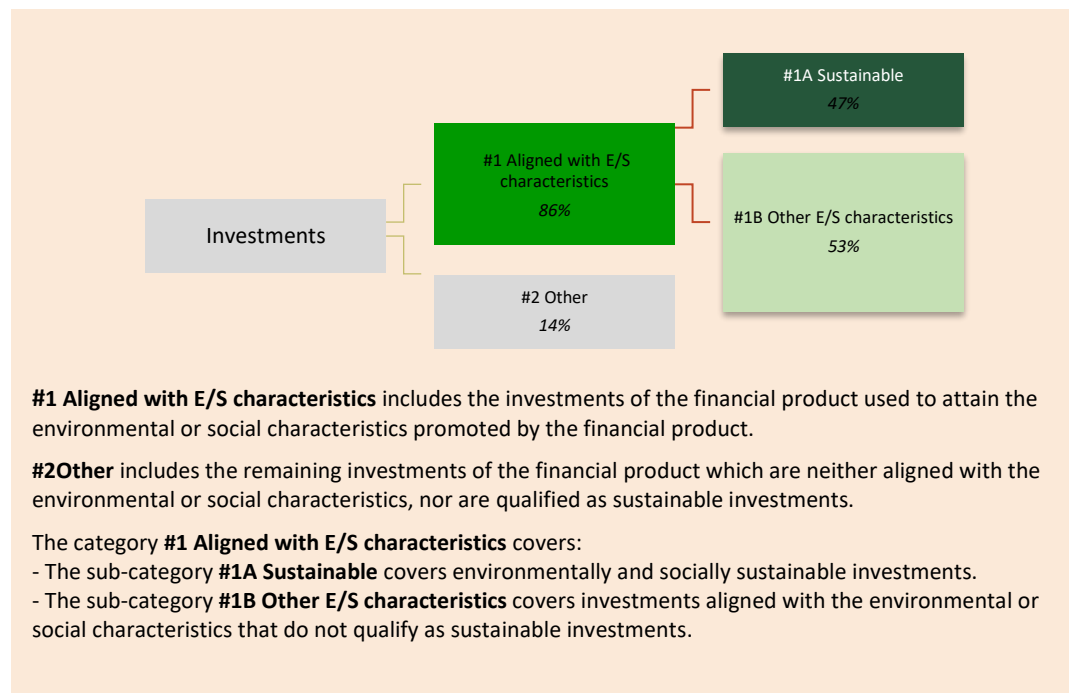


## What was the proportion of sustainability-related investments?

### ● What was the asset allocation?

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

The asset allocation below is based on latest available data, as of 31 December 2023.



**#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.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- 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 2023, the asset allocation was as follow:

86% of the gross asset value of the Financial Product was #1 Aligned with E/S characteristics, as follows:

- 47% of the gross asset value of the Financial Product was #1A Sustainable - Other environmental
- 53% of the gross asset value of the Financial Product was #1B Other E/S characteristics

14% of the gross asset value of the Financial was composed by #2 Other assets.

Category #1A "Sustainable" is described under question "What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?".

Category #1B "Other 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?".

**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.



● ***In which economic sectors were the investments made?***

*Investments were made in the construction and real estate sectors.*



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

*The Financial Product 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.

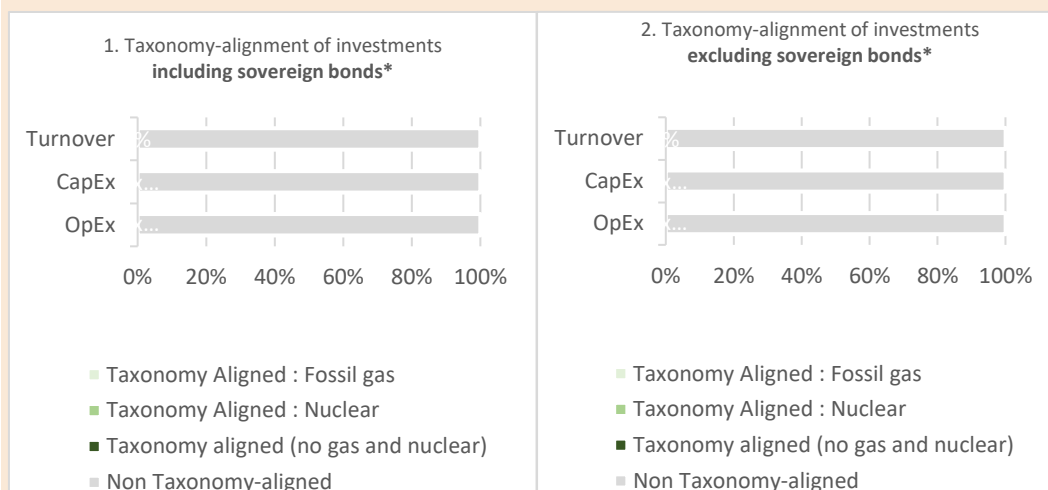
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

● **Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>17</sup>?**

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 Financial Product did not take into account the EU Taxonomy's environmental objectives criteria.

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

Not applicable

<sup>17</sup> 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.



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 Financial Product did not take into account the EU Taxonomy's environmental objectives criteria.*



### **What was the share of socially sustainable investments?**

*The share of socially sustainable investments was 0% of the the Financial Product 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 the legal documentation of the Financial Product (being specified that any money market instrument/fund qualified as article 8 SFDR shall be included under #1B Other E/S characteristics);*
- *Derivatives used in accordance with the legal documentation of the Financial Product; and*
- *Other instruments eligible to the Fund and that are not covered by the ESG Scoring Process mentioned above, 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 2023, the AIFM has continued to deploy its responsible investment strategy which focuses on three key pillars (Decarbonisation, Resilience, and Building Tomorrow) with the aim to improve the social and environmental characteristics of its real estate assets.*

*Annual ESG performance assessment has been run as every year, using our proprietary methodology and covered 100% of eligible AUM. This assessment is aligned with key market frameworks (certification, GRESB, CRREM, regulation...) and provide every year a view at each property's ESG performance. A benchmark is provided to help asset manager compare performance to internal peer group and identify key area for improvement to be included in the asset strategy. This rating is regularly updated to take into account market evolution, hence scoring is not fully comparable year on year. In 2023, the rating of the Fund reached 6.58 (out of 10), reflecting on the ongoing deployment of sustainable and well-being measures throughout the Operating Portfolio and the contribution of the development activity fast tracking the realisation of our ESG ambitions.*

*With the aim to accelerate the decarbonisation of the assets, the AIFM continued deploying energy audits. In 2023, 11 assets which represent 7% of eligible AuM of AXA Logistics Europe Master S.C.A. have undergone an energy audit thus allowing to reach 45% of eligible AuM with an energy audit of less than 3 years old. These energy audits 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. In addition, key energy efficiency measures are being deployed on the assets. At year end 2023, 87% of eligible AUM was equipped with LED lighthing, 57% with motion sensors and 53% with real time adjustment sensors.*

*The AIFM has also pursued its efforts in terms of certification for its real estate assets, with the objective to obtain highest certification level possible. This approach ensures that responsible asset management practices are put in place in line with market frameworks, to maximise properties ESG performance. By the end of 2023, 67.78% of eligible AuM (excluding XX) had a sustainable development certification (e.g. BREEAM IN USE. HQE. LEED...), an increase of +100 bps compared to 2021. 35% of these certified assets have obtained a certification level of at least very good or equivalent.*

*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. Since 2022, we integrate an ESG clause (green lease) as standard to new contracts or contract renewal to maximise the sharing of consumption data from tenants and agree on ESG targets and monitoring for the building. In addition, since 2021, a large-scale satisfaction survey is carried out every year among our building's tenants through their property managers. The aim is to establish an ongoing dialogue with our tenants by monitoring their views and integrating their feedback into our asset level actions plans. The output of the survey is considered in the ESG strategy of the asset and the wider portfolio.*



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

*Not applicable*

- **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*

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

## **Appendix to periodic reports for products covered by Art.29 LEC**

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 ESG features that are described in the Appendix pursuant to the Regulation (EU) 2019/2088 (“Sustainable Finance Disclosure Regulation” – or SFDR) of the Fund’s annual report.

### **AXA IM Climate strategy**

As a founding investor of the [Net Zero Asset Managers \(NZAM\) initiative](#) launched in December 2020, AXA IM is committed to work in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emissions<sup>1</sup> 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<sup>2</sup>:**
  - o AXA IM published its first net zero target in October 2021, as part of the first NZAM progress report<sup>3</sup>. This target was subsequently revised in April 2022<sup>4</sup>, and covers 65% of AXA IM total AUM at end of 2022<sup>5</sup>.
  - o Specific Net zero frameworks for Listed Corporates (Fixed Income and Listed Equity), Sovereigns, and directly managed Real Estate asset classes which follows industry standards<sup>6</sup> considering internal and external information have been set and allow to determine the Net zero profile of our investments.
- **Stewardship<sup>7</sup>:**
  - o Engagement and continued dialogue with companies, clients and tenants are crucial to influencing the net zero trajectories. As for tenants, we target to progressively embed ESG clause in all new lease signed or renewal covering data sharing, asset certification or energy efficiency measures implementation, when possible. 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

<sup>1</sup> “Our road to net zero”, AXA Investment Managers, <https://www.axa-im.com/who-we-are/our-road-net-zero>

<sup>2</sup> 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 6. “Climate strategy” of the 2022 AXA IM Climate report.

<sup>3</sup> See NZAM 2021 progress report, December 2021: [NZAM-Progress-Report.pdf \(netzeroassetmanagers.org\)](#)

<sup>4</sup> See NZAM Initial target disclosure report, May 2022: [NZAM-Initial-Target-Disclosure-Report-May-2022-1.pdf \(netzeroassetmanagers.org\)](#)

<sup>5</sup> These objectives are not currently implemented to other alternative asset classes (i.e., Alternative credit, and Structured finance).

<sup>6</sup> 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](#) and the [Germanwatch’s Climate Change Performance Index \(CCPI\)](#).

<sup>7</sup> See AXA IM’s Stewardship & Engagement policies: [Stewardship & Engagement | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#). This policy does not apply to real estate assets.

companies in the unconventional oil & gas sector focusing in particular on tar sands, arctic and shale. More recently, since April 2023, we have tightened multiple exclusion criteria on coal, oil & gas, i) putting a stricter exclusion threshold to companies generating more than 15% of revenues from thermal coal mining and/or power generation (against 30% before), ii) excluding all companies with new coal mining or power generation projects or expansion plans, and iii) putting a stricter exclusion threshold to companies generating more than 5% of revenues from oil sands production (against 20% before). The exclusion threshold based on coal revenues is also planned to be reduced at 10% starting 2026 in OECD countries as part of our commitment to exit from coal by 2030 in OECD countries, and 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:** since 2022, the ESG reporting available for our Article 8 and Article 9 products include an enhanced climate section, detailing historic metrics (carbon intensity for scope 1 and 2 as well as upstream scope 3).

The detailed climate strategy applied by AXA IM and, by extension, by 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)<sup>8</sup>: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#)

### **AXA IM Biodiversity strategy<sup>9</sup>**

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**

We work in close collaboration with data providers, in particular Iceberg Data Lab (IDL), to support the development of biodiversity-related metrics. We currently pilot a corporate biodiversity footprint (CBF) that measures negative impact in terms of biodiversity loss associated with the pressure on biodiversity generated by corporate investees' economic activities across their value chain. The pressures relate to drivers of biodiversity loss identified by IPBES. The CBF currently covers pressures related to land use change, GHG emissions, water and air pollution. As an innovative and relatively new metric, the CBF is still evolving and is subject to planned methodological improvements such as, for example, greater coverage of pressures. Other biodiversity-related metrics are under development by IDL such as dependencies and positive impacts. We continue to be involved in such advancements.

AXA IM is working on pilot projects to test biodiversity metrics applicable to the direct real estate. In 2023, AXA IM participated to a UN pilot on TNFD (Task Force on Related-Financial Disclosure) reporting, in collaboration with AXA

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<sup>8</sup> 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 6. "Climate strategy" of the 2022 AXA IM Climate report.

<sup>9</sup> 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.

Climate. The objective was to test different methodologies that can help companies assess their biodiversity footprint. Together, we explored how our assets interact with their environments, what are the key material issues for the real estate sector and what nature-based scenarios look like. During this pilot, we focused on the first two parts of the LEAP approach: Locate and Evaluate, on a sample of circa 250 assets. While the Locate part focused on identifying assets located in water stressed and biodiversity rich areas, the Evaluate part measured our main nature-related dependencies and impacts per activity. Based on this first assessment, AXA IM plans to extend such analysis in 2024 to better understand real estate equity portfolio biodiversity impacts and better inform decision making.

### **Initiatives<sup>10</sup>**

AXA IM conducts constructive discussions on biodiversity topics with WWF, CDP, Ceres, and other external experts. In 2022, AXA IM became member of two collaborative engagement initiatives described above: the Investor Initiative on Hazardous Chemicals supported by ChemSec<sup>11</sup>; and collaborative engagement on Waste & Pollution led by FAIRR<sup>12</sup>. In 2023, we joined the Emerging Markets Investor Alliance where we are a member of the Consumer Staples working group that undertakes advocacy to support sustainable and transparent best practices in emerging markets on various topics including deforestation. Moreover, we are a part of Nature Action 100 (NA100), a key initiative expected to raise global biodiversity momentum even higher. NA100 was operationally launched in September 2023. AXA IM was a member of the launching investor group, and is currently a member of the steering group. NA100 seeks to engage companies in key sectors deemed to be systemically important in reversing nature and biodiversity loss by 2030. AXA IM also continues to participate actively in the sector-leading initiatives by the Finance for Biodiversity Foundation<sup>13</sup>, the organisation behind the Finance for Biodiversity Pledge<sup>14</sup>.

In November 2023, AXA IM participated to a roundtable organised by the ULI Greenprint programme, to exchange with peers on biodiversity measurement and reporting approach for real estate. In addition, direct real estate ESG rating proprietary methodology was updated to further integrate biodiversity in the assessment. Since 2021, a biodiversity criteria inspired from certification approach was introduced as a test (not rated). Using feedback from this pilot, we intend to introduce 2 new questions (with a total weighting of 4%) in the assessment end 2023. As from 2023 assessment, all buildings should be assessed on the two following aspects: if a biodiversity assessment was conducted and which biodiversity measures have been deployed.

The detailed biodiversity strategy applied by AXA IM and, by extension, by 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)<sup>15</sup>: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#)

As such, it should be noted that AXA IM has not yet set any 2030 quantitative target for biodiversity as requested by the implementation decree of Article 29 of the LEC, as market-based guidance for setting targets aligned with the aims of the Global Biodiversity Framework remain under development, and we still lack related market-based methodological developments to measure the alignment of investment strategies with the global mid- and long-term goals.

### **AXA IM management of ESG-related financial risks**

AXA IM uses an approach to manage ESG-related financial risks (or “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:

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<sup>10</sup> While these initiatives are being implemented at AXA IM level globally, it should be noted that they have inherent limitations for certain asset classes

<sup>11</sup> See press release: [Investors with \\$8 trillion call for phase-out of dangerous “forever chemicals” – ChemSec](#)

<sup>12</sup> See: [Biodiversity Loss from Waste & Pollution - FAIRR](#)

<sup>13</sup> AXA IM chairs the Finance for Biodiversity Foundation's Biodiversity Impact Metrics working group and actively participates in the Engagement working group.

<sup>14</sup> Finance for Biodiversity Pledge: <https://www.financeforbiodiversity.org/signatories/>

<sup>15</sup> This includes the funds where a specific biodiversity strategy is applied, and the related impact measurement: see sections 7. “Biodiversity strategy” and 7.3 “Introducing biodiversity-specific indicators” of the 2022 AXA IM Climate report.



- **Sectoral and normative exclusions policies** covering E, S and G factors:
  - o **Environmental – E** : 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 soft commodities (food commodities derivatives);
  - o **Social – S** : health (tobacco producers), labor, society and human rights (violations of international norms and standards<sup>16</sup>; controversial weapons manufacturing; white phosphorus weapons producers; exclusion of investments in securities issued by countries where serious violations of Human rights are observed);
  - o **Governance – G**: business ethics (severe controversies, violations of international norms and standards), corruption (severe controversies, violations of international norms and standards).]

Investors should note that exclusion policies have limited application for real estate assets.

- **ESG scoring methodologies:**
  - o AXA IM has implemented scoring methodologies to rate issuers and real assets on ESG criteria.
  - o 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 asset class (residential, office, hotel, etc.).
  - o 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.
  - o AXA IM intends to bring minor updates to the rating methodology, to continue adapting it to leverage on ESG benchmark data improved maturity and availability, improve relevance of some answers to better adapt to market requirements evolution, better address non-EU countries specificities and optimize the process through greater automation.
  - o 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<sup>17</sup>:** 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

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<sup>16</sup> UN’s Global Compact Principles, International Labor Organization’s (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).

<sup>17</sup> See AXA IM’s Stewardship & Engagement policies: [Stewardship & Engagement | Responsible Investing | AXA IM Corporate \(axa-im.com\)](#). This policy does not apply to real estate assets.

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, by extension, by 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)<sup>18</sup>: [Policies and reports | AXA IM Corporate \(axa-im.com\)](#)

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<sup>18</sup> 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 8. "Risk management" and 6.5 "Climate dashboard" of the 2022 AXA IM Climate report.