



# Annual Report

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CBRE Global Investors Open-Ended Funds S.C.A.  
SICAV-SIF - Pan European Core Fund

# 2022



# Important information

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# Annual Report 2022

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CBRE Global Investors  
Open-Ended Funds S.C.A.  
SICAV-SIF - Pan European  
Core Fund

# Executive report

## To our shareholders

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This report provides an overview of the activities of the CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF, which is composed of the sub-fund CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF Pan European Core Fund, referred to herein as the "PEC Fund" or "Fund", for the year ended 31 December 2022.

The Fund is comprised of its Luxembourg subsidiary PEC Holdings S.à r.l. (referred to as "Holdco"), its direct and indirect subsidiaries, PEC OPPCI SPPPICAV (referred to as "OPPCI") and PEC Italy SICAF S.p.A. (referred to as the "Italian SICAF"). The financial report comprises the audited consolidated financial statements of the Fund for the year ended 31 December 2022.

The economic climate saw significant disruption in 2022; elevated inflation, rising interest rates and the associated deterioration in the equity and bond markets. Asset valuations reacted naturally to this increase in the cost of debt and 10-year bond rates with the result that all sectors valuations moved over the last two quarters with some sectors more effected than others.

The Fund continues to pursue its long term strategy which is designed to withstand cyclical variations in the real estate market; it is based on the following key elements:

- Focus on high quality buildings, in prime locations, that generate sustainable income and are matched with high levels of demand in the rental market,
- Investing in simple buildings that generate sustainable cashflows,
- Biased towards sectors benefiting from long term structural tailwinds while able to capture attractive buying opportunities in emerging sectors,
- Delivering economies of scale and high level of diversification by country, sector, asset, tenant and investor base,
- A clear ESG strategy,
- A flexible debt policy taking advantage of more favorable financing available to scaled products, and
- Leveraging the CBRE Investment Management and wider CBRE platform in Europe.

The Fund is in a strong position to withstand current market turbulence, a strong portfolio of assets with clear focus on its long term strategy and a cautious attitude to risk, whilst simultaneously being well positioned to take advantage of any market uncertainty and mispricing.

The Fund ended the year with the International Financial Reporting Standards as adopted by the EU ("IFRS") fair value of real estate investments of EUR 6,818 million<sup>1</sup> (2021: EUR 6,636 million). The IFRS gross asset value ("GAV") and INREV net asset value ("NAV") for year end 2022 were EUR 7,200 million (2021: EUR 6,953 million) and EUR 5,899 million (2021: EUR 5,317 million) respectively.

The Fund non-Euro exposure includes assets that are in GBP, SEK and NOK and after local currency financing, and hedges. Investor exposure to non-EUR assets at the year-end was total of 12.4% of the INREV NAV compared to 15% on 31 December 2021. The Fund level total net return for the year was -1.7% in EUR (PEPFI: -1.4%) and -1.0% in local currency. The Fund produced a rolling three-year total return of 2.5% in EUR (PEPFI: 2.5%) and 2.8% in local currency. The five-year rolling return was 4.3% in EUR (PEPFI: 4.0%) and 4.4% in local currency.<sup>2</sup>

During 2022, the Fund made 13 acquisition transactions (8 new assets and 5 extensions to current investments) for a total net purchase price of around EUR 667 million (excl acquisition costs). At the end of 2022, the sector allocation was as follows: logistics 34.4%, residential 14.1%, office 26.4%, retail 17.2%, hotel & other 2.6% and cash & others 5.3% of which 2.5% is cash (2.1% is Fund cash) and 2.8% is other non-current and current assets.

The Fund successfully disposed of two assets in 2022; a retail asset in Germany (EUR 38 million) and a partial disposal of a logistics asset in France (EUR 14 million).

With asset valuations falling, the Fund took the decision in the second half of 2022 to finance all its acquisitions from equity rather than a 50/50 debt equity split. However the long term financing strategy remains unchanged with a target Loan to value ("LTV") of 25%.

Since the issuance of two EUR 500 million Green bonds by the Fund in January 2021 (7 years at a coupon rate of 0.50%) and in October 2021 (8 years at a coupon rate of 0.90%), both interest swap rates and credit spreads have increased drastically due to the changing market environment and reduction of liquidity in the bond market. As a result fair value of the Green bonds reduced to EUR 747 million as at 31 December 2022. The Green bonds are publicly traded and the reported fair value is the mid price as shown on Refinitiv<sup>3</sup>.

The Revolving Credit Facility ("RCF") that was due to mature in September 2023 was refinanced in September 2022 with improved terms despite challenging market conditions indicating the confidence in, and relationship with, the Fund from the lenders; ABN Amro and ING.

During 2022 the weighted average cost of debt ("WACD") increased to 1.1% from 0.8% and weighted average maturity of debt ("WAMD") reduced to 4.8 years (2021: 5.5 years). The LTV decreased from 21.2% to 19.3%.

Rent collection currently stands at 98% for the year (2021: 97%).

The annual Fund Investor Meeting will take place on 13 and 14 June 2023 in Paris. The Advisor will provide a detailed update on the performance strategy and progress made in the various development and income enhancement projects.

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<sup>1</sup> EUR 6,818 million includes investment properties under construction and excludes finance leases.

<sup>2</sup> Past performance is not necessarily indicative of future results.

<sup>3</sup> Refinitiv is a global provider of financial markets data and infrastructure.



The economic fallout from Russia's invasion of Ukraine which commenced on 24 February 2022 is a substantial setback to the global economy. The toll on Ukraine is extensive, but the impact stretches far beyond Ukraine's borders. The severity of disruptions in commodity markets and to supply chains will weigh heavily on macro financial stability and growth, adding to a complicated policy environment for countries still recovering from the Covid-19 pandemic. Inflation, which has been increasing in many countries as a result of supply demand imbalances and policy support during the pandemic, is likely to remain higher for longer. Financial conditions have also tightened significantly, putting pressure on a wide range of emerging market and developing economies through higher borrowing costs and the risk of capital outflows.

We enter the new year facing an unprecedented set of challenges that will shape the real estate industry over the next twelve months. The war in Ukraine continues to have a impact, affecting global commodity markets and trade flows; an energy shock is driving inflation and a cost-of-living crisis for households across Europe; and central banks are raising rates pushing up borrowing costs and forcing a repricing of risk and return across all asset markets, including real estate. That said, inflation now looks to have peaked and as we enter this period of slow growth (or recession), there is light at the end of the tunnel. An economic recovery is anticipated to take shape in the second half of the year and the Fund will seek to take advantage of the opportunities within the markets and capitalise on any market mispricings.

# Fund fact sheet

31 December 2022

The following figures are based on the consolidated financial statements in accordance with IFRS-EU, unless otherwise indicated.

(Amounts in € '000, unless otherwise indicated)

General fund information			Key portfolio metrics		
Structure	Luxembourg SICAV SIF		Number of real estate investments	87	
Investment strategy	Core		Fair value of real estate investments <sup>4</sup>	6,817,912	
Countries of investment	Pan-European		YTD Change in fair value of real estate <sup>5</sup>	(418,342)	
Property types	Logistics, Residential, Office, Retail, Hotel & other		YTD Change in fair value of real estate (%)	(6.5%)	
Fund inception date	12 January 2010		GAV	7,200,357	
Investment end date	Open-Ended		Net initial yield	3.5%	
Fund maturity date	Perpetual life		Gross reversionary yield	4.7%	
Return objective (total net return)	8-10%		Net rentable area (sqm)	2,479,119	
Number of shareholders <sup>1</sup>	142		Occupancy (financial) <sup>6</sup>	95.4%	
Rolling total net return (last 4 quarters)	(1.7%)		Number of leases	3,778	
			Weighted average unexpired lease term (years) <sup>7</sup>	4.7	
			Weighted average cost of debt	1.1%	
Investment restrictions	Restriction %	Actual %	Fund allocation target		
% GAV invested in single largest asset	<15.0	4.1	Asset type allocation		
% GAV invested in single largest country	<30.0	28.1	Logistics	35.0	34.4
% GAV invested in development projects	<15.0	5.1	Residential	20.0	14.1
% GAV invested in single largest JV	<10.0	—	Office	25.0	26.4
% NAV represented by liquid assets <sup>2</sup>	<49.0	3.3	Retail	15.0	17.2
			Hotel & other	3.0	2.6
			Cash & other current / non-current assets <sup>2</sup>	2.0	5.3
			Geographical allocation		
			UK	15.0	12.4
			Germany	23.0	28.1
			France	20.0	14.6
			CEE	5.0	10.3
			Southern Europe	10.0	5.6
			Nordics	10.0	6.0
			Benelux	15.0	17.7
			Cash & other current / non-current assets <sup>2</sup>	2.0	5.3
			Other		
			Loan-to-value	25.0	19.3
			AIFMD leverage (gross method) <sup>8</sup>	n.a.	161.7
			AIFMD leverage (commitment method) <sup>8</sup>	n.a.	158.4

1. The number of Investors committed to the Fund is 142, which includes the GP and the I share, but some are not drawn as of 31 December 2022.
2. The cash & others figure as a percentage of IFRS GAV is broken down as 2.5% of cash (of which 2.1% is Fund cash) and 2.8% of other current and non-current assets including financial leases; the cash only figure is shown as liquid assets in the investment restrictions.
3. Fair value of real estate investments includes investment properties under construction and excludes finance leases.
4. The changes in fair value of real estate considers the effect of currency translation differences. For more detailed information, please refer to the Investment Properties table.
5. Occupancy excludes residential assets.
6. Average remaining lease term in years where the shorter of the first tenant break or the lease expiry is used, weighed by current headline rent per annum.
7. AIFMD leverage calculations are based on IFRS-EU.

# Report of the Manager

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CBRE Global Investors  
Open-Ended Funds S.C.A.  
SICAV-SIF - Pan European  
Core Fund

# Capital structure



The Fund maintained its long-term debt policy of targeting an LTV of 25%, however with the anticipation of a reduction in capital values, all acquisitions in the second half of 2022 were financed with equity in order to temporarily lower LTV. As a result, LTV as at 31 December 2022 was 19.3%.

The EUR 250 million Revolving Credit Facility that was due to mature in September 2023, was refinanced in September 2022. The new Sustainable RCF, provided by the same lenders, has an increased facility size of EUR 300 million (with an accordion of an additional EUR 150 million available) and a 5-year term with two 1-year extensions available. The RCF is secured against a pool of Dutch and German logistic assets. The margin (above Euribor 3m) is variable depending on (i) the Fund's credit rating, (ii) the facility's LTV and (iii) four sustainable linked KPIs. At signing and at 31 December 2022 the margin is more favourable than the RCF it replaced.

Since the issuance of two EUR 500 million Green bonds by the Fund in January 2021 (seven years at a coupon rate of 0.50%) and in October 2021 (eight years at a coupon rate of 0.90%), both interest swap rates and credit spreads have increased drastically due to the changing market environment and reduction of liquidity in the bond market. As a result fair value of the Green bonds reduced to EUR 747 million as at 31 December 2022. The Green bonds are publicly traded and the reported fair value is the mid price as shown on Refinitiv.

The fair value of the fixed rate debt is calculated by discounting all future cashflows at the market rate taken from Refinitiv, plus any material movement in achievable credit spread, compared to the locked in rate. While investors see a real realised benefit, from the very low cost of debt, the boost to performance from the unrealised valuation gain is temporary. Interest rate movements (+ve & -ve) will continue to impact the fair value of the liability and the adjustment will trend towards zero as the fixed debt positions approach maturity.

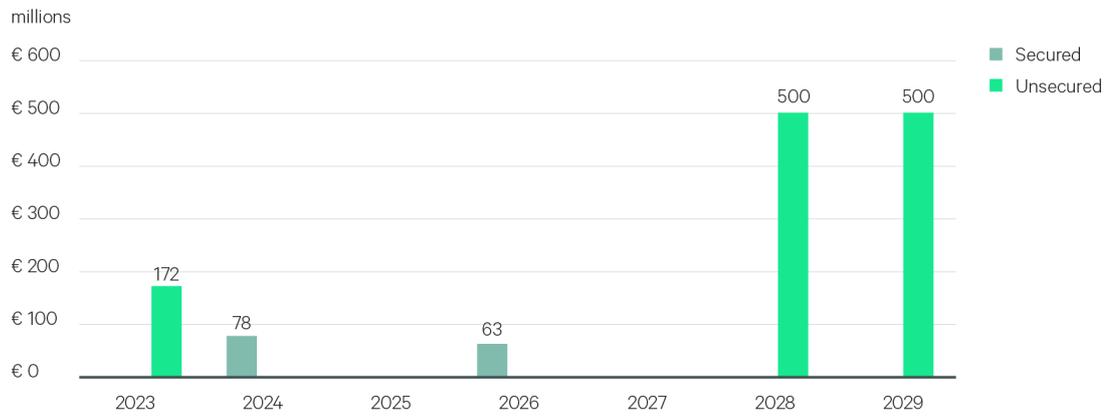
During the year, the unsecured Bridge facility amount was increased to EUR 235 million (2021: 134 million) with the option to increase to EUR 500 million, with maturity in December 2023. At the year end the facility was EUR 172 million drawn with EUR 63 million of the second tranche remaining available to finance acquisitions in near future. Refinancing is anticipated in the second half of 2023.

The weighted average cost of debt ("WACD") continued to be low at 1.1%, in 2022, and weighted average maturity of debt (WAMD) 4.8 years (2021: 5.5 years).

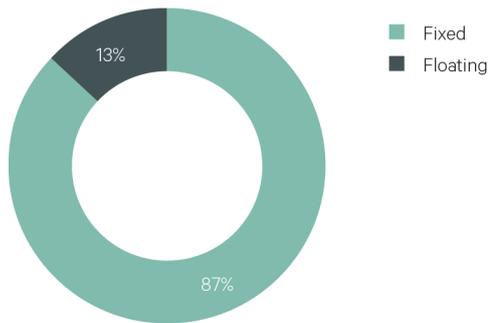
The Fund reduces the impact of currency movements with either local currency (non-EUR) debt, where accretive, or through a currency forward contract covering 50% of the non-EUR valued assets at Fair Market Value. Through the CBRE Investment Management Treasury & Debt Finance team, the Fund has access to a wide range of debt financing sources and uses a mix of local asset finance, unsecured notes, together with a Sustainable RCF. The Fund has strong relationships with a large number of lenders, giving access to short term finance options which facilitate further growth.

<sup>1</sup> Tranches of debt drawn against the RCF and bridge loan have a margin plus the higher of nil and Euribor 3 month on the date of the drawdown. Subsequent to the drawdown the rate is fixed until maturity upon which it is repaid or rolled at the discretion of the General Partner.

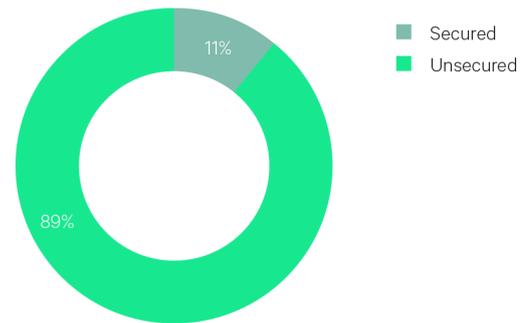
**FIGURE 3 DEBT MATURITIES**



**FIGURE 4 DEBT RATES**



**FIGURE 5 DEBT SECURITISATION**



As an open-ended Fund, equity commitments are raised throughout the year and EUR 268 million were raised as subscriptions during 2022 (2021: EUR 282 million).

In 2022, there were EUR 390 million of redemption requests, out of which EUR 222 million were taken through secondary trades; EUR 168 million became effective on 31 December 2022.

The CBRE Investment Management platform has allowed the Fund to build a diverse group of 142 investors (2021: 135). The majority are institutional with a long-term outlook and the Fund continues to attract more interest from new investors and increased investments from existing ones.

# Debt mix

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## Unsecured notes

The Fund issued its inaugural Green bond of EUR 500 million on 27 January 2021 with a term of seven years and a coupon rate of 0.50%. The Fund issued its second Green bond of EUR 500 million on 12 October 2021 with a term of eight years and a coupon rate of 0.90%.

The unsecured bonds have a conservative financial covenant framework, including:

- Fund leverage must be lower than 50%,
- Secured debt must be lower than 40% of assets under management,
- Consolidated income available for debt service must be more than 2.0x amount required for debt service, and
- Total unencumbered assets must be greater than 200% of total unsecured debt.

The proceeds of both Green bonds were fully allocated to Eligible Green Projects in 2022.

## Revolving Credit Facility

The Fund has a Sustainable RCF of EUR 300 million to actively manage cash balances and liquidity within the Fund. The facility is secured against a pool of German and Dutch logistic assets and benefits from a low interest rate of three months Euribor (with a floor of zero) plus a variable margin based on Fund credit rating, facility LTV and four Sustainable KPIs. The variable margin as at 31 December 2022 was 0.95%. The facility matures in September 2027 and has two 1-year extensions available on request.

The undrawn balance of the Sustainable RCF as at 31 December 2022 was EUR 300 million. The Fund complied with all Sustainable RCF covenants as at 31 December 2022.

The RCF has the following covenants framework, consistent with the unsecured notes and bridge finance:

- Fund leverage must be lower than 50%,
- Secured debt must be lower than 40% of assets under management,
- Consolidated income available for debt service must be more than 2.0x amount required for debt service,
- Total unencumbered assets must be greater than 200% of total unsecured debt; and
- The Fund must ensure that the interest cover in relation to the properties is at least 200 per cent.

## Secured asset finance

Historically the Fund's primary source of financing was asset-secured mortgages. With the entry into the unsecured bond market in 2021, the secured debt element has significantly reduced as the Fund repaid most of its loan facilities, apart from three loans secured against investment properties.

As at 31 December 2022, the Fund had EUR 141 million (EUR 143 million as at 31 December 2021) of secured asset financing outstanding. The current percentage of encumbered assets is 13% which includes the assets in the security pool for the Sustainable RCF.

The Fund complied with all secured asset finance covenants throughout 2022.

## Bridge finance

In late 2021, the Bridge loan facility was signed with a notional of EUR 134 million and in 2022 the unsecured Bridge facility was increased to EUR 235 million with a further option to increase it up to EUR 500 million maturing in the fourth quarter 2023.

The Bridge loan has the following covenants framework, consistent with the RCF and unsecured notes:

- Fund leverage must be lower than 50%,
- Secured debt must be lower than 40% of total assets under management,
- Consolidated income available for debt service must be more than 2.0x amount required for debt service, and
- Total unencumbered assets must be greater than 200% of total unsecured debt.

**TABLE 1 LIQUIDITY PROFILE**

	2022 EUR million	2021 EUR million
Source of liquidity:		
Uncalled equity from investors	246	782
Undrawn balance from Revolving Credit Facility	300	122
Undrawn balance from Bridge loan	63	—
Cash	180	160
<b>Total available liquidity</b>	<b>789</b>	<b>1,064</b>
Debt maturities in 1 year	172	262
<b>Total short-term liquidity available</b>	<b>617</b>	<b>802</b>
Debt maturities in 1-2 years	78	—
Debt maturities in 2-3 years	—	79
Debt maturities in 3-4 years	63	—
Debt maturities in 4-5 years	—	63
Debt maturities in >5 years	1,000	1,000
<b>Total long-term liquidity available</b>	<b>(524)</b>	<b>(340)</b>

The Fund has significant liquidity available to it to manage in the short and medium term. Two EUR 500 million Green bonds mature in January 2028 and October 2029 and liquidity will be in place to manage those maturities when necessary.

# Portfolio overview

The Fund ended the year with the International Financial Reporting Standards ("IFRS") fair value of real estate investments of EUR 6,818 million. This represented an increase of EUR 182 million from the 2021 year end figure. The gross asset value ("GAV") and INREV net asset value ("NAV") for the year end 2022 were EUR 7,200 million and EUR 5,899 million respectively. Investor exposure to non-EUR assets at the year-end is 12.4% of the INREV NAV.

## Portfolio acquisitions

During 2022, the Fund made 13 acquisitions, comprised of eight new assets and five extensions. The total net purchase price for all the transactions was EUR 667 million (excl acquisition costs). Please see below the list of investments:

TABLE 2 ACQUISITIONS IN 2022

Sector	Country	Whole/Extension	Acquisition Date	Acquisition valuation '000's	Acquisition valuation EUR '000's	Yield	WAULT years
Logistics	Spain	Whole	September 2022	EUR 60,000	60,000	3.7%	5.0
Logistics	Spain	Whole	September 2022	EUR 21,700	21,700	3.7%	10.4
Logistics	Denmark	Extension	August 2022	DKK 73,500	9,886	4.4%	5.2
Logistics	Denmark	Extension	December 2022	DKK 103,000	13,851	3.4%	3.9
Logistics	Denmark	Extension	December 2022	DKK 107,100	14,402	4.4%	2.9
Logistics	Belgium	Whole	October 2022	EUR 29,300	29,300	4.1%	14.0
Logistics	Belgium	Extension	September 2022	EUR 89,076	89,076	4.2%	10.0
Logistics	Netherlands	Extension	July 2022	EUR 23,527	23,527	6.0%	10.2
Logistics	Luxembourg	Whole	April 2022	EUR 25,800	25,800	7.1%	4.8
Residential	Italy	Whole	June 2022	EUR 32,900	32,900	n.a.	n.a.
Residential	Italy	Whole	May 2022	EUR 35,350	35,350	n.a.	n.a.
Office	Germany	Whole	September 2022	EUR 122,500	122,500	1.7%	4.0
Office	Germany	Whole	December 2022	EUR 201,000	201,000	1.7%	1.5

## Portfolio disposals

During 2022, the Fund made two disposals, a retail asset in Germany and part disposal of a logistics asset in France.

TABLE 3 DISPOSALS IN 2022

Sector	Country	Acquisition Date	Disposal Date	Currency	FMV at acquisition '000's	Capex and acquisition costs '000's	Net proceeds '000's	Unlevered IRR (acquisition EIC)	Unlevered IRR (disposal EIC)
Logistics	France	March 2011	June 2022	EUR	11,004	—	13,579	n.a.	n.a.
Retail	Germany	April 2013	July 2022	EUR	25,320	2,000	38,210	5.2 %	6.7 %

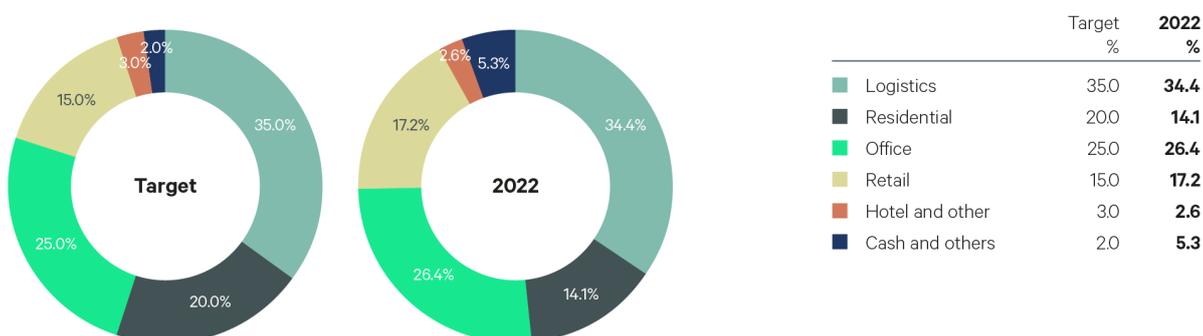
# Sector allocation

In 2022, the Fund continued its long term strategy of actively reducing its exposure to the retail sector by disposing of a retail asset in Düsseldorf and acquiring eight new assets and five additional extensions. The acquisitions were across the logistics, office and residential sectors. This reduced the weighting to retail from 19.2% at the start of the year to 17.2% at the end. This strategy will naturally continue through planned disposals and acquisitions with a weighting of 15.0% in retail being the long term target. The repricing of the retail sector may give rise to some attractive buying opportunities and the Fund may well pursue these if they fit all other Fund criteria. This will not change the long term target weighting and demonstrates why the Fund has flexibility within the bandwidth.

TABLE 4 SECTOR ALLOCATION

Sector	2020	2021	2022	Long term Bandwidth / (Target)
Logistics	31.7%	33.6%	34.4%	30.0%-40.0% / (35.0%)
Residential	10.3%	14.1%	14.1%	15.0%-25.0% / (20.0%)
Office	25.0%	25.7%	26.4%	15.0%-35.0% / (25.0%)
Retail	24.6%	19.2%	17.2%	10.0%-20.0% / (15.0%)
Hotel and other	3.6%	2.8%	2.6%	0.0%-6.0% / (3.0%)
Cash and others	4.8%	4.6%	5.3%	0.0%-4.0% / (2.0%)

FIGURE 6 SECTOR ALLOCATION



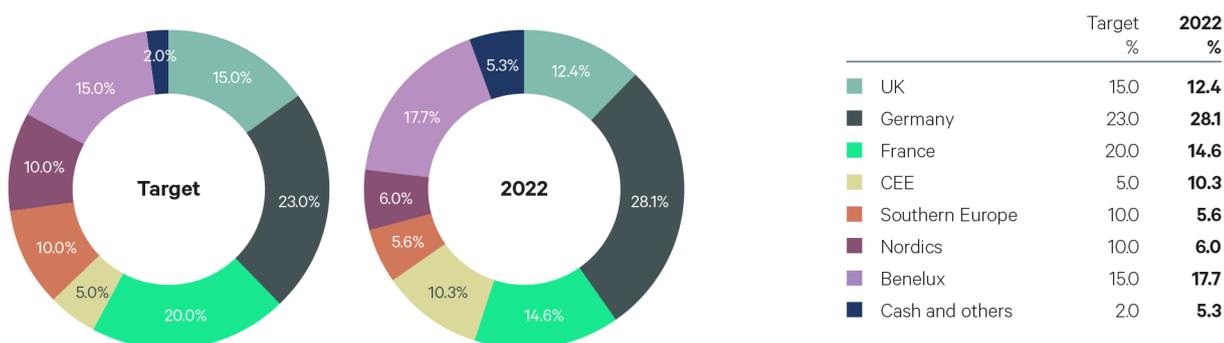
# Geographic allocation

The acquisitions of the residential properties and logistics properties in Spain and Italy increased the Funds' exposure in Southern Europe from 3.9% to 5.6%.

TABLE 5 GEOGRAPHIC ALLOCATION

Sector	2020	2021	2022	Long term Bandwidth / (Target)
UK	9.7%	15.2%	12.4%	7.5%-22.5% / (15.0%)
Germany	25.9%	26.3%	28.1%	18.0%-28.0% / (23.0%)
France	19.8%	16.8%	14.6%	15.0%-25.0% / (20.0%)
CEE	11.8%	10.6%	10.3%	0.0%-10.0% / (5.0%)
Southern Europe	4.9%	3.9%	5.6%	5.0%-15.0% / (10.0%)
Nordics	4.8%	6.1%	6.0%	5.0%-15.0% / (10.0%)
Benelux	18.3%	16.5%	17.7%	10.0%-20.0% / (15.0%)
Cash and others	4.8%	4.6%	5.3%	0.0%-4.0% / (2.0%)

FIGURE 7 GEOGRAPHIC ALLOCATION

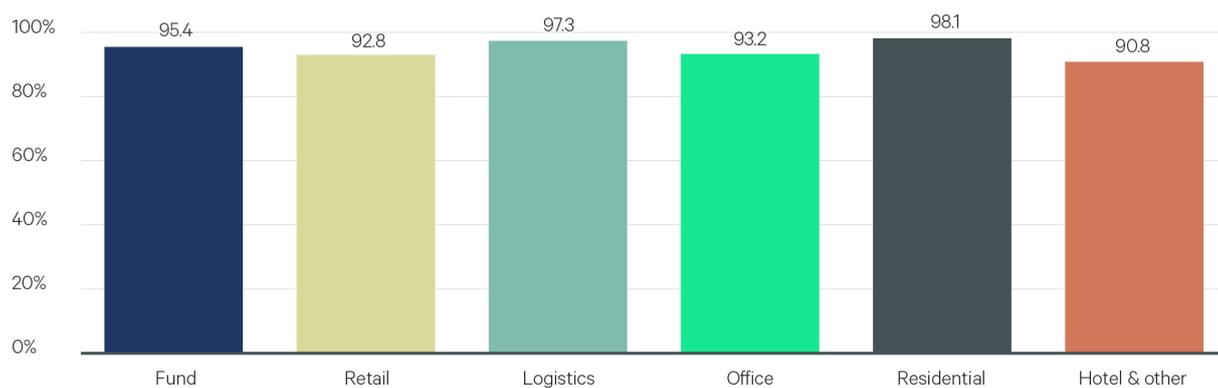


**TABLE 6 PORTFOLIO VALUES BY SECTOR AND GEOGRAPHICAL REGION**

(Amounts in € '000)

	AUM	Logistics	Residential	Office	Retail	Hotel & other
United Kingdom	890,704	115,429	—	553,009	222,266	—
Germany	2,018,028	500,500	256,400	673,100	510,928	77,100
France	1,052,720	374,880	—	500,340	177,500	—
CEE	745,050	681,050	—	—	64,000	—
Southern Europe	408,150	73,300	74,150	—	260,700	—
Nordics	431,165	78,082	122,057	122,329	—	108,697
Benelux	1,272,095	658,950	558,645	54,500	—	—
<b>TOTAL</b>	<b>6,817,912 <sup>1</sup></b>	<b>2,482,191</b>	<b>1,011,252</b>	<b>1,903,278</b>	<b>1,235,394</b>	<b>185,797</b>

**FIGURE 8 FINANCIAL OCCUPANCY BY SECTOR**



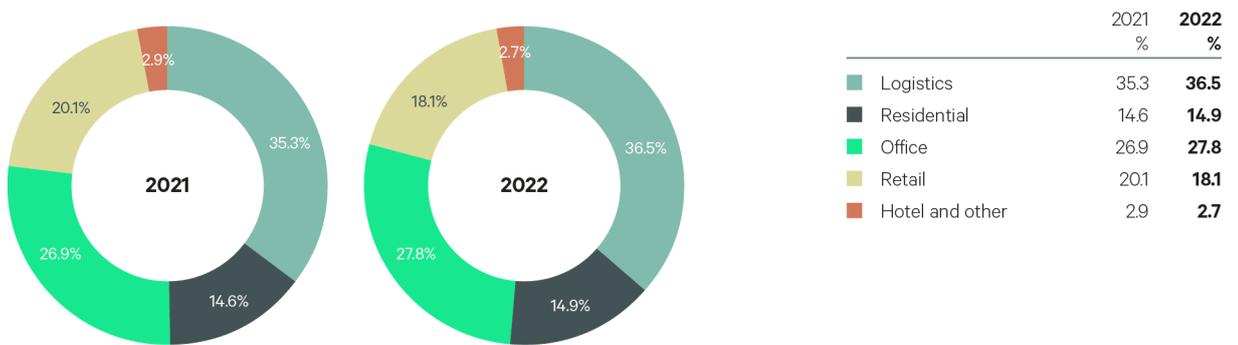
<sup>1</sup> The amount includes investment properties under construction and excludes finance lease.

# Fund

TABLE 7 FUND KEY METRICS

	2021	2022
AUM (€ million)	6,636	6,818
GLA (sqm)	2,281,789	2,479,119
Financial Occupancy	94.5%	95.4%
Physical Occupancy	95.2%	96.8%
WAULT (years)	4.9	4.7
Contracted Rent (€ sqm)	110.3	112.5
Reversionary potential (Total ERV – Contracted Rent)/Contracted Rent)	16.0%	20.0%

FIGURE 9 FUND KEY METRICS

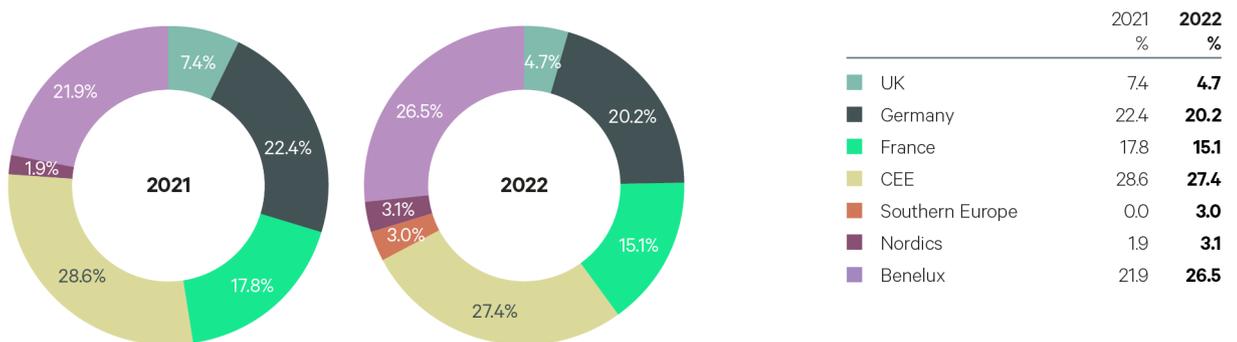


# Logistics

TABLE 8 LOGISTICS KEY METRICS

	2021	2022
AUM (€ million)	2,345	2,482,191
GLA (sqm)	1,834,724	2,020,372
Financial Occupancy	96.3%	97.3%
Physical Occupancy	95.4%	97.3%
WAULT (years)	4.9	5.3
Total ERV (€m pa)	109.0	132.6
Contracted Rent (€m pa)	104.3	123.9
Contracted Rent (€ sqm)	56.8	71.9
Reversionary potential (Total ERV – Contracted Rent)/Contracted Rent)	4.5%	7.0%

FIGURE 10 LOGISTICS AUM ALLOCATION BY GEOGRAPHIC AREA



Widespread demand has pushed vacancies to record lows and whilst rental growth in 2023 will probably slow compared to 2022, it is still expected to remain high.

The Fund followed the market trend with strong demand for logistics space across all countries due to the continued growth of e-commerce, a reconfiguration in supply chains and, lately, a recovery of manufacturing. The drive in the occupier market helped to compensate for the outward yield shift seen in the Fund's logistics assets.

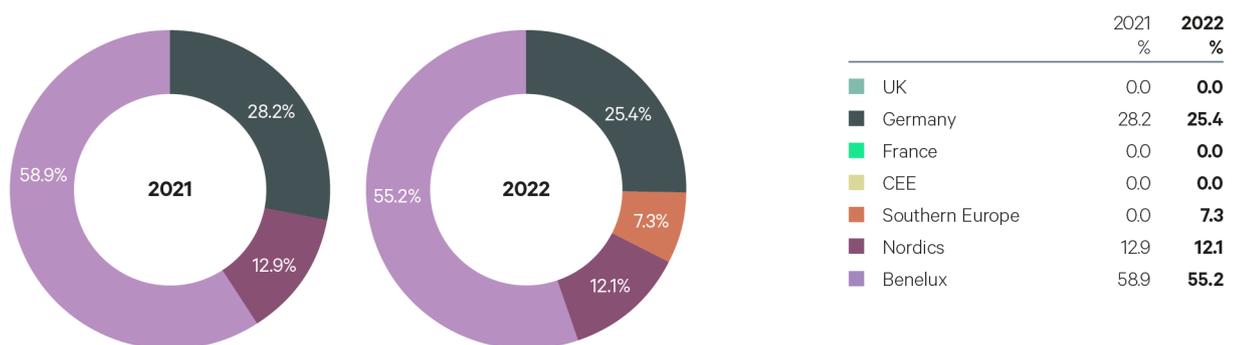
Due to the relatively strong performance of the sector, the Fund has continued to invest with the majority of the Fund's 2022 acquisitions within the logistics sector, either in new assets or additional phases. Overall, the logistics market is expected to sustain its strong position in 2023.

# Residential

TABLE 9 RESIDENTIAL KEY METRICS

	2021	2022
AUM (€ million)	979	1,011
GLA (sqm)	137,123	136,005
Financial Occupancy	97.8%	98.1%
Physical Occupancy	98.2%	97.9%
WAULT (years)	n.a.	n.a.
Total ERV (€m pa)	37.8	48.2
Contracted Rent (€m pa)	30.0	31.9
Contracted Rent (€ sqm)	218.5	234.6
Reversionary potential (Total ERV – Contracted Rent)/Contracted Rent)	26.1%	51.1%

FIGURE 11 RESIDENTIAL AUM ALLOCATION BY GEOGRAPHIC AREA



Soaring mortgage costs reduced disposal income and, as a result, retail sales. Mortgage rates are expected to remain above 2021 levels, potentially accelerating the shift from home ownership to renting, underpinned by a change of preferences and demographic trends.

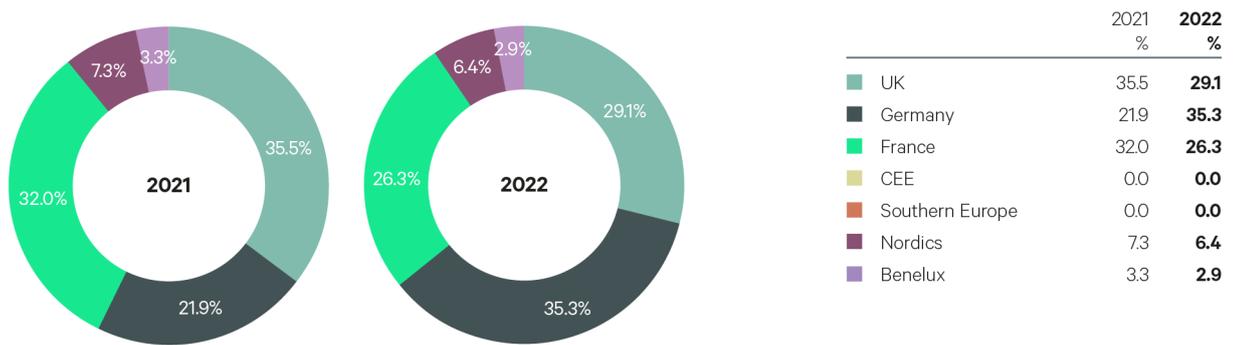
Prime residential yields across Europe's major cities shifted out by circa 75 bps during the year, with markets like Sweden, France and the Netherlands seeing some of the largest movements. As governments seek a balance between protecting tenants through rent regulations and encouraging investment into the living sector, some of the Fund's residential asset values in the Netherlands and Nordic countries were impacted by new rental regulations introduced by local governments. However, the Fund continued to execute the asset business plans limiting the effects of the market movements. The Fund also invested in two forward funding deals in Italy, further increasing the allocation to residential in line with the long-term targets.

# Office

TABLE 10 OFFICE KEY METRICS

	2021	2022
AUM (€ million)	1,784	1,903
GLA (sqm)	138,228	163,936
Financial Occupancy	93.4%	93.2%
Physical Occupancy	94.4%	94.0%
WAULT (years)	3.8	2.9
Total ERV (€m pa)	79.1	96.4
Contracted Rent (€m pa)	56.8	62.9
Contracted Rent (€ sqm)	410.9	383.7
Reversionary potential (Total ERV – Contracted Rent)/Contracted Rent)	39.2%	53.3%

FIGURE 12 OFFICE AUM ALLOCATION BY GEOGRAPHIC AREA



Despite an uncertain economic backdrop, some office occupier markets held up well during 2022. The strongest focus has been on prime locations next to transport modal hubs and with assets that have the strongest ESG credentials.

The occupier market within the Fund remained stable, with occupancy levels flat before the pandemic and new leases benefiting from the increased ERV's during 2022. The main example was at a retail asset in Berlin where the Fund signed a lease with a new tenant to occupy the majority of the newly converted office space on the fourth floor of the asset at a rent above ERV.

Rising energy costs will hasten the move towards more efficient buildings. Supply constraints will highlight the value of, and need for refurbishments. Sustainability and wellbeing building features are increasingly being sought by tenants as they strive to reduce their running costs and create an attractive environment for occupants.

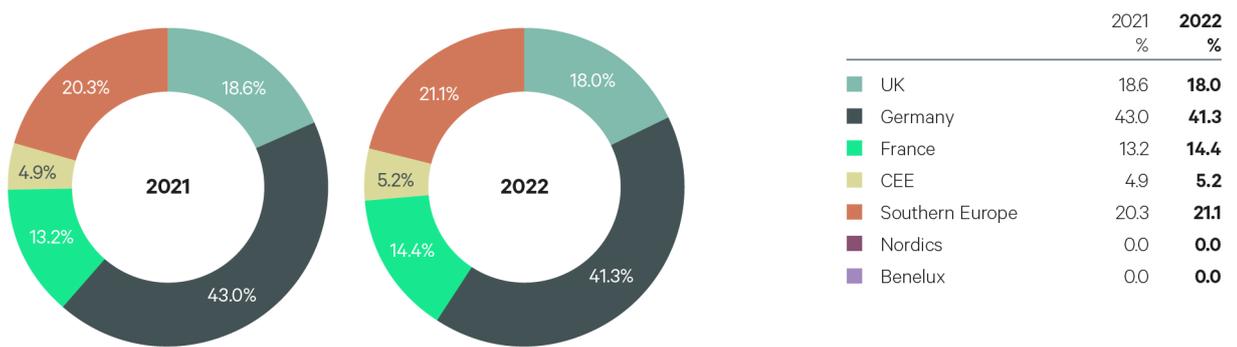
To this end, the Fund initiated to improve and refurbish an office in the Netherlands to comply with all modern ESG standards so investors will benefit from strong rent levels.

# Retail

TABLE 11 RETAIL KEY METRICS

	2021	2022
AUM (€ million)	1,336	1,235
GLA (sqm)	141,682	128,914
Financial Occupancy	92.8%	92.8%
Physical Occupancy	91.8%	91.5%
WAULT (years)	5.4	5.2
Total ERV (€m pa)	59.3	59.5
Contracted Rent (€m pa)	51.8	51.5
Contracted Rent (€ sqm)	365.8	399.3
Reversionary potential (Total ERV – Contracted Rent)/Contracted Rent)	14.4%	15.5%

FIGURE 13 RETAIL AUM ALLOCATION BY GEOGRAPHIC AREA



The Covid-19 pandemic has caused a major correction in capital values for quality retail stock as yields moved-out, and rental income fell.

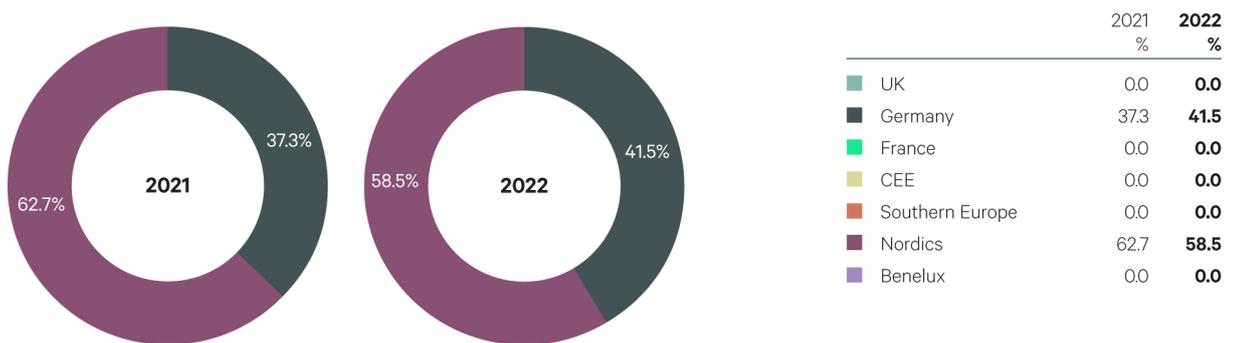
The Fund continues to use active asset management initiatives in order to improve or convert the retail assets. These projects include the repositioning of a London shopping centre from a retail-focused centre into a leisure-based centre by signing new leases with various food and beverages units and letting to an indoor mini golf company. In addition to this, the Fund has almost completed its conversion of the top floor of a retail asset in Berlin into an office.

# Hotel & other

TABLE 12 HOTEL & OTHER KEY METRICS

	2021	2022
AUM (€ million)	191	186
GLA (sqm)	30,032	29,892
Financial Occupancy	92.8%	90.8%
Physical Occupancy	92.6%	92.0%
WAULT (years)	8.2	7.4
Total ERV (€m pa)	10.0	10.0
Contracted Rent (€m pa)	8.8	8.6
Contracted Rent (€ sqm)	293.9	288.9
Reversionary potential (Total ERV – Contracted Rent)/Contracted Rent)	12.8%	15.6%

FIGURE 14 HOTEL AND OTHER AUM ALLOCATION BY GEOGRAPHIC AREA



The Fund's two hotel assets had a modest recovery post-pandemic, but during 2022 they continued to feel the pressure of the outward yield shifts across much of the European markets, especially in the second half of the year. As a result the capital values of the two hotel assets remained largely stable during the year. The two hotel operators are both content at their locations with rents that have been indexed during the year in line with inflation.

ANNEX IV

Template 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

**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.

Product name: CBRE Open-Ended Funds S.C.A. SICAV-SIF – Pan European Core Fund (the “Fund”)

Legal entity identifier: N/A

## Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <b>No</b>
<p><input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It made <b>sustainable investments with a social objective</b>: ___%</p>	<p><input checked="" type="checkbox"/> It promoted <b>Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 5.9% of sustainable investments</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b></p>



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

**To what extent were the environmental and/or social characteristics promoted by this financial product met?** *[list the environmental and/or social characteristics promoted by the financial product. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, in respect of sustainable investments with environmental objectives, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed. For financial products that made sustainable investments with social objectives, list the social objectives]*

Following publication of the Regulatory Technical Standards (“RTS”) supplementing the Sustainable Finance Disclosure Regulation ((EU) 2019/2088) (“SFDR”) and Regulation on the establishment of a framework to facilitate sustainable investment (EU/2020/852) (“**Taxonomy Regulation**”) on 25 July 2022, the Fund updated its pre-contractual disclosure to align with this.

In its most recent pre-contractual disclosures, the Fund committed to making 5% sustainable investments.

The Fund promotes climate mitigation and adaptation (Climate) and well-being (People) as part of its ESG strategy.

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

In the reporting year, the Fund exceeded its target sustainable investment commitment with 5.9% sustainable investments within the portfolio, all of which aligned with the EU Taxonomy.

The Fund’s performance against the PAI indicators and EU Taxonomy KPIs was tracked using proprietary ESG toolkits for portfolio, asset, and transaction management. Please see the ESG Scorecard for the Fund below where energy consumption intensity and GHG emissions performance is presented, using the latest available assured dataset. Using the proprietary CBRE IM SFDR Tool, the Fund also assessed its exposure to fossil fuels and energy inefficient real estate assets. Due to the Fund’s real estate activities rarely being involved in fossil fuel related activities, the Fund has concluded that this is a low risk, however will continue to monitor this metric. Energy inefficient buildings were also assessed in the same tool, and as there is some exposure to assets with energy ratings below EPC B the Fund is prioritizing further audits to identify opportunities to improve this. Opportunities to improve on the PAIs were identified for existing assets, and new investments were screened against them. Asset specific actions were taken as described in the dedicated section within this disclosure.

The Fund’s ESG Scorecard:

	TARGET	ACTUAL	% YoY	TARGET
<b>CERTIFICATION PERFORMANCE 2021</b>				
Assessed to third party green building certification (BREEAM, LEED, etc)**				
Design/construction certifications (% AUM)	100% by AUM	32%	0%	
↳ Certification level (% certified AUM)	>75% Excellent/Gold	16% Excellent/Gold 5% Very Good/Silver	0%	
Operational certifications (% AUM)	50% by AUM	33%	-5%	
↳ Certification level (% certified AUM)	>75% Excellent/Gold	0% Excellent/Gold 8% Very Good/Silver	-5%	
<b>PORTFOLIO PERFORMANCE 2021</b>				
Portfolio performance assessed to third party framework (GRESB)				
Development Standing Assets	Absolute GRESB Score	75-100	87.4	-4%
	GRESB Star Rating	★★★★	★★★★★	0%
	Relative peer GRESB performance*	Top 20% of peer group	Top 43% (3rd of 7)	
	Absolute GRESB Score	75-100	94	8%
Development Development Assets	GRESB Star Rating	★★★★	★★★★★	25%
	Relative peer GRESB performance*	Top 20% of peer group	Top 35% (6th of 17)	

\* Diversified peer group for standing assets. Diversified for development.  
\*\* Does not include certificates that are in progress.

## ENERGY USAGE INTENSITY

	2019	2020	2021	Change Since Last Year
Energy consumption (MWh)	210,461	216,439	263,807	21.09%
Energy intensity (kWh/m <sup>2</sup> )	130.9	112.3	127.3	13.31%
Energy data coverage by area (%)	88.9%	95.0%	95.3%	0.31%
LfL energy consumption (MWh)		184,783	210,816	14.09%
LfL energy intensity (kWh/m <sup>2</sup> )		119.5	136.4	14.00%
LfL energy data coverage by area (%)			71.1%	

## CARBON USAGE INTENSITY

	2019	2020	2021	Change Since Last Year
Scope 1 GHG emissions (tonnes)	1,586	1,698	2,568	51.21%
Scope 2 GHG emissions (tonnes)	11,847	11,685	13,506	15.58%
Scope 3 GHG emissions (tonnes)	105,333	45,555	53,734	17.90%
Total GHG emission (tonnes)	118,766	58,938	69,808	18.44%
GHG intensity (kgCO <sub>2</sub> e/m <sup>2</sup> )	72	31	35	10.75%
GHG data coverage by area (%)	91.4%	95.1%	92.4%	(2.90)%
LfL GHG emission (tonnes)		51,695	58,708	13.56%
LfL GHG intensity (kgCO <sub>2</sub> e/m <sup>2</sup> )		33.1	37.6	13.56%
LfL GHG data coverage by area (%)			71.7%	

- **...and compared to previous periods?** *[include for financial products where at least one previous periodic report was provided]*

Not applicable. The pre-contractual disclosures have only been in place for one reporting period.

- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?** *[include for financial products that made sustainable investments, where not included in the reply to the above question, describe the objectives. Describe how the sustainable investments contributed to the sustainable investment objective. For the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852, list the environmental objectives set out in Article 9 of that Regulation to which the sustainable investment underlying the financial product contributed]*

As described in the Fund's pre-contractual disclosures, the objective of the sustainable investments in the Fund is to align with the EU Taxonomy requirements for substantial contribution to climate change mitigation for the acquisition and ownership of buildings as the primary economic activity of the Fund.

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.

***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective? [include where the financial product includes sustainable investments]***

The sustainability indicators used by the Fund to assess whether the sustainable investments caused significant harm to the environmental sustainable investment objective included relevant principal adverse impact indicators ("PAI Indicators"), as set out in Tables 1 and 2 of Annex I of Commission Delegated Regulation (EU) 2022/1288.

The mandatory PAI Indicators used for this purpose are exposure to fossil fuels through real estate assets and exposure to energy-inefficient real estate assets. The Fund has also selected to use two additional PAI indicators: GHG emissions and energy consumption intensity.

With respect to GHG emissions, the Fund focused on Scope 1 and 2 emissions, as well as Scope 3 emissions generated by tenants, which included fuel, district and electricity consumption, as well as any value chain emissions from landlord-controlled areas such as transmission and distribution emissions. At present, emissions from waste disposal and Whole Life-Cycle GHGs are not included as part of Scope 3 emissions reporting, but the Fund will continue to assess whether and when it will have sufficient data to include this. This could include the GHG emissions resulting from the materials, construction and use of a building over its entire life, including its demolition and disposal.

As the final RTS did not include any social PAI indicators for real estate investments, the Fund has not reported on social PAIs (Table 3). The Fund continues to include social considerations, such as accessibility and hazardous materials, as part of the acquisition process. The Fund will consider any further PAI Indicators focused on social sustainability factors which are introduced for investments in real estate assets in future.

The Fund continues to work towards CBRE IM's climate mitigation target of net zero by 2050 or sooner and, as such, is simultaneously working towards improving the energy and GHG performance of any acquired assets. These actions also drive improved EPC ratings and feature in engagement with tenants.

In the reporting year the Fund also completed BREEAM In-Use audits and certifications for 13 buildings. The Fund continued to use Moody's Climate on Demand to assess physical climate risks for standing assets.

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

The Fund refers to relevant indicators for adverse impacts on sustainability factors set out in Annex I, Tables 1 and 2 of the RTS in assessing whether its sustainable investments cause any significant harm to environmental or social factors and these indicators are incorporated into three key processes internally: portfolio management, asset management and acquisitions. Other investments that are promoting environmental or social characteristics follow the same approach.

**Portfolio management:**

The CBRE IM proprietary Portfolio Management ESG Toolkit allows the Fund team to assess the ESG performance of the portfolio in aggregate and make strategic decisions regarding improvements. The Portfolio Management Toolkit includes the CBRE IM ESG Scorecard and the SFDR Tool, which analyses the Fund's ESG performance for internal decision making and includes PAI and Taxonomy KPIs. This approach allows us to screen assets within the portfolio using ESG criteria and prioritise actions at the asset level.

The outputs from the ESG Scorecard are also presented to the Portfolio Oversight Committee for review as part of the standard performance review process.

**Asset management of standing assets:**

The CBRE IM proprietary Asset Management ESG Toolkit allows the asset managers to assess the ESG performance of each individual asset within the portfolio and subsequent prioritization of further actions. The ESG Asset Analytics Tool is part of this toolkit, and this allows the asset and portfolio managers to analyse the energy and GHG performance of each asset against relevant GRESB and CRREM benchmark values. EPC ratings were also reviewed as part of this process and supported prioritisation for action plans to improve performance.

**Acquisition of assets:**

For the acquisition process for new assets during the reporting period, relevant PAIs are considered as part of the analysis in the screening process of new investments using the ESG Acquisition Toolkit. All potential acquisitions are presented to the Investment Committee where a senior member of the Sustainability Team is a voting member and uses the output from the ESG Acquisition tool to make their decision.

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

Following the publication of the final RTS in July 2022 and the Platform on Sustainable Finance's Final Report on Minimum Safeguards in October 2022 (the latter of which being published towards the end of the Fund's reporting

period), the Fund team has been considering the recommendations as to how to assess alignment of direct real estate investments with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (the "**Minimum Safeguards**"). The Fund considers on a best effort basis whether its sustainable investments are aligned with the Minimum Safeguards.

As a member of the CBRE Group platform, CBRE Investment Management is subject to and benefits from the CBRE Human Rights Policy which details the firm's commitment to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. CBRE Investment Management, and the Fund, intends to further integrate this commitment in our processes, but already considers core topics in the current Counterparty Due Diligence (**CDD**).

The CDD is typically completed for counterparties including new investors, transaction partners, and covers controversial activities and red flags, such as:

- Poor working conditions and/or child labour
- Human rights violations
- Money laundering
- Tax evasion
- Corruption
- Fraud
- Bribery
- Sanctions

The Fund seeks to also introduce contractual assurances and ongoing due diligence for service providers, to enable monitoring of potential breaches throughout the contracted time frame.

Considering the above efforts, the Fund has concluded that sustainable investments were aligned on a best effort basis.

*[Include a statement for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

*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?** *[include section if the financial product considered principal adverse impacts on sustainability factors]*

In alignment with SFDR Article 4, the Fund will contribute towards the entity’s Principal Adverse Impact disclosures in June 2023. The Fund will continue to track this data internally and report on sustainability indicators in alignment with its ESG strategy via the CBRE IM ESG Scorecard section in the annual report.



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

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 1 January - 31 December 2022

Largest investments	Sector	% Assets	Country
Office investments	Real Estate	4.5% GAV	Germany
Logistics investments	Real Estate	4.0 % GAV	Belgium, Denmark, Spain, Luxembourg, Netherlands
Residential investments	Real Estate	1.0% GAV	Italy



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

Please see the asset allocation of the Fund set out below. This demonstrates the proportion of the Fund invested in sustainable investments.

**Asset allocation** describes the share of investments in specific assets.

● **What was the asset allocation?**

The Fund committed to having 5% of deployed capital invested in assets which are ‘#1A Sustainable’. The Fund understands that this is a binding limit that should not be breached.

In accordance with its last pre-contractual disclosure, the Fund expected to be 100% invested in assets which are ‘#1 Aligned with E/S characteristics’, of which 5% are ‘#1A Sustainable’ and ‘Taxonomy-aligned’, and 95% are ‘#1B Other E/S characteristics’.

However, the Fund had temporary reserves of cash for upcoming investments. Although cash has a neutral impact on the E/S characteristics promoted by the Fund, it is classified as ‘#2 Other’ under SFDR. The Fund will update its pre-contractual disclosures to include an allocation to ‘#2 Other’ to reflect the Fund’s cash holdings for ancillary liquidity.

Details on the asset allocation in the reference period are included in the illustration below.

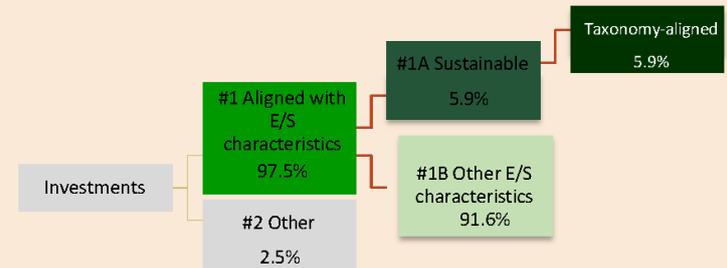
*[include note only for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852]*

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully 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 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.

*[Include only relevant boxes, remove irrelevant ones for the financial product]*



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

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

*[include the note below where the financial product made 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.

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

The Fund invested in real estate assets.



**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy<sup>1</sup>?** *[include section for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 and include information in accordance with Article 51 of this Regulation]*

All sustainable investments in the Fund aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy**

**Yes:** *[Specify below, and details in the graph of the box]*

**In fossil gas**

**In nuclear energy**

**No**

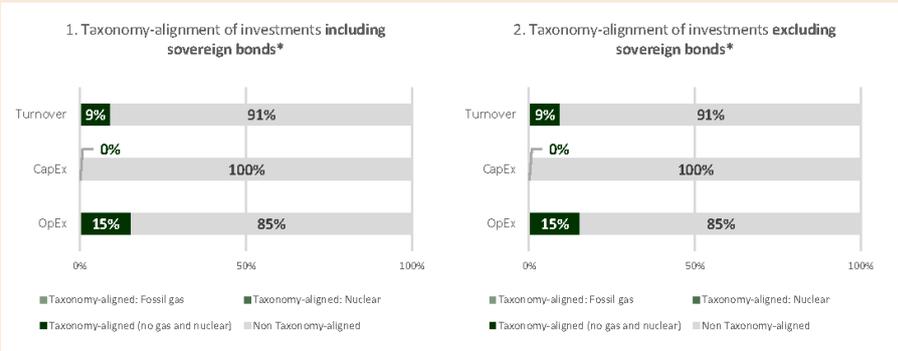
<sup>1</sup>Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

*[include note for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852*

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.

**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*

For the purpose of the above graphs, EU Taxonomy alignment is presented as turnover, CAPEX, and OPEX associated with the Fund's sustainable investments within the reporting year, where turnover represents gross annual rental income.

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

*[include a breakdown of the proportions of investments during the reference period]*

For the sustainable investments that were Taxonomy-aligned, there were no transitional or enabling activities during the reference period which were included for the purposes of calculating the Fund's overall Taxonomy alignment.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?** *[include where at least one previous periodic report was provided]*

Not applicable. The pre-contractual disclosures have only been in place for one reporting period.

[include note for the financial products referred to in Article 6, first paragraph, of Regulation (EU) 2020/852 that invest in environmental economic activities that are not environmentally sustainable economic activities]

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?** *[include section only for the financial products referred to in Article 6, first subparagraph, of Regulation (EU) 2020/852 where the financial product included sustainable investments with an environmental objective that invested in economic activities that are not environmentally sustainable economic activities, and explain why the financial product invested in economic activities that were not Taxonomy-aligned]*

Not applicable. The Fund did not commit to making any sustainable investments with an environmental objective that were not aligned with the EU Taxonomy and in practice did not make any such investments.

Not applicable. The Fund did not commit to making any sustainable investments with an environmental objective that were not aligned with the EU Taxonomy and in practice did not make any such investments.



**What was the share of socially sustainable investments?** *[include only where the financial product included sustainable investments with a social objective]*

Not applicable. The Fund did not commit to making any sustainable investments with a socially sustainable investment objective and in practice did not make any such investments.

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

Investments included under "#2 Not sustainable" relate to cash held as ancillary liquidity. The Fund did not use any investments for hedging purposes.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?** *[list the actions taken within in the period covered by the periodic report to meet the environmental or social characteristics promoted by the financial product, including shareholder engagement as referred to in Article 3g of Directive 2007/36/EC and any other engagement relating to the environmental or social characteristics promoted by the financial product]*

The Fund followed its ESG Strategy throughout the reporting year and prioritised improving assets to meet the target requirements. This included:

The Fund followed its ESG Strategy throughout the reporting year and prioritised improving assets to meet the target requirements. This included:

- Installation of smart water meter reader in 38 assets to measure water usage and improve water efficiency; this also contributes to energy efficiency and GHG reduction.
- installations of LEDs in various assets to improve the energy performance.
- installations of PV panels in 2 assets to reduce GHG emissions.
- replacement of HVAC systems to more efficient electric models to improve energy and GHG performance and by extension also future EPC ratings.



*[include note for financial products where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product]*

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

**How did this financial product perform compared to the reference benchmark?** *[include section where an index has been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the financial product and indicate where the methodology used for the calculation of the designated index can be found]*

There is no applicable reference benchmark index currently available for private real estate investment and, therefore, no reference benchmark has been designated for the purpose of attaining the environmental characteristics promoted by the Fund. However, the AIFM has aligned with GRESB when setting up the performance measurement framework for the Fund. The Fund annually submits to the GRESB real estate assessment, reviews GRESB scores and sets ESG goals for the following reporting year.

- ***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.

# Risk appetite and management

## Risk appetite

### Strategic and business risks

CBRE Investment Management EMEA manages real estate and real estate related investments for its investors. CBRE Investment Management EMEA strives to provide best in class service to its investors. To ensure CBRE Investment Management EMEA will meet its targets, operating conditions have been incorporated to effectively employ the resources and procedures that are necessary for the proper performance of its business activities. All policies, procedures and process flowcharts are documented.

The Fund has a documented strategy to pursue growth within a well-defined asset class, acquisition criteria and geography. Within this strategy, CBRE Investment Management EMEA is prepared to take risks in a responsible and sustainable way that is in line with the interest of its stakeholders, which is detailed in the Fund documentation.

Our investment management activities are based on strong corporate governance, transparency, consistent and regular reporting, active portfolio and asset management through effective risk management and proactive investor relations. Together, these are essential criteria for building and maintaining our long-term client relationships.

The principal risks, along with investment and economic uncertainties that the Fund might face, are included in the consolidated financial statements, as well as in the placing documents. Besides the risks below reflected in this part of the annual report, we make reference to the ESG part of this annual report where we have included the procedures and processes linked to these risk element of the investments.

### Financial risks

In respect of financial risks, the Fund has an investment policy in place that covers the overall funding position of the Fund. The aim of this policy is to manage the interest rate, liquidity and, if applicable, foreign currency risks in line with Fund documentation.

All assets of the Fund are subject to commercial insurance coverage to limit the financial impact of events that can affect the assets.

### Compliance risks

One of our key values is transparency and this means that CBRE Investment Management EMEA and its employees are responsible to act with Respect, Integrity, Service and Excellence, the 'RISE Corporate Values'.

The RISE Corporate Values support the highest standards regarding the internal control environment. These Corporate Values (part of the Standards of Business Conduct) are incorporated in the policies and procedures that are in place. CBRE Investment Management EMEA has implemented measures to ensure compliance with laws and regulations wherever the Funds and assets under management are active.

Risk related with our efforts to create this environment will be balanced by the related rewards, which are documented in our remuneration policy.

## Risk management

Sound risk management is of utmost importance to our business. For that reason, CBRE Investment Management EMEA has established a risk management framework to help achieve its organisational and business objectives while keeping risks within acceptable boundaries and complying with (local) regulations.

CBRE Investment Management EMEA has implemented risk management processes in order to ensure that risks are properly dealt with. This process includes the following items: identifying, assessment, mitigation and monitoring of risks.

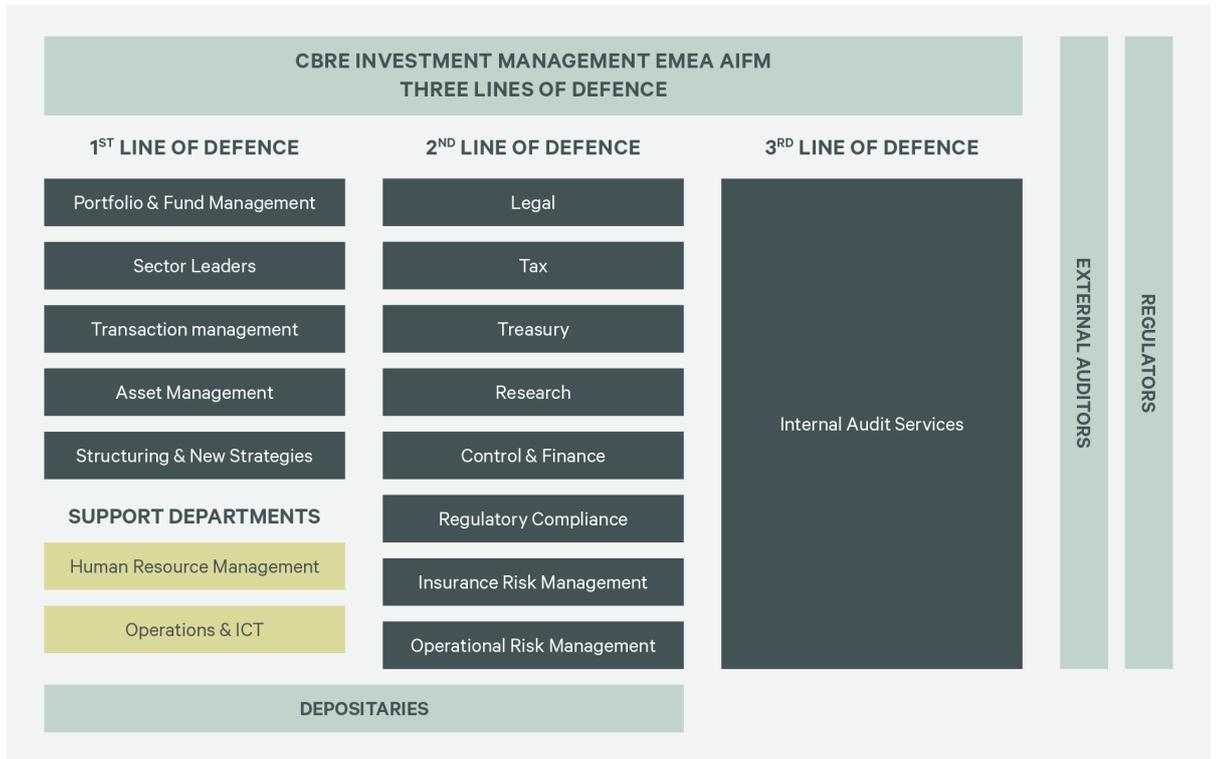
Effective risk monitoring requires a structure of reporting and review to ensure that risks are effectively identified and assessed. Risks are reported through three key information reporting flows:

1. **Investment proposal:** For all capital transactions, including new product approval, an investment proposal is submitted that should cover mitigating controls for identified relevant risks. This risk assessment includes an assessment of the economic environment as well as ESG aspects and technical developments that are relevant for the proposed transaction.
2. **Portfolio Performance Review:** On a bi-annual basis, the portfolio performance and issues are reviewed and assessed by the RMC (Risk Management Committee) and reported, including RMC advice, to the Investment Committee and the board of directors of the Luxembourg AIFM. The portfolio performance review includes the impact of the developments in the economic environment, ESG impact as well as foreseen trends. Based on this information, hold/sell analyses are performed on an annual basis to maintain the quality of the portfolio in line with Fund requirements.
3. **Corporate risks:** On a quarterly basis, corporate risks are reported to the board of directors of the Luxembourg AIFM, through the RMC. This corporate risk report covers (legal/regulatory/tax) compliance and operational risks related to the Fund and investment management activities that are performed by CBRE Investment Management EMEA.

To embed risk management within the organisation, it is structured along a three lines of defence model. Within this governance structure of CBRE Investment Management EMEA, it is essential that the three lines of defence work closely together to provide advice and support in order to mitigate the risks that (may) have an impact on the organisational and business objectives of CBRE Investment Management EMEA, while maintaining their independent roles and responsibilities.

The three lines of defence model ensure proper segregation of duties of these the three lines and provides clear responsibilities and accountabilities for decision making. Through the implementation of the three lines of defence model independent reporting and effective risk management facilitated.

FIGURE 16 DEFENCE LINES



### 1st Line of Defence Responsibilities

Portfolio and Fund management, transaction management, asset management and Support Departments are responsible for the day-to-day management of the core business processes, support processes and the first line activities that control and reduce risk, so they own and manage the risks. They are responsible for effectiveness of business processes and operating in line with policies and procedures.

The senior management in each business and operational unit is accountable for risk management in their area, by: providing input to set risk appetite and risk tolerance levels at the business and functional unit level, ensuring risk positions taken are within defined risk appetite, communicating the level and status of risk to the board of directors and RMC, providing accurate, complete and timely information to the RMC and to apply mitigating/remedial actions in case of (upcoming) breaches.

### 2nd Line of Defence Responsibilities

The second line departments (e.g., Compliance, Legal, Tax, Risk Management) are responsible for the design of the corporate policies and procedures and the monitoring of proper implementation and execution of these policies by the 1st line of defence. They also are responsible for the monitoring of overall risk exposure and compliance with rules and regulations. Furthermore, these departments, review, provide advice and support to the 1st line of defence to reduce risk exposure and to optimise the effectiveness of business processes. The departments also coordinate the organisation wide risk management processes, (e.g., strategic risk management process).

### 3rd Line of Defence Responsibilities

The quality of CBRE Investment Management EMEA AIFM's operational processes is independently monitored and strengthened by the involvement of Internal Audit. IA is focused on independent assessments of the design and operating effectiveness of internal controls and provides recommendations for improving governance. This is following a three year audit plan.

For more details on the main risks identified for the Fund we refer to the risk section in the accounting principles on page 99.

# Remuneration policy

## Purpose and scope

The investment culture of CBRE Investment Management EMEA stems from one simple yet profound precept which is always to place the interests of our investors and clients first. This precept is ingrained by our leadership into all of our employees at all levels of CBRE Investment Management EMEA, not because we are altruists but rather because if we abide by it, we will be successful in the long run, even if in the short run it can sometimes conflict with CBRE Investment Management EMEA's interests. As a result, we have designed our remuneration policy to foster co-operation and team spirit in our employees as it is in our clients' collective interest. The remuneration policy is applicable to CBRE Investment Management EMEA and is amended from time to time. CBRE Investment Management EMEA's remuneration framework is designed to support business strategy, CBRE's RISE values and long-term interests of CBRE Investment Management EMEA, Investors and other stakeholders and it contains measures that prevent conflicts of interest. In addition to best market practices, it takes into account the following key principles:

1. CBRE Investment Management EMEA's remuneration policy takes into account its specific activities and risk profile as well as various local and/or regional rules and regulations applicable to it.
2. The remuneration policy has been designed so as to take into account the Group's (CBRE Group, Ltd.) remuneration policies where required, as long as they are aligned with local regulations. It sets principles for their application at the level of CBRE Investment Management EMEA.
3. The remuneration policy of CBRE Investment Management EMEA is designed so as not to encourage the taking of excessive risk. In that context, it integrates – in its performance management system – risk criteria specific to the activities and business lines concerned.

The remuneration policy applies to all employees, including 'identified staff' in respect of CBRE Investment Management EMEA and therefore covers (i) members of the General Partner/Manager, (ii) employees in controlling functions and (iii) any other employees who have a material impact on the risk profile of CBRE Investment Management EMEA ('Risk takers'). Definitions for each category of identified staff have been established and documented.

## Governance

The remuneration policy is in line with general remuneration principles as set by the Global Remuneration Framework and subject to annual approval by the EMEA Remuneration Governance Committee and relevant Boards. The EMEA Remuneration Governance Committee advises on the annual variable remuneration and merit budget and the relevant Boards approve. The Global Remuneration Committee reviews and approves the EMEA annual variable remuneration and merit amounts and will seek further approval from the Group where required. The implementation of the remuneration policy is subject, at least on an annual basis, to central and independent internal review by Internal Auditor or by a Group Auditor for compliance with policies and procedures defined/updated by the Global Head of People and the Compliance Officer. They report on the outcome of this review to the Global Head of People and the Global Remuneration Committee.

## Remuneration framework

CBRE Investment Management has a total remuneration approach to compensation acknowledging the importance of well-balanced but different remuneration packages derived from business and local market needs, as well as the importance of compensation being consistent with and promoting sound and effective risk management, not encouraging excessive risk-taking or counteracting our long-term interests. Identified staff are required to undertake not to use personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

## Main components of the remuneration framework

The remuneration policy defines the purpose of each remuneration component, eligibility and overall performance criteria as well as a description on governance, application and follow-up. The remuneration components described in the policy are:

- Fixed remuneration (including fixed supplements), the fixed remuneration is determined by reference to the relevant external peer group of companies as well as internal peers. The peer group benchmark is completed annually,
- Variable performance based remuneration, rather than based on the profits of particular funds or client accounts, the bonus pools are based on the annual result of CBRE Investment Management EMEA. The individual performance is evaluated during his/her annual appraisal. Individual objectives are set based using SMART principle which include financial and non-financial measures,
- Pension schemes (where appropriate),
- Employee Co-Investments in Investment Products (where appropriate); to further align the interests of investors and employees,
- Employee Carried Interest in Investment Products (where appropriate); to further align the interests of investors and employees,
- Stock Awards (in exceptional cases only), and
- Other Benefits (what and where appropriate).

The remuneration packages are in general determined based on local market conditions which take into consideration the individual employee's job, responsibilities and skills. The Job Architecture Framework forms the basis for the assessment of an employee's job including level, job function and career step. The fixed salary of the staff should cover at least the basic cost of living. Staff is not dependent on the variable remuneration for the basic cost of living.

## Additional information regarding variable performance based remuneration

All bonuses are paid or vest only if they are sustainable according to the financial situation of CBRE Investment Management Luxembourg AIFM S.à r.l. as a whole, and justified according to the performance of the group, company and the individual concerned.

CBRE Investment Management EMEA has embedded in the EMEA Remuneration Policy the right to hold back (by way of applying a malus) unpaid or unvested variable remuneration and to claw back paid/vested variable remuneration from any current (or ex-) identified staff in circumstances outlined in the EMEA remuneration policy.

### TABLE 15 REMUNERATION

(Amounts in € '000, unless otherwise indicated)

All employees allocating time to CBRE Investment Management Luxembourg AIFM S.à r.l.	2022	2021
Number of employees (average over the year)	24	28
Remuneration*		
Fixed salary expenses	2,613	1,823
Variable salary expenses**	2,568	1,605

\*) The remuneration includes social premiums, pension premiums and other staff related expenses

\*\*\*)The variable remuneration expenses mainly relate to the pay out of the bonus granted to our staff for their performance in the preceding year

This is the allocated remuneration of all employees allocating time to Luxembourg AIFM which is the alternative investment fund manager ('AIFM') of twenty-two real estate funds, managing total assets under management of EUR 15.3 billion as at 31 December 2022 (EUR 11.3 billion as at 31 December 2021). Four employees received remuneration in excess of EUR 1 million. The total remuneration related to all these employees (not only for time allocated to Luxembourg AIFM) amounts to EUR 15 million, of which EUR 3.9 million relates to management staff and EUR 11.1 million relates to other staff members.

Luxembourg, 10 March 2023



## Audit report

To the General Partner of  
**CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF**

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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 CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF and its subsidiaries (the “Fund”) as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### *What we have audited*

The Fund’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in net assets attributable to holders of redeemable shares for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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

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### Other information

The 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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T : +352 494848 1, F : +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

*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 General Partner for the consolidated financial statements**

The General Partner is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the 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 General Partner is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Fund 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 Fund's internal control;



- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner;
- conclude on the appropriateness of the General Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

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

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#### **Restriction on distribution and use**

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

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 10 March 2023

Electronically signed by:  
John Ravoisin

A stylized handwritten signature in blue ink, consisting of several horizontal strokes and a vertical stroke, representing the name John Ravoisin.

John Ravoisin

# Orange & Green



Amsterdam,  
Netherlands

# Financial statements

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CBRE Global Investors  
Open-Ended Funds S.C.A.  
SICAV-SIF - Pan European  
Core Fund

Consolidated  
financial statements  
in accordance with  
IFRS-EU

# Consolidated statement of financial position

(Amounts in €'000, unless otherwise indicated)

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	1	6,767,005	6,640,485
Investment properties under construction	2	107,750	30,725
Deferred tax assets	24	21,928	22,120
Other non-current assets	3	13,181	16,169
<b>Total non-current assets</b>		<b>6,909,864</b>	<b>6,709,499</b>
<b>Current assets</b>			
Trade and other receivable	4	17,279	18,405
Accounts receivable from associated companies		—	642
Prepayments and accrued income	5	16,125	11,750
Derivatives	6	6,797	65
Other receivables	7	70,526	52,476
Cash and cash equivalents		179,766	160,476
<b>Total current assets</b>		<b>290,493</b>	<b>243,814</b>
<b>TOTAL ASSETS</b>		<b>7,200,357</b>	<b>6,953,313</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	9	84	1,109
Loans and borrowings	10	1,130,831	1,131,354
Debt from related parties	11	4,981	3,104
Deferred tax liability	24	185,531	198,637
Other non-current liabilities	12	77,415	51,777
<b>Total non-current liabilities</b>		<b>1,398,842</b>	<b>1,385,981</b>
<b>Current liabilities</b>			
Loans and borrowings	10	170,697	261,608
Derivatives	6	—	8,823
Trade and other payable		32,868	21,837
Accrued expenses and deferred income	13	59,277	51,948
Other current liabilities	14	9,520	26,628
<b>Total current liabilities</b>		<b>272,362</b>	<b>370,844</b>
<b>Total liabilities excluding net assets attributable to holders of redeemable shares and non-controlling interests</b>		<b>1,671,204</b>	<b>1,756,825</b>
Net assets attributable to holders of redeemable shares		5,524,718	5,193,284
Attributable to non-controlling interests		4,435	3,204
<b>TOTAL LIABILITIES</b>		<b>7,200,357</b>	<b>6,953,313</b>

Notes 1 - 7, 9 - 15, 24 see pages 106 – 114, 118.

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

# Consolidated statement of comprehensive income

(Amounts in € '000, unless otherwise indicated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Gross rental revenue	16	252,352	221,410
Recovered property costs charged to tenants	16	55,469	44,597
Other income	16	2,375	3,473
<b>Total operating income</b>		<b>310,196</b>	<b>269,480</b>
Operating costs	17	(37,102)	(38,465)
Recoverable property costs	16	(55,469)	(44,597)
		<b>(92,571)</b>	<b>(83,062)</b>
<b>NET RENTAL REVENUE</b>		<b>217,625</b>	<b>186,418</b>
Professional services	18	(19,662)	(14,011)
Management fees	19	(49,608)	(42,135)
Other expenses		(1,028)	(575)
<b>Fund expenses</b>		<b>(70,298)</b>	<b>(56,721)</b>
Gain/ loss from sales	22	(1,865)	(1,597)
Changes in fair value of investment properties	1	(452,151)	400,541
Changes in fair value of right of use assets	1	(485)	(70)
Changes in fair value of investment properties under construction	2	(10,408)	12,366
Other (un)realized gains and losses		(2,175)	(747)
Result on foreign investments	23	(2,501)	(33,263)
<b>Net gains/(losses)</b>		<b>(469,585)</b>	<b>377,230</b>
<b>OPERATIONAL RESULT</b>		<b>(322,258)</b>	<b>506,927</b>
Finance income	20	65	194
Finance expense	21	(18,112)	(33,065)
<b>Finance result</b>		<b>(18,047)</b>	<b>(32,871)</b>
<b>NET RESULT BEFORE TAX AND DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES</b>		<b>(340,305)</b>	<b>474,056</b>
Corporate income tax	24	1,030	(91,577)
<b>NET RESULT BEFORE DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES</b>		<b>(339,275)</b>	<b>382,479</b>
Distribution to holders of redeemable shares		(135,350)	(114,140)
<b>NET RESULT</b>		<b>(474,625)</b>	<b>268,339</b>

<b>Other comprehensive income that may be reclassified to income statement in subsequent periods</b>		
Changes in fair value of net investment hedge	15,555	(7,934)
The effective portion of gains/ losses on hedging instruments in a cash flow hedge	10,687	(20,670)
Effect of foreign exchange rate differences	(65,572)	88,210
<b>Other comprehensive income</b>	<b>(39,330)</b>	<b>59,606</b>
<b>TOTAL CONSOLIDATED COMPREHENSIVE INCOME</b>	<b>(513,955)</b>	<b>327,945</b>
<b>Net result before distributions to holders of redeemable shares attributable to:</b>		
Shareholders	(338,683)	382,339
Non-controlling interest	(592)	140
Basic and diluted net result before distribution per share (in €)	(0.088)	0.108
Number of shares (entitled to profit)	4,206,355,638	3,637,723,121
<b>Consolidated comprehensive income attributable to:</b>		
Shareholders	(513,219)	327,805
Non-controlling interest	(736)	140

Notes 1-2, 16-24 see pages, 106-107, 115 – 118.

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

# Consolidated net assets attributable to holders of redeemable shares

(Amounts in €, unless otherwise indicated)

	31 December 2022	31 December 2021	31 December 2020
<b>Net assets value</b>			
Share class A+	591,625,195	493,759,863	279,210,718
Share class A	1,193,929,248	1,349,557,850	1,323,144,925
Share class B	2,396,576,488	2,190,332,942	1,773,625,448
Share class C	475,190,483	450,884,600	423,787,949
Share class XP_A++	—	—	—
Share class XP_A+	—	—	—
Share class XP_A	310,430,530	127,633,242	106,418,740
Share class XP_B	517,445,926	531,330,167	365,293,828
Share class XP_C	39,520,470	49,785,208	42,424,171
Share class I	1	1	1
Management share class	1	1	1
<b>TOTAL</b>	<b>5,524,718,342</b>	<b>5,193,283,876</b>	<b>4,313,905,782</b>
<b>Number of shares</b>			
Share class A+	450,153,101.3048	345,642,372.5804	209,213,148.5764
Share class A	908,720,470.1086	944,962,605.5014	991,664,117.0243
Share class B	1,824,971,046.3546	1,534,446,788.8911	1,329,982,544.0082
Share class C	362,029,447.5367	316,060,857.7079	317,809,247.1551
Share class XP_A++	—	—	—
Share class XP_A+	—	—	—
Share class XP_A	236,228,355.9168	89,388,498.8896	79,781,794.4058
Share class XP_B	394,131,970.6825	372,320,549.3800	273,893,967.4991
Share class XP_C	30,121,243.9848	34,901,445.8289	31,821,409.0981
Share class I	1.0000	1.0000	1.0000
Management share class	1.0000	1.0000	1.0000
<b>TOTAL</b>	<b>4,206,355,637.8888</b>	<b>3,637,723,120.7793</b>	<b>3,234,166,229.7670</b>
<b>Net asset value per share</b>			
Share class A+	1.3143	1.4285	1.3346
Share class A	1.3139	1.4282	1.3343
Share class B	1.3132	1.4274	1.3336
Share class C	1.3126	1.4266	1.3335
Share class XP_A++	—	—	—
Share class XP_A+	—	—	—
Share class XP_A	1.3141	1.4278	1.3339
Share class XP_B	1.3129	1.4271	1.3337
Share class XP_C	1.3120	1.4265	1.3332
Share class I	n.a.	n.a.	n.a.
Management share class	n.a.	n.a.	n.a.
<b>AVERAGE NET ASSET VALUE PER SHARE</b>	<b>1.3135</b>	<b>1.4276</b>	<b>1.3339</b>

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

# Consolidated statement of changes in net assets attributable to holders of redeemable shares

(Amounts in €'000, unless otherwise indicated)

	2022	2021	2020
Net assets attributable to holders of redeemable shares at the beginning of the year	5,193,284	4,313,906	4,129,805
Net result before distribution to holders of redeemable shares	(338,683)	382,339	5,638
Distribution to holders of redeemable shares	(135,350)	(114,140)	(98,510)
Other comprehensive income	(39,186)	59,606	5,447
Proceeds from shares issued	844,653	551,573	306,540
Disbursements from shares redeemed	—	—	(35,014)
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AT THE END OF THE YEAR</b>	<b>5,524,718</b>	<b>5,193,284</b>	<b>4,313,906</b>

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

# Consolidated cash flow statement

(Amounts in €'000, unless otherwise indicated)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
<b>Cash flows from or used in operating activities</b>			
Net result before tax and distributions to holders of redeemable shares		(340,305)	474,056
<b>Adjustments to net operating cash flows</b>			
Changes in fair value of investment properties	1	452,151	(400,540)
Gain / loss from sales	22	1,865	1,597
Result on foreign investments	23	2,501	33,263
Amortization of capitalised rent incentives	1	8,622	8,296
Amortization of capitalised fitting out incentives	1	2,010	1,892
Amortization of capitalised reletting expenses	1	1,867	1,331
Changes in fair value of investment properties under construction	2	10,408	(12,366)
Changes in fair value of right-of-use assets	1	485	69
Acquisition expenses relating to subsidiaries		(42)	2,511
Amortisation of capitalised finance expenses	10	2,313	4,588
Loss allowance on financial assets	4	339	7,072
Foreign currency loss / (gain)		(14,162)	12,613
<b>Operating cash flow before changes in working capital</b>		<b>128,052</b>	<b>134,382</b>
(Increase)/decrease in trade and other receivable		787	(73)
(Increase)/decrease in prepayments and accrued income		(4,437)	(1,701)
(Increase)/decrease in accounts receivable from associated companies		642	(642)
(Increase)/decrease in other receivables and other assets		(10,863)	(23,935)
Increase/(decrease) in trade and other payable		11,031	13,620
Increase/(decrease) in accrued expenses and deferred income		16,098	6,288
Increase/(decrease) in other current liabilities and other liabilities		(12,345)	5,209
<b>Changes in working capital</b>		<b>913</b>	<b>(1,234)</b>
Corporate income tax paid		(11,528)	(20,129)
<b>Net cash from or used in operating activities</b>		<b>117,437</b>	<b>113,019</b>
<b>Cash flow from or used in investing activities</b>			
Investments in investment properties	1	(453,463)	(566,543)
Investments in investment properties under construction	2	(62,660)	—
Acquisition of subsidiaries, net of cash acquired	1, 2	(151,126)	(479,830)
Acquisition expenses relating to investment properties	1	(21,322)	(27,925)
Acquisition expenses relating to investment properties under construction	2	(957)	—
Acquisition expenses relating to subsidiaries	1	(4,841)	(9,350)
Capitalised subsequent expenditures investment properties	1	(45,241)	(37,411)
Capitalised incentives and expenses	1	(14,676)	(14,595)
Divestment of subsidiaries		(394)	59,285
Divestments of investment properties		51,789	(142)
Capitalised subsequent expenditures investment properties under construction	2	(26,391)	(3,775)
Interest received		62	65
Proceeds from or investments in derivatives		10,687	(20,670)
<b>Net cash from or used in investing activities</b>		<b>(718,533)</b>	<b>(1,100,891)</b>

<b>Cash flow from or used in financing activities</b>				
Issuance of participations- capital call		844,652	551,573	
Distributions		(135,350)	(114,140)	
Proceeds from loans and borrowings	10	705,912	1,849,621	
Repayment of loans and borrowings	10	(797,400)	(1,269,901)	
Proceeds from debt from associated companies	11	1,877	3,104	
Other movements in loans/derivatives	6	15,555	(7,934)	
Repayment of lease liabilities		(1,959)	(877)	
Interest paid		(12,207)	(8,401)	
<b>Net cash from or used in financing activities</b>		<b>621,080</b>	<b>1,003,045</b>	
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			<b>19,984</b>	<b>15,173</b>
Cash and cash equivalents at start of the year		160,476	144,607	
Impact of currency translations on cash		(694)	696	
<b>Cash and cash equivalents at end of the year</b>		<b>179,766</b>	<b>160,476</b>	

Notes 1-6, 10-11, 18, 22-23 see pages 106 - 109, 111 - 113, 116, 117.

The 2021 Cash Flow has been adjusted mainly to present the changes in fair value of right-of-use assets, the repayment of lease liabilities and the breakdown of changes in working capital.

Changes in liabilities arising from financing activities for the year ended 31 December 2022:

	Loans and borrowings	Debt from associated parties	Derivatives	Lease liabilities	Total
<b>Balance as at the beginning of the year</b>	1,392,962	3,104	8,758	35,456	1,440,280
Movements					—
- Cash flows	(90,000)	1,877	10,687	—	(77,436)
- Changes in fair value	—	—	(26,242)	—	(26,242)
- Capitalised finance expenses	(1,488)	—	—	—	(1,488)
- Amortisation of finance expenses	2,313	—	—	—	2,313
- New leases	—	—	—	22,245	22,245
- Reassessment and modification to leases	—	—	—	76	76
- Currency translation differences	(2,259)	—	—	(934)	(3,193)
<b>Balance at the end of the year</b>	<b>1,301,528</b>	<b>4,981</b>	<b>(6,797)</b>	<b>56,843</b>	<b>1,356,555</b>

Changes in liabilities arising from financing activities for the year ended 31 December 2021:

	Loans and borrowings	Debt from associated parties	Derivatives	Lease liabilities	Total
<b>Balance as at the beginning of the year</b>	801,248	—	824	19,196	821,268
Movements					—
- Cash flows	591,649	3,104	(20,670)	—	574,083
- Changes in fair value	—	—	28,604	—	28,604
- Capitalised finance expenses	(11,930)	—	—	—	(11,930)
- Amortisation of finance expenses	4,588	—	—	—	4,588
- New leases	—	—	—	15,937	15,937
- Reassessment and modification to leases	—	—	—	(20)	(20)
- Currency translation differences	7,407	—	—	343	7,750
<b>Balance at the end of the year</b>	<b>1,392,962</b>	<b>3,104</b>	<b>8,758</b>	<b>35,456</b>	<b>1,440,280</b>

Out of the total cash and cash equivalents of EUR 179.8 million, EUR 29 million is restricted, the remaining amount of EUR 150.8 million is freely available to the Fund. The restricted cash is composed of tenant's deposits (EUR 18.9 million), service charges (EUR 9.5 million) and others.

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

# Notes to the financial statements

## Accounting Principles

(Amounts in €'000, unless otherwise indicated)

### General

The Fund is a partnership limited by shares (société en commandite par actions) that was established as an investment company with variable share capital (société d'investissement à capital variable) qualifying as an umbrella specialized investment fund under the law of 13 February 2007 on specialised investment funds (the "SIF Law") on 12 January 2010 and has its registered office and address at 4 rue du Fort Wallis, L-2714 Luxembourg.

The sub-fund CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF-Pan European Core Fund was formed to pursue core investments in logistics, residential, office, retail, hotel and other properties in Europe.

Its principal activities are to invest in and manage a portfolio of high-quality logistics, residential, office, retail, hotel and other properties in Europe. The intention is to deliver a total return between 8% and 10% per annum to investors net of fees, tax and performance fee payment. To achieve its investment objective, the PEC Fund will aim to deliver its returns primarily through investing in stabilised core properties which will produce long term, stable income streams.

The PEC Fund was established on 12 January 2010. CBRE Global Investors Open-Ended GP, S.à r.l. a Luxembourg company (the "General Partner") was established to act as the general partner of the PEC Fund. The General Partner adopted the calendar year as the financial year of the Fund. The investment advisor is CBRE Investment Management Luxembourg S.à r.l. (formerly named CBRE Global Investors Luxembourg S.à r.l.) (the "Advisor"), a Luxembourg company and an affiliate of the General Partner. CBRE Investment Management affiliated companies in United Kingdom, Germany, France, Czech Republic, Poland, Denmark, Norway, Sweden, Belgium, Netherlands, Luxembourg, Spain and Italy may act as sub-advisor to the Advisor.

Information pursuant to article 23 of the AIFMD or material changes thereto have been disclosed in this Annual Report, the placing documents and/or the amended Fund documentation and presentations provided at investor meetings.

Each of the Fund's legal entities in which the Fund participates reports statutory accounts under the local reporting standards of the country where the entity is established. For consolidation purposes, all entities are booked in CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF in accordance with IFRS-EU.

The consolidated financial statements for the year ended 31 December 2022 have been authorized for issue in accordance with a resolution of the Board of Managers of the General Partner on 9 March 2023. The Board of Managers of the General Partner will present the consolidated financial statements in the annual meeting of shareholders of the Fund and will request the approval of the consolidated financial statements and the appropriation of result.

### Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements of CBRE Global Investors Open-Ended Funds S.C.A. SICAV-SIF are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS-EU). The Fund's reporting currency as well as functional currency is the Euro.

Certain figures in the comparative financial statements have been reclassified in order to ensure the comparability with the current year figures.

### Going concern

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for investment properties and derivatives that have been measured at fair value.

As a result of the Russian invasion of Ukraine which commenced on 24 February 2022, impacts on the regional and global economy are still uncertain and difficult to assess in terms of duration and severity. The market uncertainty could have an adverse impact on the Fund, including but not limited to the fair value of its investments and/or cash flow as well as loans and borrowings among other macroeconomic impacts.

The Advisor continuously monitors the known impacts in terms of the larger macro-economic environment which include inflation (rising energy costs and general costs which are expected to remain high throughout 2023), as well as the financial economic environment which include rising interest rates and devaluation of currencies (as such impacting loan and property values).

Based on the continued strength of the Fund's balance sheet, including its significant liquidity position at the year end, its forecast future operating and investment activities and, having considered the impact of Covid-19 and the war in Ukraine on the Fund's operations and portfolio, the Directors have a reasonable expectation that the Fund has adequate financial resources to manage business risks in the current economic environment, and continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, the General Partner continues to adopt the going concern basis in preparing these consolidated financial statements.

## Adoption of new and revised standards

### Standards and interpretations effective in current period

There were several amendments that became effective in the current period, these are listed below:

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018–2020.

The Manager has assessed the impact of the amendments, none of the amendments have a material impact on the financial position or performance of the Fund.

### Early adoption of standards and interpretations

Standards issued but not yet effective up to the date of issuance of the Fund's consolidated financial statements are listed below:

- IFRS 17 – Insurance Contracts including Amendments to IFRS 17, effective 1 January 2023\*;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective 1 January 2023\*;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), effective 1 January 2023\*;
- Definition of Accounting Estimates (Amendments to IAS 8) effective 1 January 2023\*;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective 1 January 2024\*;
- Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17), effective 1 January 2023;
- IFRS 10 and IAS 28 – Amendments – Sale or contribution of assets between an investor and its associate or joint venture;
- Amendments to IFRS 16 Leases: Lease liability in a Sale and Leaseback effective 1 January 2023\*.

(\*) Not yet endorsed by the EU to date.

The Fund has not early adopted any new International Financial Reporting standards, interpretations or amendments that has been issued but is not yet effective. None of the standards, interpretations or amendments are expected to have a material impact on the financial position or performance of the Fund.

## Significant accounting judgements and estimates

### Judgements

In the process of applying the accounting policies, the manager has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

The general risk environment in which the Fund operates has remained heightened during the period due to the continued impact of Covid-19, and the emergence of the economy from the pandemic, including related challenges in macroeconomic headwinds through rising inflation.

The emergence of the conflict in Ukraine on 24 February 2022 has led to increased global economic uncertainty with sanctions imposed upon Russia and heightened political and diplomatic tensions. The Fund does not have any operations in Ukraine or Russia. The Fund is therefore not directly affected by any trading restrictions or sanctions, but could be affected by possible wider macroeconomic consequences including but not limited to dislocated commodities markets (notably for oil and gas) supply chain disruptions, inflationary pressures, weaker growth, changes in market discount rates and valuations and capital market volatility. These are all increasing inflationary pressures, and are being compounded by the war in Ukraine, and may give rise to further interest rate rises and in turn serve to dampen economic growth. Whilst these headwinds continue to evolve, we have set out in our Fund risk assessment table the key potential impacts on our business and how we plan to mitigate these.

The General Partner does not consider the conflict/war at this stage to have had a material impact on the Fund's financial statements and is closely monitoring the conflict for any future developments that may change the risk environment in which the Fund operates. As the situation evolves, we will update our assumptions and estimates accordingly.

The Fund may acquire subsidiaries that own real estate. At the time of acquisition, the Fund analyses whether the acquisition represents the acquisition of a business. The Fund accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services. When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

For amounts due from loans receivable and amounts receivable from tenants and property managers (refer to note 4) carried at amortized costs, the Fund first assesses individually whether objective evidence of impairment exists. The Fund also assesses whether objective evidence for collective impairment exists. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated comprehensive income statement, discounted against the original effective interest rate.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year, are discussed in the principles of valuation of the statement of financial position below.

Fair value, in the case of investment property and investment property under construction, is the valuation based on valuations by two independent experts taking into account the nature, location and condition of the specific assets. In 2022, the properties in the portfolio were valued by the independent experts Jones Lang LaSalle and Knight Frank. The valuation undertaken was based on an open market value, supported by market evidence in which assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an at arm's length transaction at the date of the valuation in accordance with the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors and International Valuation Standards. The valuations are based on the assumption that the properties are let and sold to third parties based on the actual letting status and are net of purchasers' costs. The portfolio is appraised based on an external desktop valuation each quarter

and based on a valuation by independent experts at year-end. Valuations drawn up earlier in the year are updated if necessary to reflect the situation at year end.

The valuations are based on DCF analysis of each property combined – where necessary- with valuations based on market evidence. The DCFs have been adjusted to existing lease terms. This has been done in order to cover the full period of existing leases. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing leases, and estimations of the rental values when leases expire. The basis for the estimation of the discount rate is the nominal interest rate for 10-year government bonds. This rate should be raised with the risks that are involved with property investments.

The values stated in the valuation reports represent the objective opinion of the independent valuation experts of fair value in accordance with the definition set out above as of the date of the valuation. Amongst other things, this assumes that the properties had been properly marketed and that exchange of contracts took place on this date. However, short notice disposal price of assets might be lower than the current appraisal value. No adjustments are made to the valuation as determined by the external valuer. The significant assumptions related to the valuations are set out in note 1 and 2.

Some subsidiaries in the Fund have losses carried forward from prior years. The manager has assessed the recoverability of these losses based on local regulations and forecasted results. For the part of the losses that are deemed recoverable, the Fund had recognised a deferred tax asset. For more information refer to note 24 of page 118.

Trade and other receivable, cash and other receivables are the major financial assets subject to the expected credit loss ("ECL") model within IFRS 9. The Fund uses the simplified approach for the determination of the ECL. The calculation of allowances is based on the materiality of outstanding balances, aging of Trade and other receivables, tenant's payment history, probability of defaults, whether covered by deposits/bank guarantees, type of tenant, and expected future economic condition of the tenant, these include financial factors affecting the tenant such as rising costs of operations as a result of rising inflation. Funds will need to consider if the simplified ECL approach model is still applicable as a result of rising inflation and associated costs. Accounts of customers who are in financial difficulties or customers with unpaid invoices that are significantly overdue for more than 90 days, without reasonable expectation of recovery, are classed as doubtful debts. When there ceases to be any reasonable prospect of recovering such doubtful debts, they are written off. As the Fund has many counterparties in different jurisdictions and diverse industries, there is not considered to be any concentration of credit risk within these assets. For further information about credit risk exposure of the Fund, refer note 4.

## Consolidation

The consolidated financial statements incorporate the financial statements of the Fund and entities controlled by the Fund up to 31 December, which are disclosed in Table 19. Subsidiaries are all entities over which the Fund has control. The Fund controls an entity when the Fund 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 Fund. They are deconsolidated from the date that control ceases.

The non-controlling interests ("NCI") are stated at their proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries where control is acquired or disposed of during the year are included in the consolidated comprehensive income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Fund.

The relative part of total net assets and net income attributable to third parties is included as non-controlling interest in the consolidated statement of financial position and the consolidated statement of comprehensive income.

## Foreign currency translation

The reporting and functional currency of the Fund is the Euro, whereas the functional currency of certain of its foreign subsidiaries is the local currency.

## Transactions and balances

Transactions in foreign currencies are initially recorded by the Fund's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Fund's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

The year-end exchange rate used is (foreign currency compared to EUR 1):

- British Pound (GBP) 0.884525. The average exchange rate used is GBP 0.870045 compared to EUR 1.
- Norwegian Krone (NOK) 10.487907. The average exchange rate used is NOK 10.392424 compared to EUR 1.
- Swedish Krona (SEK) 11.160852. The average exchange rate used is SEK 10.938833 compared to EUR 1.
- Danish Krone (DKK) 7.436323. The average exchange rate used is DKK 7.438026 compared to EUR 1.

## Principles of valuation of the consolidated statement of financial position

### Investment properties

Investment properties, which are properties held to generate long-term rental revenue and/or for capital appreciation, are initially accounted for at cost including transaction costs.

After initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date determined by an accredited external independent valuer. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated comprehensive income statement for the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the consolidated comprehensive income statement in the year of derecognition.

Investments, that have been made in existing properties since the last valuation was carried out, are capitalised at the cost value in addition to the carrying amount of the investment up to the next valuation

### Properties under construction subject to forward purchase agreements

The Fund may enter into forward purchases of real estate assets under construction, where the legal title is transferred in the future, at completion. The Company recognises the purchase when the control over asset is obtained; control refers to the ability to obtain substantially all of the remaining benefits from the asset.

When the following conditions are met, the asset is recognised as investment property under construction;

1. transaction is binding,
2. the purchase price is substantially fixed and payable in full regardless of any cancellation intention of the buyer for reasons other than seller's fault,
3. the features of the asset cannot be significantly changed unilaterally by the seller,
4. the asset cannot be substituted.

The investment property under construction is initially recognised at cost on the balance sheet. Subsequently, at each reporting period, the investment property under construction is measured at fair value, any changes to fair value are recognised in the statement of profit and loss as Changes in fair value of investment properties under construction.

### Incentives

#### Rent incentives

Straight-lined rent incentives are recognised in the consolidated statement of financial position at the moment the incentive is granted. The incentives are recognised as a reduction of gross rental revenue on a straight-line basis over the term of the lease contract. The fair value of the investment properties recognised in the consolidated statement of financial position include the net balance of the rent incentives. Accordingly, the revaluation of properties contains both the movement in value of the properties as well as the movement in straight-lined incentives during the year.

#### Letting fees

The Fund makes payments to agents for services in connection with negotiating lease contracts with the Funds lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term. Accordingly, the revaluation of properties contains the movement in value of the properties as well as the movement in straight-lined incentives and letting fees during the year.

Letting fees are recognised as an increase of operating expenses on a straight-line basis over the lease term

### Investment properties under construction

Investment properties under construction (IPUC), which are properties that are being constructed or developed for future use as an investment property, are initially accounted for at cost.

After initial recognition, investment properties under construction are measured at fair value, assuming the fair value of such property can be reliably determined.

Gains or losses arising from changes in the fair value of investment properties under construction are included in the consolidated comprehensive income statement for the period in which they arise. However, where fair value is not reliably measurable, the property is measured at cost and tested for impairment until the earlier of the date construction is completed or the date at which fair value becomes a reliable measure.

Investment properties under construction are derecognised when they have been moved to investment properties or disposed. Any gains or losses on the derecognition of an investment property under construction are recognised in the consolidated comprehensive income statement in the year of derecognition.

Investment properties under construction are not subject to depreciation. If applicable, borrowing costs regarding loans needed to invest in investment properties are capitalised during the development period.

Revaluation is the difference between the market value at year-end and the market value at the beginning of the year including the capitalised subsequent expenditure.

### Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### As a lessee

The Fund uses the exemption to exclude short term leases and low value leases from recognition in accordance with IFRS 16. For measurement of the right-of-use asset at the date on first-time adoption, initial direct costs were not taken into account. The right-of-use asset that meets the definition of an investment property or investment property under construction is presented as such on the consolidated balance sheet and is initially recognised against the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received and initial direct costs incurred. The right-of-use asset is

subsequently valued at fair value. The lease liability is initially recognised against the present value of lease payments and subsequently increased to reflect interest on the lease liability and decreased to reflect lease payments. For the determination of the right-of-use asset and the lease liability, the Fund considers the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The discount rate applied is equal to the interest rate implicit in the lease contract. If that rate is not available the Fund uses the incremental borrowing rate which is the rate of interest that the Fund would have to pay to borrow over a similar term, and with a similar security, the Funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To assess the IBR, the Fund uses the interest rate used by the municipality or land owner, the discount rate applied by the external valuer and/or the interest rates charged on internal and external loans and if required adjusted appropriately. For details on the rates used, refer to note 1 and 2 on pages 106-107. When there are changes in the lease payments or lease term, the value of the right-of-use asset and lease liability shall be remeasured.

### **As a lessor**

The investment properties are leased out under operating leases because the Fund does not transfer all the risks and benefits of ownership of the investment property. Initial direct costs incurred in negotiating an operating lease are recognised over the lease term on the same basis as rental revenue. Contingent rents are recognised as revenue in the period in which they are earned.

## **Financial instruments**

### **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income and at amortised cost in accordance with conditions from IFRS 9. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Fund determines the classification of its financial assets at initial recognition. At initial recognition, financial assets are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Financial assets are derecognised when contractual rights to receive cash flows from the asset have expired or when the Fund transfers substantially all risks and rewards of ownership.

Financial assets recognised in the statement of financial position as loans receivable, Trade and other receivable and other receivables are classified as financial assets measured at amortized cost. They are initially recognised at fair value (except trade receivables which are measured at their transaction price in accordance with IFRS 15) and subsequently measured at amortised cost using the effective interest method, less provision for impairment. These financial assets are held to collect contractual cashflows and consist of solely payments of principal and interest on the principal amount outstanding.

### **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost as in accordance with conditions from IFRS 9. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow. The Fund determines the classification of its financial liabilities at initial recognition. At initial recognition, financial liabilities are measured at fair value, less, in the case of liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

Financial liabilities recognised in the statement of financial position as loans and borrowings and debt from associated companies are classified as financial liabilities at amortised cost. They are initially recognised at fair value less related transaction costs and subsequently measured at amortised cost using the effective interest method. When liabilities are derecognised, gains and losses are recognised in net profit or loss.

The other non-derivative financial liabilities, which comprise of trade and other payable, accruals and other liabilities are initially measured at fair value and subsequently measured at amortised cost.

### **Derivatives**

Financial assets (and liabilities) recognized in the statement of financial position as derivatives are classified as financial assets (and liabilities) at fair value through profit or loss. Gains or losses arising from changes in fair value of derivatives are recognized in the consolidated statement of profit or loss, except when hedge accounting is applied for effective hedges.

### **Hedge accounting**

The Fund uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction; or
- hedges of a net investment in a foreign operation.

The gain or loss relating to the ineffective portion is recognised immediately in income statement, and is included in the 'Changes in fair value of investments at fair value through profit and loss'.

The effective portion of the gain or loss on the cash flow hedge is recognised via other comprehensive income in the hedging reserve.

The effective portion of the gain or loss on the hedge of net investments in a foreign entity is recognised via other comprehensive income in the foreign currency translation reserve.

To assess the effectiveness of the cashflow hedging relationship the Fund compares the term, interest payment dates, counterparty, floating interest percentage and notional amount of the hedging relationship. When there are no differences the Fund considers the hedge effective. When there are differences, the Fund performs a retrospective test to assess the (in)effectiveness. For net investment hedges, the exposure to a foreign investment is compared to the notional amount of the foreign currency forward contract, when this exposure is not significantly less than the notional of the contract, the hedge is considered effective.

### Trade and other receivables

Trade and other receivables are initially recognised at their transaction price and subsequently at amortised cost less any impairment losses.

Due to the outbreak of Covid-19, the Fund has agreed rent concessions with tenants. Where the rent concessions are related to invoiced rent for past periods, qualifying or not as a lease modification, these were considered as a derecognition of lease receivable and recognised as operating loss in accordance with IFRS 9. Rent concessions related to rental income over future periods qualifying as lease modification must be accounted for in accordance with IFRS 16 and therefore will be capitalised and amortised over the remaining lease term. A rent concession qualifies as a lease modification if it changes the scope or the consideration of a lease contract.

### Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

The cash and cash equivalents are freely available unless otherwise disclosed.

### Assets and liabilities “held for sale”

An asset is classified as held for sale when its carrying amounts will be recovered principally through a sale transaction rather than through continuing use, the plan for which has been approved and initiated.

The reclassification of an asset as an asset held for sale occurs when the following conditions are met:

- Sale of the asset within one year is highly probable and the management assesses the sale within one year highly probable when a signed Purchase agreement has been received from the buying party;
- Management is committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification;
- The asset must be available for immediate sale in its present condition.

Property once classified as non-current asset held for sale should continue to be measured at fair value until disposal (in accordance with guidance given by IAS40 para 33-55) and not at the lower of their carrying amount and fair value less cost to sell as required by IFRS5.

Costs to sell are the incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.

If the asset is expected to be sold in a share deal, all corresponding assets and liabilities are considered part of the transaction. Therefore, all assets and liabilities are reclassified as held for sale and reported separately as current assets and current liabilities.

### Net assets attributable to holders of redeemable shares

#### Redeemable shares

Redeemable participating shares are redeemable at the shareholders’ or at Fund’s option and are classified as financial liabilities in accordance with IAS 32. Consequently, distributions payable to holders of redeemable shares are disclosed as a separate line item in the consolidated comprehensive income statement.

The General Partner shall issue ten Classes of Shares. Shares shall be issued to Shareholders corresponding to their Capital Commitments, as follows:

- Class XP\_A++ Shares will be issued to any Shareholder whose aggregate Capital Commitment amounts to EUR 450 million or greater,
- Class A+ Shares will be issued to any Shareholder whose aggregate Capital Commitment amounts to EUR 250 million or greater, but less than EUR 450 million,
- Class XP\_A+ Shares will be issued to any Shareholder whose aggregate Capital Commitment amounts to EUR 250 million or greater, but less than EUR 450 million and elects not to be subject to a performance fee,
- Class A Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 100 million, but less than EUR 250 million,
- Class XP\_A Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 100 million, but less than EUR 250 million and elects not to be subject to a performance fee,
- Class B Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 20 million ,but less than EUR 100 million,
- Class XP\_B Shares will be issued to any Shareholder whose aggregate Capital Commitment is equal to or more than EUR 20 million, but less than EUR 100 million and elects not to be subject to a performance fee,
- Class C Shares will be issued to any Shareholder whose aggregate Capital Commitment is less than EUR 20 million,

Class XP\_C Shares will be issued to any Shareholder whose aggregate Capital Commitment is less than EUR 20 million and elects not to be subject to a performance fee.

One Class I Share will be issued at the Initial Issue Price to the Class I Shareholder on the Initial Closing Date. The sole purpose of the Class I Share is to provide entitlement to the performance payments.

Class XP\_A++, A+, XP\_A+, A, XP\_A, B, XP\_B, C and XP\_C shares will be subject to a specific Management and Advisory Fee whereas Class I Share will not be subject to any Management and Advisory Fee.

The mechanism to redeem the shares and the redemption value of the shares (based on INREV NAV) are defined in the Private Placement Memorandum of the Fund dated March 2022.

### **Performance fee**

As the Fund applies the service model, the performance fee represents a remuneration for services provided (Class I shareholder). Fees are recognised in the statement of comprehensive income on an accrual basis. Please refer also to note 19.

### **Capital management**

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund may vary depending on the demand for redemptions and subscriptions to the Fund.

The primary objective of the Fund's capital management is to maximise the shareholder's value. The Fund manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Fund may adjust the dividend payments to the shareholders, return capital to shareholders or issue shareholder's capital. Dividends are maximised for the part of the realised retained earnings.

The Fund monitors capital primarily using the loan to value ratio, which is calculated as the amount of outstanding debt (EUR 1,313 million) divided by the valuation of the investment portfolio (EUR 6,818 million). The Fund's objective is to keep its loan to value ratio at 25% and operating in a band of between 20% and 30%. The actual loan to value ratio on 31 December 2022 is 19.3% (2021: 21.2%).

### **Cumulative unrealised gains and losses**

The cumulative unrealised gains and losses consist of changes in fair value of investment properties and investment properties under construction, assets held for sale, straight-lining of rent incentives, fit-outs and reletting expenses and deferred tax charges.

### **Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Fund's foreign subsidiaries. It is also used to record the effect of hedging the net investments in foreign operations. Foreign currency translation reserves arising from translation differences cannot be distributed, any cash received on net investment hedges can be distributed.

### **Provisions**

Provisions are recognized when the Fund has a present obligation as a result of a past event, when it is probable that the Fund will have to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect on the time-value of money is material, provisions are discounted using an estimated pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Provisions are recognized in accordance with best estimates regarding amounts and timing of cash flows.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Fund has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

### **Principles for determination of result**

Income is increases in assets, or decreases in liabilities, that result in increases in equity attributable to holders of redeemable shares, other than those relating to contributions from holders of net assets attributable to holders of redeemable shares claims.

Expenses are decreases in assets, or increases in liabilities, that result in decreases in net assets attributable to holders of redeemable shares, other than those relating to distributions to holders net assets attributable to holders of redeemable shares claims.

### **Gross rental revenue**

Gross rental revenue is the actual rents charged to tenants, including the net effect of straight-lining of granted rent incentives.

### **Tenant incentives**

Tenant incentives are incentives granted to tenants that are used as a commercial instrument to encourage tenants to enter into a contract. Straight lining with regard to tenant incentives proportionally distributes the incentives over the contract period resulting in equal distribution of income and or expenses over the contract period. Tenant incentives could have the form of rent incentives when for example rent free periods are granted or could have the form of fitting out costs when grants are paid for refurbishment of units. Rent premiums are also recognized as an integral part of the net consideration and added to the rental revenue over the lease term, on a straight-line basis.

### **Property costs charged to tenants (service costs)**

Under IFRS 15, the Fund is obliged to present the service costs and service charges separately in the consolidated financial statements because the Fund controls the service and bears the risk of recovery of these costs from tenants and therefore is a principal rather than an agent.

### **Recovered property costs charged to tenants**

Where there are service contracts with third parties, service charges are recovered from tenants. They mainly relate to gas, water, electricity, cleaning and security which are shown on gross basis.

### **Recoverable property costs**

Recoverable property costs are the costs that can be directly allocated to the recovered property costs charged to tenants.

## Finance income and expenses

Interest income and interest charges are recognized in the statement of consolidated comprehensive income using the effective interest method. This method includes amortization of any discounts or premiums or other differences (including transaction costs and related commissions) between the initial carrying amount of an interest-bearing instrument and the amount at maturity, calculated using the effective interest rate.

The interest charges relate to loans and borrowing, lease liabilities whether or not embodied in debt securities, financial liabilities at fair value through profit or loss, as well as commission in the nature of interest, penalties for unscheduled redemption and discounts. Penalty interest on unscheduled redemption, discounts, and gains and losses on debts, whether or not embodied in debt securities, are recognized using the effective interest method.

## Taxation

The Fund companies are subject to taxation in the countries in which they operate.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of Funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals of the Fund supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

## Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

## Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated comprehensive income statement. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same Tax Authorities.

## Principles for the consolidated cash flow statement

The cash flow statement has been drawn up according to the indirect method, separating the cash flows from operating activities, investment activities and financing activities. The result has been adjusted for accounts in the consolidated comprehensive income statement and movements in the consolidated statement of financial position which have not resulted in cash flows in the financial year.

The cash and cash equivalents values in the consolidated cash flow statement include those assets that can be converted into cash without any restrictions and with insignificant changes in value as a result of the transaction.

Distributions are included in the cash flows from financing activities.

## Related party relationships

All relationships with companies related to CBRE Investment Management are listed in a separate overview on page 119.

A CBRE Investment Management related party is the General Partner of the Fund and charges a management fee to the Fund. The charged amount is presented under management fees in the notes to the consolidated statement of comprehensive income.

Besides asset management fees, the Class I shareholder (CB Richard Ellis Investors Funds PEC CarryCo LLC) is entitled under the Private Placement Memorandum to a performance fee based on the achievement of certain financial objectives as further explained in Note 26.

## Financial risk management

CBRE Investment Management EMEA prepares internal risk reports in which analyses of exposure by degree and magnitude of risks are reflected. The Fund actively manages these risks based on these risk reports and implements measures to mitigate these financial risks as far as necessary based on the pre-defined acceptable boundaries. These boundaries are amongst others based on placing documents as well as (hedging) policies applicable to the Fund. The proposed measures are based on in-depth expertise, concerning domestic and international financial markets.

## Fund risk assessment

CBRE Investment Management EMEA has established a risk management organisation to help achieve its organisational and business objectives while keeping risks within acceptable boundaries and complying with (local) regulations.

As part of the risk management process, the Fund has also identified the main risks that are associated to the activities of the Fund and which could have an impact on the financial performance and position of the Fund. Management of these risks is part of the risk management organisation of CBRE Investment Management EMEA which results in mitigating the financial impact of these risks within the acceptable bounds as far as possible. The risk analysis below covers the risks related to the Fund and assets under management of the Fund. Risks related to the Fund management activities of CBRE Investment Management EMEA are not covered in this analysis.

TABLE 18 FUND RISK ASSESSMENT

### Market risk

Risk Category	Inherent Risk Level	Risk Assessment and Mitigation
Interest rate risk	Low	The Fund has a preference for fixed interest rates with either a fixed rate or a variable rate that is hedged with interest. On 31 December 2022, 87% of interest rate exposure was fixed. The valuation of derivatives could be subject to fluctuations due to changes in interest rates. Financial instruments are only used to hedge underlying positions and inherently include counterparty risk. The sensitivity analysis in Table 19 shows the impact of a 1% and -1% shift of the interest rates on result before tax.
Currency rate risk	Low	The Fund has a number of assets in foreign currency. If values of foreign currency fluctuate, it could have a material adverse effect. The Fund follows a policy of reducing currency exposure by taking local leverage on non-EUR assets. A currency swap is held where this is not possible. On 31 December 2022, 50% of foreign currency exposures were hedged with the exception of DKK which is not hedged due to the effective peg to the EUR. The value of foreign currency positions could be subject to fluctuations due to changes in the foreign currency rates. Financial instruments are only used to hedge underlying positions and inherently include counterparty risk.
Real estate risk (including valuation risk)	Medium	<p>The real estate portfolio of the Fund is assumed to be impacted by changes in macro-economic indicators of the different locations. These indicators are impacting consumer confidence, consumer spending and lease income. In addition, there could be more indirect effects, such as the real estate portfolio value and business growth prospects. Each investment is unique and requires a specific and progressive business plan. At CBRE Investment Management EMEA, each investment is executed by a dedicated asset management team. Each team focuses on a specific geography and style of investing, actively managing the assets by integrating local market intelligence, risk management tests and continuous performance monitoring into their decision-making processes.</p> <p>The market value of our assets is an important metric. These valuations can be affected by cash generated, the general macro-economic environment and local influences. A devaluation of the portfolio will result in lower net income and could affect the borrowing capacity and the possibilities to raise equity. CBRE Investment Management EMEA manages its assets in a responsible way and keeps them up to date in order to remain attractive. This is to ensure tenant retention at market prices. The properties are valued by external independent valuers. A number of valuers are used and they are frequently rotated to ensure sufficient expertise.</p> <p>In recent years, technological developments such as internet shopping and new ways of working have increased substantially. If this trend continues, the demand for retail and office space might decrease. On the other hand, an increase in logistics space is the counter development linked to these developments. CBRE Investment Management EMEA aims to keep its assets up to date by incorporating good design, diversified tenant mixes and latest trends in technology.</p>
ESG risks linked to real estate	Low	<p>The real estate portfolio of the Fund is assumed to be impacted by climate change linked to the different locations as well as the ESG rating of the investment based on ESG assessment. These changes may result in additional risk of losses linked to these assets.</p> <p>As part of the investment management process the risks linked to ESG and climate change are assessed and are part of the decision-making process. Furthermore, the portfolio of assets are insured for catastrophic risks which are linked to climate change. Based on these measurements the financial impact of increased risk linked to climate change is within the acceptable bandwidth and largely covered by an insurance policy.</p>

## Financial risk

Risk Category	Inherent Risk Level	Risk Assessment and Mitigation
Credit risk	Low	<p>The risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund.</p> <p>Receivables from tenants and property managers consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of trade and other receivable and, where appropriate, a bank guarantee from tenants is obtained or a credit guarantee insurance cover is purchased.</p> <p>The Fund mitigates the credit risk on financial instruments by only dealing with banks with solid credit ratings assigned by international credit-rating agencies. The Fund's exposure and the credit ratings of its counterparties are monitored quarterly and the aggregate value of transactions concluded is spread amongst counterparties.</p>
Liquidity risk	Low	<p>Funding with loans and borrowings involves refinancing risk. CBRE Investment Management EMEA aims for continuous access to the financial markets by means of prudent capital structures, the use of diversified funding sources, a well spread maturity profile of issued debt and a continuous dialogue with investors, banks and other financial institutions. The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.</p>

## Operational risk

Please note that the following risk are primarily the responsibility of the asset managers, so the Funds is only indirectly exposed to these risks.

Risk Category	Inherent Risk Level	Risk Assessment and Mitigation
Process risk	Low	<p>When acquiring a property, the Fund may fail to uncover hidden deficiencies/defects in the building, fail to assess the financial strength of the tenants or overvalue the properties. Warranties from the seller may not be sufficient to cover the issue, there is an extensive transaction due diligence process in place with several checks and balances.</p>
Financial reporting	Low	<p>Reporting to the investors and other stakeholders is key to report on performance regarding the investment management activities. Financial reporting by the Fund is based on general accounting principles applied by real estate industry and for the key driver of the performance, real estate valuations, external independent appraisers are engaged by the Fund. The financial reporting, including the processing of the underlying data as well as valuation reports are outsourced to an external party. The performance of this external party is monitored on a periodical basis. Because of engaging external independent appraisers for real estate valuations and other items which are part of the financial reporting are to lesser extend subject to significant estimations the financial reporting is considered to be low.</p>
ICT-risk	Low	<p>The reliable use of ICT infrastructure and applications and is of upmost importance for the daily operations in order to sufficiently be prepared for any cybersecurity risk. We are also aware of the increase in global uncertainty, heightened by the war in the Ukraine. Specifically, terrorism remains a threat, as is the risk of cyber security breaches. Therefore the data integrity and ICT continuity are essential and several policies and plans (e.g., business continuity and disaster recovery) have been implemented. The Funds themselves do not include operational activities, most activities are initiated by the Fund manager or external property managers. the inherent ICT-risk exposure of the Funds is estimated low.</p>
Third-party risk	Medium	<p>When hiring a third party the Fund or Fund manager may hire a party who, afterwards, is not able to meet our standards. This is prevented by a service provider due diligence before contracting the service provider and monitoring of the service provided.</p>

## Legal, Tax and Regulatory risk

Risk Category	Inherent Risk Level	Risk Assessment and Mitigation
Legal Risk	Medium	<p>Legal Risk is defined as the risk that can arises from unenforceable contracts, lawsuits, or adverse judgments which can disrupt or otherwise negatively affect the Funds. The global geopolitical environment remains uncertain, heightened by the recent war in Ukraine, with potential impacts on security, cyber risks, sanctions compliance, supply chains and reputational risks. This risk is mitigated by specialised legal team and in case external expertise is required an external law firm is hired.</p>
Regulatory compliance risk	Low	<p>This risk may arise from failure (or perceived failure) to comply with laws, regulations and internal compliance rules and policies which could lead to legal or regulatory sanctions and/or financial loss. This risk is mitigated by the establishment, implementation and maintenance of a framework of internal policies, procedures and controls. Compliance risks are overseen and monitored by a dedicated compliance function.</p>
Tax risk	High	<p>This is the risk that transactions or business relationships may have unforeseen adverse fiscal events, including unexpected liabilities and the failure to obtain appropriate relief, and the adverse consequences of these events. This risk may arise from existing tax laws and practice, or from changes in tax laws and practice. The Tax team is involved during the set-up or restructuring of a Funds and monitors the developments regarding tax legislation.</p>

## Tables referenced in accounting principles

TABLE 19 LIST OF SUBSIDIARIES THROUGH WHICH THE FUND INDIRECTLY HOLDS INVESTMENT PROPERTIES

Name	Registered office	2022 Interest		2021 Interest	
<b>Subsidiaries</b>					
PEC Belgium Olen S.A.	Belgium	100%	Consolidated	100%	Consolidated
PEC Belgium Ghent S.A.	Belgium	100%	Consolidated	100%	Consolidated
GM Logistics Parks NV	Belgium	90%	Consolidated	90%	Consolidated
Solbus NV	Belgium	90%	Consolidated	90%	Consolidated
Bambus NV	Belgium	90%	Consolidated	n.a.	n.a.
PEC Campus Square S.r.o	Czech Republic	100%	Consolidated	100%	Consolidated
PEC Ostrava S.r.o	Czech Republic	100%	Consolidated	100%	Consolidated
PEC Plzeň 1, S.r.o.	Czech Republic	100%	Consolidated	100%	Consolidated
PEC Plzeň 2, S.r.o.	Czech Republic	100%	Consolidated	100%	Consolidated
PEC Denmark Holding ApS	Denmark	100%	Consolidated	100%	Consolidated
Ejendomsselskabet PADK M1 ApS	Denmark	100%	Consolidated	100%	Consolidated
Marmorbyen Øst Komplementar ApS	Denmark	100%	Consolidated	100%	Consolidated
Marmorbyen Øst P/S	Denmark	100%	Consolidated	100%	Consolidated
MG Parc Fredericia 1 ApS	Denmark	90%	Consolidated	n.a.	n.a.
MG Parc Fredericia 2 ApS	Denmark	90%	Consolidated	90%	Consolidated
MG Parc Fredericia 3 ApS	Denmark	90%	Consolidated	n.a.	n.a.
MG Parc Fredericia 4 ApS	Denmark	90%	Consolidated	n.a.	n.a.
PEC Berri SCI	France	100%	Consolidated	100%	Consolidated
Central Parc Villepinte SAS	France	100%	Consolidated	100%	Consolidated
PEC Alouette SAS	France	100%	Consolidated	100%	Consolidated
PEC Pyramide SAS	France	100%	Consolidated	100%	Consolidated
PEC Saint-Honoré SCI	France	100%	Consolidated	100%	Consolidated
PEC Holdings France SAS	France	100%	Consolidated	100%	Consolidated
PEC OPPCI SPPICAV	France	100%	Consolidated	100%	Consolidated
PEC Lognes SCI	France	100%	Consolidated	100%	Consolidated
PEC Croissy - Beaubourg SCI	France	100%	Consolidated	100%	Consolidated
PEC Saint-Cyr-en-Val SCI	France	100%	Consolidated	100%	Consolidated
PEC Berri Holdco SAS	France	100%	Consolidated	100%	Consolidated
PEC Argan Holdco SAS	France	100%	Consolidated	100%	Consolidated
PEC Marengo SAS	France	100%	Consolidated	100%	Consolidated
PEC Saint-Honoré Holdco SAS	France	100%	Consolidated	100%	Consolidated
Société Immobilière du Marché Saint-Honoré SAS	France	100%	Consolidated	100%	Consolidated
PEC Tournan SCI	France	100%	Consolidated	100%	Consolidated
Steinstrasse 11 S.à r.l. & Co.KG	Germany	100%	Consolidated	100%	Consolidated
Sevens S.à r.l. & Co.KG	Germany	100%	Consolidated	100%	Consolidated
PEC Management GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Quartiersweg GmbH & Co.KG	Germany	100%	Consolidated	100%	Consolidated
PEC Quartiersweg PM GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Service GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Erding GmbH & Co.KG	Germany	100%	Consolidated	100%	Consolidated
PEC Erding Management GmbH	Germany	100%	Consolidated	100%	Consolidated
Samera Verwaltung GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Uhland Management GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Uhland GmbH & Co.KG	Germany	100%	Consolidated	100%	Consolidated
PEC Uhland PM GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Pontis Management GmbH	Germany	100%	Consolidated	100%	Consolidated
PEC Pontis GmbH & Co.KG	Germany	100%	Consolidated	100%	Consolidated
PEC Tetris PM GmbH	Germany	100%	Consolidated	n.a.	n.a.
PEC Residenz PM GmbH	Germany	100%	Consolidated	n.a.	n.a.
PEC Tetris GmbH & Co. KG	Germany	100%	Consolidated	n.a.	n.a.
PEC Residenz GmbH & Co. KG	Germany	100%	Consolidated	n.a.	n.a.
PEC Parkfield Ltd	Guernsey	100%	Consolidated	100%	Consolidated

Name	Registered office	2022 Interest		2021 Interest	
PEC Italy SICAF S.p.A.	Italy	100%	Consolidated	100%	Consolidated
PEC Holdings S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Anton S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Brunnen S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Friedrich S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Mönchhof S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Weiherfeld S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Gabriel S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Meyer S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Werner S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Koenig 1 S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Koenig 2 S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Koenig 3 S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Koenig 4 S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Koenig GP S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Koenig Partnership SCS	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Pontis S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Holborn S.à r.l. (formerly PEC Wallis S.à r.l.)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Quartiersweg S.à r.l. (formerly PEC Wallis 2 S.à r.l.)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Raiffeisenstrasse S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Taxet S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Neale S.à r.l. (formerly PEC Neale Ltd)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Parkfield S.à r.l. (formerly PEC Parkfield Ltd)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Conduit S.à r.l. (formerly PEC Conduit Ltd)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Windmill S.à r.l. (formerly PEC Windmill Ltd)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Seine S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Heirweg S.à r.l. (formerly Larby S.à r.l.)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL Schiphol DC Pudongweg S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL Born DC Holtem-Noordweg S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL NieuwegeinDC Inundatiedok S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL sHeerenbergDC Transportweg S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL Utrecht DC Fermiweg S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL Utrecht DC Nucleonenweg S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL Utrecht DC Atoomweg S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC NL Wijchen DC Bijsterhuizen S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Herengracht S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Wiesenstrasse S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Weiterstadt S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Hanseviertel GP S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Hanseviertel Limited Partner S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Hanseviertel Partnership I SCS	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Hanseviertel Partnership II SCS	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Poststrasse SCS	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Hohe Bleichen SCS	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Uhland S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Belziger S.à r.l. (formerly PEC Belziger GmbH)	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Tangerine S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Lime S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Aloe S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Mandarin S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Coral S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Emerald S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Apricot S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Peach S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Terracotta S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Ivy S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated

Name	Registered office	2022 Interest		2021 Interest	
PEC Persimmon S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Clerkenwell S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Wallis 3 S.à r.l.	Luxembourg	100%	Consolidated	100%	Consolidated
PEC Tetris S.à r.l. (formerly PEC Wallis 4 S.à r.l.)	Luxembourg	100%	Consolidated	n.a.	n.a.
PEC Residenz S.à r.l.	Luxembourg	100%	Consolidated	n.a.	n.a.
PEC Wallis 6 S.à r.l.	Luxembourg	100%	Consolidated	n.a.	n.a.
PEC Wallis 7 S.à r.l.	Luxembourg	100%	Consolidated	n.a.	n.a.
MG Lux One S.à r.l.	Luxembourg	90%	Consolidated	n.a.	n.a.
PEC Bogstad Holding AS	Norway	100%	Consolidated	100%	Consolidated
PEC Norway Holding AS	Norway	100%	Consolidated	100%	Consolidated
Karl Johans Gate 12 AS	Norway	100%	Consolidated	100%	Consolidated
PEC Muszketierow Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Szyszkowa Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Działkowa Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Wrocław Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Bielsko-Biała Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Gdańsk Kowale 1 Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Ozarów 2 Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Ziemowita Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Gdańsk Kowale 2 Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Wrocław 2 Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Sosnowiec Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
Hereward Sp. z o.o.	Poland	100%	Consolidated	100%	Consolidated
PEC Holdco Spain, S.L.U.	Spain	100%	Consolidated	100%	Consolidated
PEC Logistics Torrejón, S.L.U.	Spain	100%	Consolidated	n.a.	n.a.
Iberca Meco, S.L.U.	Spain	100%	Consolidated	n.a.	n.a.
PEC Residencial BCN	Spain	100%	Consolidated	n.a.	n.a.
PEC Tobaksmonopolet AB	Sweden	100%	Consolidated	100%	Consolidated
PEC Ursvik AB	Sweden	100%	Consolidated	100%	Consolidated
PEC Sweden Orminge Holding AB	Sweden	100%	Consolidated	100%	Consolidated
PEC Sweden Viggbyholm Holding AB	Sweden	100%	Consolidated	100%	Consolidated
MG Malmö Parc Two AB	Sweden	90%	Consolidated	90%	Consolidated
PEC Sweden Holding AB	Sweden	100%	Consolidated	100%	Consolidated
PEC Dutch Holdings BV	The Netherlands	—%	merged into PEC Wallis 6 S.à r.l.	100%	Consolidated

**TABLE 20 SENSITIVITY ANALYSIS**

A number of external factors were identified where a change could affect the Fund's profit before tax. The real estate sensitivity affects the unrealised gains or losses, the interest rate sensitivity affects the finance result. The following table summarises the results:

External factor	2022		2021	
	Percentage increase / (decrease)	Effect on result before tax	Percentage increase / (decrease)	Effect on result before tax
<b>Real estate sensitivity</b>				
Current gross yield	0.25%	(400,955)	0.25%	(414,075)
Current gross yield	(0.25%)	454,400	(0.25%)	473,121
Gross rent	(5.00)%	(353,842)	(5.00)%	(336,134)
<b>Interest rate sensitivity</b>				
Interest rate	1.00%	(2,361)	1.00%	(566)
Interest rate	(1.00%)	853	(1.00%)	—
<b>Other sensitivity</b>				
Foreign exchange rates (CCY)	10.00%	(53,849)	10.00%	(62,230)

**TABLE 21 FAIR VALUE HIERARCHY**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised according to the fair value hierarchy, described as follows; based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between levels during 2022 or 2021.

FV hierarchy table below reflects the classification of the financial instruments based on the inputs /valuation technique used to determine their fair value. This is done to ensure that in the FV hierarchy table includes all financial instruments for which the carrying amount does not approximate their fair value at the end of the reporting date.

The table below represents the valuation methods applied for investment properties, investment properties under construction, assets held for sale, financial instruments measured at amortised costs, and net assets for which the fair value is disclosed:

	Level	Fair value 2022	Fair value 2021
<b>Investments in real estate</b>			
Investment properties	3	6,767,005	6,640,485
Investment properties under construction	3	107,750	30,725
<b>Financial instruments</b>			
Derivatives	2	6,797	(8,758)
Loans and borrowings	2	1,049,299	(1,389,837)
Loans from associated companies	2	4,981	(3,104)
Net assets to holders of redeemable shares	3	5,524,718	5,193,284

For other financial assets and liabilities measured at amortised cost and for which fair value is not disclosed, the fair value of such financial assets and liabilities approximate the carrying amount.

For the level 3 reconciliation on investment in real estate together with key inputs for valuation, further reference is made to notes to the consolidated statement of financial position (please refer to note 1) .

To determine the fair value of loans and borrowings, components considered as significant are margin, base rate and embedded floor valuation. For margin valuation, the Fund has benchmarked the expected range of margin on the basis of sector and geography performed on an assumed leverage of 50% on a core asset for a non-recourse financing. For margin valuation calculation, at market margin range is compared against current margin i.e., is the contractual margin and or spread as defined in the facility agreement. When the current margin falls within market margin range, no action is taken as carrying value of loans and borrowings is considered to be at fair value. For loans and borrowings with a margin that falls outside the range, the fair value is calculated by discounting all future cashflows resulting from the current margin with the closest upper or lower end of the range as that would be the closest at market rate achievable and to be prudent with the impact.

The base rate valuation (for both floating and fixed rate loan) together with embedded floor valuation component is calculated by Treasury Management in accordance with the methodology described below.

For level 2 reconciliation on loans and borrowings, further reference is made to notes to the consolidated statement of financial position. For the undiscounted cash flows refer to Table 22.. For further details on each loan refer to loans and borrowings overview.

The fair value of the individual derivative is based on the calculation from Treasury Management.

The approved methodology to determine these fair values is based on:

1. Estimating the future cash flows;
2. Discounting these future cash flows to its NPV.

**TABLE 22 UNDISCOUNTED CASH FLOWS, BY CONTRACTUAL MATURITY, OF FINANCIAL INSTRUMENTS EXPOSED TO FIXED OR FLOATING RATE**

**Fixed Rate**

31 December 2022		<1 year	1-5 years	>5 years	Total
Notes		€'000	€'000	€'000	€'000
<b>Non Derivative Financial Assets/Liabilities</b>					
Secured loans and borrowings	10	—	140,804	—	140,804
Unsecured loans and borrowings	10	172,000	—	1,000,000	1,172,000
Loans from associated companies	11	—	—	4,981	4,981
Obligations under finance leases and hire purchase contracts	12	2,322	9,288	126,162	137,772
Other non-current liabilities	12	—	22,922	—	22,922
Interest due		5,202	—	—	5,202
Net assets attributable to holders of redeemable shares		5,524,718	—	—	5,524,718
<b>Derivative Financial Assets/Liabilities</b>					
Derivatives	6	(6,797)	—	—	(6,797)

31 December 2021		<1 year	1-5 years	>5 years	Total
Notes		€'000	€'000	€'000	€'000
<b>Non Derivative Financial Assets/Liabilities</b>					
Secured loans and borrowings	10	128,000	143,067	—	271,067
Unsecured loans and borrowings	10	134,000	—	1,000,000	1,134,000
Loans from associated companies	11	—	—	3,104	3,104
Obligations under finance leases and hire purchase contracts	12	1,370	5,480	100,906	107,756
Other non-current liabilities	12	—	17,691	—	17,691
Interest due		4,943	—	—	4,943
Net assets attributable to holders of redeemable shares		5,193,284	—	—	5,193,284
<b>Derivative Financial Assets/Liabilities</b>					
Derivatives	6	8,758	—	—	8,758

# Notes to the consolidated statement of financial position

(Amounts in € '000, unless otherwise indicated)

## NON-CURRENT ASSETS

### 1 INVESTMENT PROPERTIES

	31 December 2022	31 December 2021
<b>Balance as at the beginning of the year</b>	6,640,485	5,127,933
Movements		
- Capitalised subsequent expenditures	45,241	37,411
- Acquisition expenses	26,206	34,764
- Asset acquisitions through subsidiaries	150,015	458,385
- Direct asset acquisitions	453,463	566,543
- Right-of-use assets initial recognition	22,753	15,993
- Changes in fair value positive	29,899	564,910
- Changes in fair value negative	(482,050)	(164,370)
- Changes in fair value of right of use asset	(485)	(69)
- Currency translation differences	(67,439)	60,625
- Capitalised rent incentives	7,363	9,291
- Amortised rent incentives	(8,622)	(8,296)
- Capitalised fitting out costs	3,482	3,887
- Amortised fitting out costs	(2,010)	(1,892)
- Capitalised reletting expenses	3,831	1,417
- Amortised reletting expenses	(1,867)	(1,331)
- Asset divestments through subsidiaries	—	(64,716)
- Direct asset divestments (incl. reversal of prior years cumulative change in fair value of investment properties sold)	(53,260)	—
<b>Balance at the end of the year</b>	<b>6,767,005</b>	<b>6,640,485</b>
Historical cost	6,331,311	5,552,428
Recognition right-of-use assets	57,409	36,684
Rent incentives	30,974	34,559
Fitting out costs	10,071	12,609
Reletting expenses	6,103	4,213
Cumulated changes in fair value	331,704	1,000,078
Cumulated changes in fair value of right of use asset	(567)	(86)
<b>Total</b>	<b>6,767,005</b>	<b>6,640,485</b>

A detailed description of each asset (including reference to yields, sqm and rent) within the portfolio can be found in the Report of the General Partner. For segmental reporting by sector and country please refer to Note 27.

Two assets were disposed during the year: one retail asset in Germany and one partial logistics asset in France (reference to note 22).

Three assets were acquired during the year through subsidiaries, one logistics asset in Spain, one logistics asset in Luxembourg and one logistics asset in Belgium, and three logistics extensions in Denmark (EUR 151.1 million). Three assets were acquired through direct acquisitions, one logistics asset in Spain, two office assets in Germany and two extensions of logistics assets in Belgium and in the Netherlands (EUR 453.5 million).

The main significant assumptions made relating to valuations are set out below:

	31 December 2022	31 December 2021
Current rent (€/sqm)	41 - 2,704	24 - 2,669
Estimated rental value (€/sqm)	44 - 2,999	42 - 3,128
Gross current yield (%)	1.5% - 7.4%	(2.1%) - 7.3%
Net current yield (%)	(1.8%) - 7.3%	2.7% - 6.6%
Gross reversionary yield (%)	3.0% - 6.9%	2.9% - 6.9%
Portfolio vacancy (by ERV) (%)	4.6 %	5.5 %
Incremental borrowing rate (right-of-use assets) (%)	2.66 %	2.96 %

Acquisitions & Disposals	Location
<b>ACQUISITIONS</b>	
2 Logistics assets	Spain
1 Logistics asset	Luxembourg
1 Logistics asset	Belgium
2 Office assets	Germany
<b>EXTENSIONS</b>	
1 Logistics asset	Belgium
1 Logistics asset	Netherlands
3 Logistics assets	Denmark
<b>DISPOSAL</b>	
1 Retail asset	Germany
1 Partial logistics asset	France

## 2 INVESTMENT PROPERTIES UNDER CONSTRUCTION

	31 December 2022	31 December 2021
<b>Balance as at the beginning of the year</b>	30,725	—
<b>Movements</b>		
- Capitalised subsequent expenditures	26,391	3,775
- Acquisition expenses	957	—
- Asset acquisitions through subsidiaries	—	15,055
- Direct asset acquisitions	62,660	—
- Changes in fair value positive	917	12,366
- Changes in fair value negative	(11,325)	—
- Currency translation differences	(2,575)	(471)
<b>Balance at the end of the year</b>	<b>107,750</b>	<b>30,725</b>
Historical cost	106,548	18,554
Cumulated changes in fair value	1,202	12,171
<b>Total</b>	<b>107,750</b>	<b>30,725</b>

Investment properties under construction are related to two residential assets acquired in Italy in 2022 and a residential asset located in Sweden acquired in 2021.

For segmental reporting by sector and country please refer to Note 27.

The main significant assumptions made relating to valuations are set out below:

	31 December 2022	31 December 2021
Average initial yield on completion	5.1%	3.3%
Long term vacancy rate (%)	1% of Market rent	1% of Market rent (Residential)
Long term growth in real rental rates (%)	CPI	CPI
Estimated average percentage pre-let (%)	100%	100%
Estimated average development profit on completion (%)	n.a.	n.a.
Estimated average percentage of completion (%)	59%	50%
Construction cost (€)	64,716	37,928

### 3 OTHER NON-CURRENT ASSETS

	31 December 2022	31 December 2021
<b>Balance as at the beginning of the year</b>	16,169	2,376
Movements		
- Increase	1,738	16,088
- Decrease	(4,726)	(2,295)
<b>Balance at the end of the year</b>	<b>13,181</b>	<b>16,169</b>

As at 31 December 2022, other non-current assets are mainly related to deposits of EUR 11 million for a future acquisition of an asset in Spain.

### CURRENT ASSETS

#### 4 TRADE AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
Tenant receivables	23,720	23,882
Property managers	5	204
Other	843	2,538
Loss allowance on financial assets	(7,289)	(8,219)
<b>Total</b>	<b>17,279</b>	<b>18,405</b>
<b>Movements in Loss allowance on financial assets</b>		
Balance as at the beginning of the year	8,219	11,127
Movements		
- Write-off	(828)	(9,282)
- Allowance charged in comprehensive income statement	339	7,072
- Amount recovered during the year	(441)	(698)
Balance at the end of the year	<b>7,289</b>	<b>8,219</b>

The ageing analysis of tenants and property managers is as follows:

31 December 2022	Total	Neither past due nor impaired	<30 days	30-60 days	>60 days
Expected credit loss rate	30%	—	—	—	73%
Expected credit loss	7,289	—	—	—	7,289
<b>Net Trade and other receivables</b>	<b>17,279</b>	<b>12,177</b>	<b>1,574</b>	<b>806</b>	<b>2,722</b>

31 December 2021	Total	Neither past due nor impaired	<30 days	30-60 days	>60 days
Expected credit loss rate	31%	—	—	—	49%
Expected credit loss	8,219	—	—	—	8,219
<b>Net Trade and other receivables</b>	<b>18,405</b>	<b>3,952</b>	<b>4,824</b>	<b>1,198</b>	<b>8,431</b>

## 5 PREPAYMENTS AND ACCRUED INCOME

	31 December 2022	31 December 2021
Accrued income	5,448	4,417
Prepaid property tax	1,224	1,488
Prepaid insurance	1,973	1,353
Prepaid rent / rent incentives	179	278
Prepaid service charges	1,350	—
Prepaid construction costs	1,853	2,093
Prepaid leasehold	259	22
Other	3,839	2,099
<b>Total</b>	<b>16,125</b>	<b>11,750</b>

## 6 DERIVATIVES

Derivatives designated and effective as hedging instruments carried at fair value

	31 December 2022	31 December 2021
<b>Foreign currency forward contracts</b>		
Asset	6,797	65
Liability	—	(8,823)
<b>Total</b>	<b>6,797</b>	<b>(8,758)</b>

Counterparty	Trade date	Maturity date	Local currency	Amount (local currency '000)	Amount (€ '000)	Fixed Rate %	Mark To Market (€ 000)
<b>Foreign currency hedge</b>							
Deutsche Bank AG - 8562247	20 Dec 2022	22 Mar 2023	GBP	45,900	51,892	n.a.	749
Deutsche Bank AG - 8562247	20 Dec 2022	22 Mar 2023	GBP	126,750	143,297	n.a.	2,068
Deutsche Bank AG - 8562247	20 Dec 2022	22 Mar 2023	GBP	22,125	25,013	n.a.	361
Deutsche Bank AG - 8562247	20 Dec 2022	22 Mar 2023	NOK	55,000	5,244	n.a.	20
Deutsche Bank AG - 8562247	20 Dec 2022	22 Mar 2023	SEK	186,500	16,710	n.a.	124
Deutsche Bank AG - 8562247	20 Dec 2022	22 Mar 2023	SEK	680,750	60,994	n.a.	452
ING - 48201630	20 Dec 2022	22 Mar 2023	GBP	41,000	46,353	n.a.	607
ING - 48201630	20 Dec 2022	22 Mar 2023	GBP	49,800	56,301	n.a.	737
ING - 48201630	20 Dec 2022	22 Mar 2023	GBP	51,050	57,715	n.a.	756
ING - 48201630	20 Dec 2022	22 Mar 2023	GBP	57,300	64,781	n.a.	848
ING - 48201630	20 Dec 2022	22 Mar 2023	SEK	160,850	14,412	n.a.	75
<b>Total</b>							<b>6,797</b>

## HEDGE ACCOUNTING

Based on the effectiveness testing the hedge relationship for foreign currency forward contracts qualify for hedge accounting under IFRS 9. The effective portion of the gain or loss on hedging instruments is recorded in other comprehensive income. In the year 2022 the fair value of the financial derivatives amounts to EUR 6.8 million (2021: EUR (8.8) million).

The ineffective portion of the gain or loss on hedging instruments is recognised directly in the income statement. In the year 2022 there was no ineffective portion on hedging instruments (2021: nil) in the consolidated statement of comprehensive income.

The effect of the cash flow hedge and the net investment hedge in the statement of profit or loss and other comprehensive income is as follows:

	Total hedging gain/(loss) recognised in OCI	Ineffectiveness recognised in statement of comprehensive income <sup>1</sup>	Cost of hedging recognised in OCI	Amount reclassified from OCI to statement of comprehensive income <sup>2</sup>
Year ended 31 December 2022	26,242	—	—	—
Year ended 31 December 2021	(29,726)	—	—	(1,121)

1 The ineffectiveness is recognised in the statement of comprehensive income under 'Changes in fair value of investments at fair value through profit and loss'.

2 The reclassified amount is recognised in the statement of comprehensive income under 'Result on foreign investments'.

## 7 OTHER RECEIVABLES

	31 December 2022	31 December 2021
Receivable VAT	25,495	21,034
Other taxes	3,326	5,528
Deposits	38,534	18,359
Buyer / seller receivables	—	4,797
Other receivables	3,171	2,758
<b>Total</b>	<b>70,526</b>	<b>52,476</b>

As at 31 December 2022, deposits of EUR 38.5 million are mainly related to forward acquisitions in Italy (EUR 11.8 million) and in Spain (EUR 25.7 million).

## NET ASSETS ATTRIBUTABLE TO REDEEMABLE SHAREHOLDERS

### REDEEMABLE SHARES

#### Issued redeemable shares

Investors whose Subscription Agreements were accepted during the Initial Closing Period have been drawn down pro rata to their aggregate Capital Commitments. Investors whose Subscription Agreements are accepted after the initial Closing Period may not be drawn down by the General Partner until all funds committed under existing Subscription Agreements have been drawn down (whether or not invested).

## 8 MOVEMENTS IN NUMBER OF SHARES

As at 31 December 2022, the movements in the number of shares and drawn capital are as follows:

	31 December 2022	31 December 2021
<b>Number of shares as at the beginning of the year</b>	<b>3,637,723,121</b>	<b>3,234,166,230</b>
Issued shares per 1 January to 31 March	98,921,300	197,852,359
Issued shares per 1 April to 30 June	6,727,870	67,467,692
Issued shares per 1 July to 30 September	318,295,890	130,731,655
Issued shares per 1 October to 31 December	144,687,457	7,505,185
Number of shares as at the end of the year	4,206,355,638	3,637,723,121
<b>Average number of shares issued</b>	<b>142,158,129</b>	<b>100,889,223</b>
Capital drawn as at the end of the year	5,582,893,363	4,660,271,204
Capital to be called as at the end of the year	245,619,709	782,051,840
<b>Total committed capital</b>	<b>5,828,513,072</b>	<b>5,442,323,044</b>

During the year ended 31 December 2022 EUR 45.0 million (2021: EUR 38.7 million) of income distribution was reinvested as capital. The Fund redeemed no shares during the year (2021: nil).

A new Placement Memorandum was issued by the CSSF in March 2022. The main amendment was in relation to the introduction of new roles for the Principals and property sector long term bandwidths.

As at 31 December 2022, the number of shares is 4,206,355,638 (2021: 3,637,723,121) without a par value amount per share.

## NON-CURRENT LIABILITIES

### 9 PROVISIONS

	31 December 2022	31 December 2021
<b>Balance as at the beginning of the year</b>	1,109	789
Movements		
- Increase	59	735
- Decrease	(1,084)	(415)
<b>Balance at the end of the year</b>	<b>84</b>	<b>1,109</b>

### 10 LOANS AND BORROWINGS (INCLUDING SHORT TERM PORTION)

	31 December 2022	31 December 2021
<b>Long-term loans and borrowing</b>		
<b>Balance as at the beginning of the year</b>	1,131,354	525,929
Movements		
- Loans taken	—	1,000,000
- Amortisation of expenses	1,852	3,493
- Capitalised financing cost	(116)	(11,605)
- Currency translation differences	(2,259)	4,671
- Loans repaid	—	(391,134)
<b>Balance at the end of the year</b>	<b>1,130,831</b>	<b>1,131,354</b>
<b>Short-term loans and borrowings</b>		
<b>Balance as at the beginning of the year</b>	261,608	275,319
Movements		
- Loans taken	707,400	861,550
- Amortisation of expenses	461	1,095
- Capitalised financing cost	(1,372)	(325)
- Currency translation differences	—	2,736
- Loans repaid	(797,400)	(878,767)
<b>Balance at the end of the year</b>	<b>170,697</b>	<b>261,608</b>
<b>Total loans and borrowings</b>	<b>1,301,528</b>	<b>1,392,962</b>
<b>The fair value of the non-current loans and borrowings is approximately</b>	<b>1,049,299</b>	<b>1,389,837</b>

As at 31 December 2022 the loans and borrowings based on undiscounted contractual cash flows including interest is repayable as follows:

Lender	Principal €	Repayment						Unamortised (re)financing expenses	Effective interest rate %	Maturity date	Amortised cost €
		<1 year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year				
<b>Long-term</b>											
Deka/A	63,200	—	—	—	63,200	—	—	490	0.49	9 October 2026	62,710
Deka/A	28,500	—	28,500	—	—	—	—	162	0.29	9 October 2024	28,339
Norwegian Bondholders	49,104	—	49,104	—	—	—	—	72	3.48	18 January 2024	49,031
Bondholders	500,000	—	—	—	—	—	500,000	5,119	0.90	12 October 2029	494,881
Bondholders	500,000	—	—	—	—	—	500,000	4,130	0.50	27 January 2028	495,870
<b>Subtotal</b>	<b>1,140,804</b>	<b>—</b>	<b>77,604</b>	<b>—</b>	<b>63,200</b>	<b>—</b>	<b>1,000,000</b>	<b>9,973</b>			<b>1,130,831</b>
<b>Short-term</b>											
ABN Amro, ING and Goldman Sachs	134,000	134,000	—	—	—	—	—	—	2.98	9 June 2023	134,000
ABN Amro, ING and Goldman Sachs	38,000	38,000	—	—	—	—	—	—	3.04	9 June 2023	38,000
ING/A+ and ABN/A	—	—	—	—	—	—	—	1,303	0.95	28 September 2027	(1,303)
<b>Subtotal</b>	<b>172,000</b>	<b>172,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,303</b>			<b>170,697</b>
<b>Total</b>	<b>1,312,804</b>	<b>172,000</b>	<b>77,604</b>	<b>—</b>	<b>63,200</b>	<b>—</b>	<b>1,000,000</b>	<b>11,276</b>			<b>1,301,528</b>
Total interest payment		11,475	9,087	7,312	7,241	7,000	7,000				
<b>TOTAL</b>	<b>1,312,804</b>	<b>183,475</b>	<b>86,691</b>	<b>7,312</b>	<b>70,441</b>	<b>7,000</b>	<b>1,007,000</b>	<b>11,276</b>			<b>1,301,528</b>

As at 31 December 2021 the loans and borrowings based on undiscounted contractual cash flows including interest is repayable as follows:

Lender	Principal €	Repayment						Unamortised re(financing) expenses	Effective interest rate %	Maturity date	Amortised cost €
		<1 year	1-2 year	2-3 year	3-4 year	4-5 year	>5 year				
<b>Long-term</b>											
Deka/A	63,200	—	—	—	—	63,200	—	620	0.49	9 October 2026	62,580
Deka/A	28,500	—	—	28,500	—	—	—	253	0.29	9 October 2024	28,247
Norwegian Bondholders	51,367	—	—	51,367	—	—	—	147	3.48	18 January 2024	51,220
Bondholders	500,000	—	—	—	—	—	500,000	4,938	0.9	12 October 2029	495,062
Bondholders	500,000	—	—	—	—	—	500,000	5,755	0.5	27 January 2028	494,245
<b>Subtotal</b>	<b>1,143,067</b>	<b>—</b>	<b>—</b>	<b>79,867</b>	<b>—</b>	<b>63,200</b>	<b>1,000,000</b>	<b>11,713</b>			<b>1,131,354</b>
<b>Short-term</b>											
ABN Amro, ING and Goldman Sachs	134,000	134,000	—	—	—	—	—	—	0.6	9 December 2022	134,000
ING/A+ and ABN/A	128,000	128,000	—	—	—	—	—	392	1.1	14 September 2023	127,608
<b>Subtotal</b>	<b>262,000</b>	<b>262,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>392</b>			<b>261,608</b>
<b>Total</b>	<b>1,405,067</b>	<b>262,000</b>	<b>—</b>	<b>79,867</b>	<b>—</b>	<b>63,200</b>	<b>1,000,000</b>	<b>12,105</b>			<b>1,392,962</b>
Total interest payment		10,089	9,182	9,167	7,312	7,242	7,000				
<b>TOTAL</b>	<b>1,405,067</b>	<b>272,089</b>	<b>9,182</b>	<b>89,034</b>	<b>7,312</b>	<b>70,442</b>	<b>1,007,000</b>	<b>12,105</b>			<b>1,392,962</b>

The above table reflects amounts drawn under the respective agreements.

All secured facilities other than the Revolving Credit Facility are signed at the local level and are secured against the asset. It is common that the shares of the SPV as well as the asset itself will be pledged to the lender. No other significant collateral or guarantees have been provided.

During the year, the Revolving Credit Facility with ING and ABN Amro for up to EUR 250 million was terminated and replaced in September 2022 by the new Revolving Credit Facility agreement which was signed for EUR 300 million to partially finance new acquisitions. The upfront fees were 0.35% (EUR 1.05 million). During the year, several draw downs occurred for a total amount of EUR 300 million and were fully repaid on 30 December 2022. The Revolving Credit Facility expires in September 2027 and the undrawn balance of the RCF at 31 December 2022 was EUR 300 million.

In December 2021, a one-year unsecured Bridge loan facility was signed with a notional of EUR 134 million and in 2022 the unsecured Bridge facility was increased on 12 July to EUR 235 million with a further option to increase it up to EUR 500 million maturing in Q4 2023. The second tranche drawn on 16 December 2022 for an amount of EUR 38 million and matures on 9 June 2023.

Further disclosure to the fair value of the loans and borrowings is outlined in the table of the financial risk management paragraph in the accounting and valuation principles on page 99.

## 11 DEBT FROM RELATED PARTIES (INCLUDING SHORT-TERM PORTION)

	31 December 2022	31 December 2021
<b>LONG-TERM DEBT FROM RELATED PARTIES</b>		
Balance as at the beginning of the year	3,104	—
Movements		
- Loans taken	1,877	3,104
<b>Balance at the end of the year</b>	<b>4,981</b>	<b>3,104</b>
<b>SHORT-TERM DEBT FROM RELATED PARTIES</b>		
Balance as at the beginning of the year	—	—
Movements		
- Loans taken	—	4,950
- Redemptions	—	(4,950)
<b>Balance at the end of the year</b>	<b>—</b>	<b>—</b>
<b>Total debt from related parties</b>	<b>4,981</b>	<b>3,104</b>
<b>The fair value of the long-term debt from related parties is approximately</b>	<b>4,981</b>	<b>3,104</b>

The associated loan with a minority shareholder is related to the acquisition of the portfolio of logistics assets in Belgium, Denmark, Sweden and Luxembourg during December 2021 and the year 2022.

The associated loan with the minority shareholder has an interest rate of 3.35% and a maturity date as at 31 December 2036.

## 12 OTHER NON-CURRENT LIABILITIES

	31 December 2022	31 December 2021
Security deposits	22,924	17,691
Lease liability	54,494	34,086
Other	(3)	—
<b>Total</b>	<b>77,415</b>	<b>51,777</b>

The lease obligation is held in the United Kingdom for EUR 7.2 million (2021: EUR 7.6 million), in Germany for EUR 12.5 million (2021: EUR 12.4 million), in Belgium for EUR 21.6 million (2021: EUR 8.7 million), in the Netherlands for EUR 5.0 million (2021: nil) and in Sweden for EUR 8.2 million (2021: EUR 5.4 million).

Maturity analysis of undiscounted cash flows for lease liabilities:

Year	31 December 2022	31 December 2021
Less than 1 year	2,322	1,370
More than 1 years and less than 2 years	2,322	1,370
More than 2 years and less than 3 years	2,322	1,370
More than 3 years and less than 4 years	2,322	1,370
More than 4 years and less than 5 years	2,322	1,370
More than 5 year	126,162	100,906
<b>Total</b>	<b>137,772</b>	<b>107,756</b>

The weighted average discount rate used for discounting the lease payments is 2.66%.

The Fund had total cash outflows for leases of EUR 1.9 million (2021: EUR 0.9 million). For disclosure about interest expense on lease liabilities, refer to note 21. The Fund also had non-cash additions to right-of-use assets and lease liabilities for EUR 22.3 million (2021: 16.0 million).

## CURRENT LIABILITIES

### 13 ACCRUED EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
Deferred rental income	20,621	17,733
Operating costs properties	15,975	16,293
Accrued interest	5,202	4,943
Accrued fund expenses	143	2,202
Management and advisory fees	4,807	3,109
Accrued capex expenses	10,347	4,766
Other	2,182	2,902
<b>Total</b>	<b>59,277</b>	<b>51,948</b>

### 14 OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
VAT payable	(901)	3,904
Corporate income tax	2,338	6,740
Other taxes	3,023	12,418
Tenant deposits	1,892	1,656
Lease liability	2,349	1,370
Other	819	540
<b>Total</b>	<b>9,520</b>	<b>26,628</b>

### 15 CURRENCY TRANSLATION RESERVE

	31 December 2022	31 December 2021
<b>Balance (loss)/gain as at the beginning of the year</b>	<b>7,600</b>	<b>(51,551)</b>
<i>Movements</i>		
- Changes in fair value of net investment hedge	15,555	(7,934)
- Realised cash flows from FX hedge	10,687	(20,670)
- Effect of foreign exchange rate differences	(65,572)	89,331
- Realised gains/(losses) from FX hedge	—	(1,121)
- Allocation of net assets	1,903	(455)
<b>Balance (loss)/gain at the end of the year</b>	<b>(29,827)</b>	<b>7,600</b>

# Notes to the statement of consolidated comprehensive income

(Amounts in €'000, unless otherwise indicated)

## 16 GROSS RENTAL REVENUE

	Year ended 31 December 2022	Year ended 31 December 2021
Rent	258,537	226,800
Rent incentives granted	(8,929)	(10,123)
Adjustment for straight-lining of rent incentives	(1,259)	996
Parking revenues	4,003	3,737
<b>Total</b>	<b>252,352</b>	<b>221,410</b>
Gross rental revenue	252,352	221,410
Other property related income	2,375	3,473
Recovered property costs charged to tenants	55,469	44,597
Recoverable cost of properties	(55,469)	(44,597)
Operating cost properties	(37,102)	(38,465)
<b>Total</b>	<b>217,625</b>	<b>186,418</b>

The lease expiry of the existing contracts is as follows:

	Annual rent 2022	%	Annual rent 2021	%
1st year	249,574	23	219,319	22
2nd year	223,258	20	201,092	20
3rd year	189,396	17	177,514	18
4th year	153,224	14	156,635	15
5th year	116,808	11	124,669	12
after 5th year	162,105	15	127,024	13
<b>Total</b>	<b>1,094,365</b>	<b>100</b>	<b>1,006,253</b>	<b>100</b>

## 17 OPERATING COSTS

	Year ended 31 December 2022	Year ended 31 December 2021
Maintenance	6,666	6,775
Straight-lined fitting out costs	1,958	1,918
Property management expenses	2,374	1,809
Marketing	2,961	2,400
Fixed charges	1,130	306
Non-reclaimable VAT	1,563	1,385
Reletting expenses	2,433	2,208
Real estate taxes	3,731	3,344
Bad debt expenses	339	7,072
Professional services property	3,122	2,859
Insurance	(297)	894
Other operating costs	11,122	7,495
<b>Total</b>	<b>37,102</b>	<b>38,465</b>

Other operating costs of EUR 11.1 million (2021: EUR 7.5 million) are mainly related to charges of vacant units that did not generate rental revenue during the period under review. The variance shown is due to the partial reclassification of recoverable costs that are no longer collectible.

## 18 PROFESSIONAL SERVICES

	Year ended 31 December 2022	Year ended 31 December 2021
Valuation expenses	1,272	1,136
Audit fees	1,179	898
Legal fees	1,319	1,193
Tax advisory fees	2,016	1,808
Trust expenses	4,720	4,322
Acquisition expenses	(72)	2,511
Other advisory services	1,830	1,327
Non-reclaimable VAT	7,398	816
<b>Total</b>	<b>19,662</b>	<b>14,011</b>

The audit fees relate to audit services provided by the auditors Pricewaterhouse Coopers, société coopérative, Luxembourg and Ernst & Young to the Fund and requirements for stand-alone audits in local countries. Until 31 December 2021, the appointed auditor was Ernst & Young.

The amount of non-reclaimable VAT relates mostly historical non-recoverable VAT.

## 19 MANAGEMENT FEES

	Year ended 31 December 2022	Year ended 31 December 2021
Management fee	49,608	42,135
<b>Total</b>	<b>49,608</b>	<b>42,135</b>

The Advisor is entitled to receive remuneration from the Fund equal to a management fee rate of between 0.60% and 1.20% of the Fund's net asset value calculated according to the investors' proportionate shareholding in the Fund and their class of shares.

The Class I Shareholder is entitled to an annual promote fee payment equal to 10% of the amount by which the cumulative total return to the Shareholders each year exceeds a cumulative hurdle total return of 8% per annum (with no performance fee payable for any return in excess of 10% per annum), calculated over a three year rolling period.

Payment of the performance fee in respect of any Performance Period is also conditional on the Fund achieving a 4% total return per annum over the shorter of i) a ten year rolling period and ii) the life of the Fund. A catch up payment will be made at the end of the life of the Fund.

For the purpose of calculating the Issue Price and the Redemption Price of each Share Class, the performance fee payment due in respect of each Performance Period shall accrue on each quarter end prior to the relevant Performance Calculation Date.

During the year ended 31 December 2022, no performance fee payable (2021: nil) was recorded in the consolidated statement of comprehensive income.

## 20 FINANCE INCOME

	Year ended 31 December 2022	Year ended 31 December 2021
Other interest Income	64	66
Other finance Income	1	128
<b>Total</b>	<b>65</b>	<b>194</b>

## 21 FINANCE EXPENSES

	Year ended 31 December 2022	Year ended 31 December 2021
Interest credit institutions	5,904	8,115
Interest related parties	121	3
Other interest expense	6,996	3,343
Bank charges	789	1,164
Loan arrangement fees	390	—
Amortisation of financing expenses	2,313	4,588
Interest on lease	1,362	744
Other finance expense	237	15,108
<b>Total</b>	<b>18,112</b>	<b>33,065</b>

Other interest expense mainly relates to the interest expense on the bonds issued by the Fund in the previous year.

The increase of this account is due to the issuance of the second half of the bond that occurred end of 2021 on which interest is paid for the full year 2022.

Other finance expenses include the breakage costs related to the external debt that has been repaid before reaching maturity and amounting to EUR 0.2 million (2021: 15.1 million).

## 22 GAIN/ LOSS ON SALES

	Year ended 31 December 2022	Year ended 31 December 2021
Gain/ (loss) from sales of investment properties	(760)	—
Gain/ (loss) from sales of subsidiaries	(376)	(915)
Gain/ (loss) from sales - transaction costs	(729)	(682)
<b>Total</b>	<b>(1,865)</b>	<b>(1,597)</b>
<b>Gain/ (loss) from sales of investment properties</b>		
Proceeds of sales	52,500	—
Historical costs of properties sold	(38,324)	—
<b>Realised gains on historical cost</b>	<b>14,176</b>	<b>—</b>
Cumulative changes in fair value of properties sold	(14,936)	—
<b>Total</b>	<b>(760)</b>	<b>—</b>
<b>Gain/ loss from sales of subsidiaries</b>		
Proceeds of sales	(376)	39,881
Book value of subsidiaries	—	(33,785)
Cumulative share in result of subsidiaries	—	(7,011)
<b>Total</b>	<b>(376)</b>	<b>(915)</b>

In 2022, result on sales relate to the disposal of a partial logistics asset in France, a retail asset in Germany and a price adjustment of EUR 0.4 million for a Nordic retail asset disposed in 2021.

## 23 RESULT ON FOREIGN INVESTMENT

	Year ended 31 December 2022	Year ended 31 December 2021
Realised foreign exchange gains/ (losses)	(2,582)	(33,535)
Unrealised gains/ (losses)	81	272
<b>Total</b>	<b>(2,501)</b>	<b>(33,263)</b>

Realised foreign exchange gains/ (losses) are related to the FX effects on the conversion currency of the loans.

## 24 CORPORATE INCOME TAX

### Income tax recognised in consolidated statement of comprehensive income

	Year ended 31 December 2022	Year ended 31 December 2021
Current income tax charge	8,971	4,528
Withholding tax	10,931	10,642
Allocation to / (release of) deferred tax liabilities	(21,100)	73,423
Allocation to / (release of) deferred tax assets	168	2,984
<b>Total charge for income tax</b>	<b>(1,030)</b>	<b>91,577</b>

### Deferred tax

	31 December 2022		31 December 2021	
	Balance sheet position	Charge to income statement	Balance sheet position	Charge to income statement
<b>Deferred tax assets:</b>				
Tax losses carried forward	21,928	168	22,120	2,984
<b>Total</b>	<b>21,928</b>	<b>168</b>	<b>22,120</b>	<b>2,984</b>
<b>Deferred tax liabilities:</b>				
Differences between tax and book basis of properties	155,889	(21,100)	177,964	73,423
Deferred tax liabilities – withholding tax on capital gains	29,642	8,969	20,673	9,142
<b>Total</b>	<b>185,531</b>	<b>(12,131)</b>	<b>198,637</b>	<b>73,423</b>

### Reconciliation of tax expense and the accounting profit

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Consolidated net result before tax and distributions to holders of redeemable shares</b>	<b>(340,305)</b>	<b>474,056</b>
Tax calculated at domestic tax rate applicable to individual group entities	(23,461)	(86,778)
Income not subject to tax	42,751	19,492
Expenses not deductible for tax purposes	(7,151)	(12,640)
Adjustments from previous years	(81)	
Differences due to rate	(98)	(1,009)
Withholding tax	(10,931)	(10,642)
<b>Total corporate income tax</b>	<b>1,030</b>	<b>(91,577)</b>
<b>Effective income tax</b>	<b>0%</b>	<b>19%</b>

The difference between the average tax rate and the effective income tax rate is due to local statutory and IFRS-EU accounting. A number of entities within the Fund structure are subject to corporate income tax charges at an average tax rate of 0% due mainly to the loss recorded during the year and the release of deferred tax liabilities. The Fund itself is tax transparent.

Some deferred tax liabilities are not presented on the balance sheet as a result of the initial recognition exemption under IAS 12. The nominal value of the deferred tax liabilities, including the exempt balances, amounts to EUR 248 million (2021: EUR 261 million).

The Fund will however be subject to subscription tax at an annual rate of 0.01% based on the NAV, payable on a quarterly basis. The amount of subscription tax applicable for the year is EUR 0.6 million (2021: EUR 0.4 million) and is reflected under "Current income tax charge".

The withholding tax is composed of withholding tax accrued on capital gains distributable by the OPPCI for an amount of 9.0 million (2021: 9.1 million) and withholding tax paid on the dividend received during the year from OPPCI for an amount of EUR 1.9 million (2021: 1.5 million). Starting 2022, the withholding tax payable on capital gains distributed by the OPPCI is fully provisioned under IFRS (2021: 50% was provisioned under IFRS, while 50% was provisioned under INREV).

During the year, the corporate income tax rate in the Netherlands increased from 15% to 19% applied on the first bracket, which decreased from EUR 0.4 million to EUR 0.2 million.

## 25 PERSONNEL

During 2022, the Fund did not have any directly employed personnel but the salary of the Fund Administrator and Treasury Controller are recharged to the Fund's direct subsidiary, PEC Holdings S.à r.l.

## 26 RELATED PARTY RELATIONSHIPS

Name of related party	Service provided	Income statement		Balance sheet	
		Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
Other related parties: CBRE related					
CBRE	Accounting	1,470	1,354	172	373
CBRE	Brokerage/Agency fees	1,763	—	541	—
CBRE	Letting fees	2,233	574	198	37
CBRE	Other	154	161	8	6
CBRE	Other professional fees	98	310	14	3
CBRE	Other services	4	3	—	—
CBRE	Property management	3,261	2,881	189	489
CBRE	Staff costs	652	773	18	49
CBRE GIA	Accounting fees	17	16	—	—
CBRE GIA	Fund administration fees	1,508	1,311	400	471
CBRE IM	AIFM fees	7,201	6,155	416	1,431
CBRE IM	Asset management fees	23,430	20,449	4,945	6,785
CBRE IM	Staff costs	234	222	37	50
CBRE IM	Domiciliation fees	373	235	98	133
CBRE IM	GP fees	140	140	—	—
CBRE IM	Other	114	223	114	—
CBRE IM	Strategic advisory fees	19,199	15,671	4,615	4,189
<b>Total</b>		<b>61,851</b>	<b>50,478</b>	<b>11,765</b>	<b>14,016</b>

Parties related to the Fund may be engaged on arm's length terms and must be disclosed to Investors. See section V of the Private Placement Memorandum, "Affiliated Service Providers to the Company" for further details. Affiliates of CBRE Group, Inc. may be retained by the Company to provide services to any of the Funds including, but not limited to, property acquisitions and sales brokerage, due diligence, leasing brokerage, property management, debt origination and servicing, and corporate domiciliation services. The terms of such arrangements will be no less favorable to the Company and the Funds than would be quoted or charged by a comparably qualified unaffiliated third party within the applicable market and at the time such services are to be provided; and the fees will be no greater than the applicable affiliate would charge an unaffiliated third-party for similar quality services in each case within the applicable market for arrangements of similar scale at the time such services are to be provided.

## 27 SEGMENTAL REPORTING BY SECTOR & GEOGRAPHY

The Fund's properties are aggregated into segments with similar economic characteristics such as the nature of the property and the occupier market it serves. The General Partner considers that this is best achieved with logistics, residential, office, retail, and hotel & other reportable segments, summarized as follows.

There is no aggregation of operating segments into any reportable segments. Consequently, the Group is considered to have five reportable segments, as follows:

1. Logistics – acquires, holds and leases warehouses.
2. Residential – acquires, holds and leases residential property.
3. Office – acquires, holds and leases offices.
4. Retail – acquires, holds and leases shopping malls and high street units.
5. Hotel & other – acquires, holds and leases hotels.

The relevant gross rental revenue, net rental revenue, net result and net assets, being the measures of segment revenue, segment result and segment assets used by the management of the business, are set out below.

For investment property and loans and borrowings, discrete financial information is provided on a property-by-property basis to members of the Board of Managers of the General Partner, who collectively comprise the chief operating decision maker ("CODM").

No customer exceeded 10% of the Group's revenues in either year.

(Amounts in € '000, unless otherwise indicated)

Consolidated income statement by segment							Year ended
	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2022
Gross rental revenue	106,340	30,627	56,180	50,561	8,644	—	252,352
Operating costs	(9,817)	(8,517)	(6,972)	(9,101)	(2,061)	(634)	(37,102)
Other income	1,708	39	311	99	—	218	2,375
<b>Net rental revenue</b>	<b>98,231</b>	<b>22,149</b>	<b>49,519</b>	<b>41,559</b>	<b>6,583</b>	<b>(416)</b>	<b>217,625</b>
Fund expenses	—	—	—	—	—	(70,298)	(70,298)
Change in fair value of investment properties and investment properties under construction <sup>1</sup>	(134,436)	(61,323)	(199,723)	(61,226)	(6,336)	—	(463,044)
Result on sales	(1,181)	—	—	(290)	—	(394)	(1,865)
Other expenses	—	—	—	—	—	(4,676)	(4,676)
<b>NET GAINS / (LOSSES) ON INVESTMENT PROPERTIES</b>	<b>(135,617)</b>	<b>(61,323)</b>	<b>(199,723)</b>	<b>(61,516)</b>	<b>(6,336)</b>	<b>(5,070)</b>	<b>(469,585)</b>
Finance result	(723)	(394)	(747)	(438)	(503)	(15,242)	(18,047)
<b>NET RESULT BEFORE TAX AND DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES</b>	<b>(38,109)</b>	<b>(39,568)</b>	<b>(150,951)</b>	<b>(20,395)</b>	<b>(256)</b>	<b>(91,026)</b>	<b>(340,305)</b>

Consolidated income statement by segment							Year ended
	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2021
Gross rental revenue	87,035	21,969	53,070	51,297	8,039	—	221,410
Operating costs	(7,871)	(6,308)	(4,053)	(15,651)	(4,223)	(359)	(38,465)
Other income	2,091	14	515	528	8	317	3,473
<b>Net rental revenue</b>	<b>81,255</b>	<b>15,675</b>	<b>49,532</b>	<b>36,174</b>	<b>3,824</b>	<b>(42)</b>	<b>186,418</b>
Fund expenses	—	—	—	—	—	(56,721)	(56,721)
Change in fair value of investment properties and investment properties under construction <sup>1</sup>	295,423	31,718	83,326	13,066	(10,696)	—	412,837
Result on sales	(142)	—	—	—	—	(1,455)	(1,597)
Other expenses	—	—	—	—	—	(34,010)	(34,010)
<b>NET GAINS / (LOSSES) ON INVESTMENT PROPERTIES</b>	<b>295,281</b>	<b>31,718</b>	<b>83,326</b>	<b>13,066</b>	<b>(10,696)</b>	<b>(35,465)</b>	<b>377,230</b>
Finance result	(394)	(16)	(6,054)	(16,595)	(487)	(9,325)	(32,871)
<b>NET RESULT BEFORE TAX AND DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES</b>	<b>376,142</b>	<b>47,377</b>	<b>126,804</b>	<b>32,645</b>	<b>(7,359)</b>	<b>(101,553)</b>	<b>474,056</b>

<sup>1</sup> The change in fair value of investment properties and investment properties under construction includes the change in fair value of financial lease.

Gross rental revenue by geography & segment							Year ended
	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2022
United Kingdom	5,717	—	23,324	11,541	—	—	40,582
Germany	20,726	7,703	11,973	20,120	3,139	—	63,661
France	15,873	—	15,170	4,975	—	—	36,018
Czech Republic	12,270	—	—	5,015	—	—	17,285
Poland	23,298	—	—	—	—	—	23,298
Italy	—	—	—	8,910	—	—	8,910
Spain	819	—	—	—	—	—	819
Denmark	810	3,538	—	—	—	—	4,348
Norway	—	—	—	—	5,505	—	5,505
Sweden	1,470	—	5,713	—	—	—	7,183
Belgium	8,866	—	—	—	—	—	8,866
Netherlands	15,208	19,386	—	—	—	—	34,594
Luxembourg	1,283	—	—	—	—	—	1,283
<b>Gross rental revenue</b>	<b>106,340</b>	<b>30,627</b>	<b>56,180</b>	<b>50,561</b>	<b>8,644</b>	<b>—</b>	<b>252,352</b>

Gross rental revenue by geography & segment							Year ended
	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2021
United Kingdom	255	—	21,743	10,804	—	—	32,802
Germany	19,051	1,865	10,827	22,177	3,469	—	57,389
France	16,125	—	15,175	4,792	—	—	36,092
Czech Republic	11,990	—	—	4,414	—	—	16,404
Poland	20,801	—	—	—	—	—	20,801
Italy	—	—	—	8,583	—	—	8,583
Spain	—	—	—	—	—	—	—
Denmark	14	1,827	—	—	—	—	1,841
Norway	—	—	—	527	4,570	—	5,097
Sweden	62	—	5,324	—	—	—	5,387
Belgium	4,767	—	—	—	—	—	4,767
Netherlands	13970	18277	—	—	—	—	32247
<b>Gross rental revenue</b>	<b>87,035</b>	<b>21,969</b>	<b>53,070</b>	<b>51,297</b>	<b>8,039</b>	<b>—</b>	<b>221,410</b>

Consolidated statement of financial position							31 December
	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	2022
Investment properties	2,513,479	908,645	1,904,461	1,241,683	198,737	—	6,767,005
Investment properties under construction	—	107,750	—	—	—	—	107,750
Other non-current and current assets	—	—	—	—	—	325,602	325,602
Loans and borrowings	—	—	91,047	—	—	1,215,460	1,306,508
Other non-current and current liabilities	—	—	—	—	—	364,695	364,695
Non-controlling interest	—	—	—	—	—	4,435	4,435
<b>Net assets attributable to holders of redeemable shares</b>							<b>5,524,718</b>

Investment properties and Investment properties under construction by geography & segment	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2022
United Kingdom (functional currency GBP)	115,429	—	554,192	228,556	—	—	898,177
Germany	500,500	256,400	673,100	510,927	90,040	—	2,030,967
France	374,880	—	500,340	177,500	—	—	1,052,720
Czech Republic	225,000	—	—	64,000	—	—	289,000
Poland	456,050	—	—	—	—	—	456,050
Italy	—	74,150	—	260,700	—	—	334,850
Spain	73,300	—	—	—	—	—	73,300
Denmark (functional currency DKK)	49,258	88,457	—	—	—	—	137,715
Norway (functional currency NOK)	—	—	—	—	108,697	—	108,697
Sweden (functional currency SEK)	37,384	33,600	122,329	—	—	—	193,313
Belgium	326,128	—	—	—	—	—	326,128
Netherlands	330,950	563,788	54,500	—	—	—	949,238
Luxembourg	24,600	—	—	—	—	—	24,600
<b>Investment properties and investment properties under construction</b>	<b>2,513,479</b>	<b>1,016,395</b>	<b>1,904,461</b>	<b>1,241,683</b>	<b>198,737</b>	<b>—</b>	<b>6,874,755</b>

Consolidated statement of financial position	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2021
Investment properties	2,359,401	948,451	1,785,496	1,342,866	204,271	—	6,640,485
Investment properties under construction	—	30,725	—	—	—	—	30,725
Other non-current and current assets	—	—	—	—	—	282,103	282,103
Loans and borrowings	—	—	90,828	—	—	1,305,238	1,396,066
Other non-current and current liabilities	—	—	—	—	—	360,759	360,759
Non-controlling interest	—	—	—	—	—	3,204	3,204
<b>Net assets attributable to holders of redeemable shares</b>							<b>5,193,284</b>

Investment properties and investment properties under construction by Geography & Segment	Logistics	Residential	Office	Retail	Hotel & other	Unallocated	31 December 2021
United Kingdom (functional currency GBP)	174,393	—	635,181	255,226	—	—	1,064,800
Germany	523,890	275,700	390,380	575,040	84,346	—	1,849,356
France	418,480	—	570,450	176,000	—	—	1,164,930
Czech Republic	214,600	—	—	65,100	—	—	279,700
Poland	454,750	—	—	—	—	—	454,750
Italy	—	—	—	271,500	—	—	271,500
Spain	—	—	—	—	—	—	—
Denmark (functional currency DKK)	13,433	95,441	—	—	—	—	108,874
Norway (functional currency NOK)	—	—	—	—	119,925	—	119,925
Sweden (functional currency SEK)	36,931	30,725	130,085	—	—	—	197,741
Belgium	201,774	—	—	—	—	—	201,774
Netherlands	321,150	577,310	59,400	—	—	—	957,860
<b>Investment properties and investment properties under construction</b>	<b>2,359,401</b>	<b>979,176</b>	<b>1,785,496</b>	<b>1,342,866</b>	<b>204,271</b>	<b>—</b>	<b>6,671,210</b>

## 28 CONTINGENT ASSETS AND LIABILITIES

The Fund has forward commitments based on developers meeting certain criteria per the below list.

- Residential development in Italy: estimated purchase price EUR 39 million, estimated completion date Q3 2023,
- Residential development in Sweden: estimated purchase price SEK 850 million, estimated completion date Q2 and Q3 2023,
- Residential development in Spain: estimated purchase price EUR 199 million, estimated completion date Q4 2024 and Q2 2025,
- Office development in Spain: estimated purchase price EUR 74 million, estimated completion date Q2 2023,
- Logistics development in Denmark: estimated purchase price DKK 104 million, estimated completion date Q2 2023,
- Logistics development in Sweden: estimated purchase price SEK 165 million, estimated completion date Q4 2023 and
- Logistics development in Spain: estimated purchase price EUR 110 million, estimated completion date Q1 2024.

## 29 SUBSEQUENT EVENTS

The Fund's assessment of the impact of the war in Ukraine, both before and after the balance sheet date, can be found in the Report of the General Manager.

The Fund continues to monitor the Russian-Ukrainian war situation and will take further action as necessary in response to the economic disruptions.

In early January 2023 the Fund drew EUR 22 million from the Sustainable RCF facility to fund capital expenditure for some of its development projects.

The Bridge loan facility of EUR 172 million was rolled for another three months.

## Valuation Experts

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The valuations were performed by Jones Lang LaSalle and Knight Frank, accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

## Property management

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The Fund has outsourced the activities related to property management to several specialised companies.

Dudelange,  
Luxembourg

# Dudelange Distribution Centre



# Appendices

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CBRE Global Investors  
Open-Ended Funds S.C.A.  
SICAV-SIF - Pan European  
Core Fund

# Appendix 1: Guidelines and regulations

## INREV Guidelines compliance statement

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The European Association for Investors in Non-Listed Real Estate Vehicles (INREV) published the revised INREV Guidelines in 2014 incorporating industry standards in the fields of Corporate Governance, Reporting, Property Valuation, Performance Measurement, INREV NAV, Fees and Expense Metrics, Liquidity and Sustainability Reporting. The Assessments follow these guidelines.

INREV provides an Assessment Tool to determine a vehicle's compliance rate with the INREV Guidelines as a whole and its modules in particular.

The overall INREV Guidelines compliance rate of the Fund is 98%, based on 9 out of 9 assessments. The compliance rate for each completed module is:

- Reporting 99%
- Fee and expense metrics 100%
- Property valuation 100%
- INREV NAV 100%
- Liquidity 100%
- Sustainability 88%
- Corporate governance 98%
- Performance measurement 100%
- Code of tax conduct 97%

## Other governance principles

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### **Alternative investment Fund Managers Directive (AIFMD)**

As a result of the AIFMD, the AIFM is supervised by financial regulators. The Fund is domiciled in Luxembourg and appointed CBRE Investment Management Luxembourg AIFM S.à r.l. as its AIFM.

### **Liquidity arrangements**

The investments made by the Fund in real estate assets are generally illiquid by nature. This illiquidity tends to limit the ability of the General Partner to offer liquidity for the Shareholders. However, the Fund offers a liquidity possibility by the right of Shareholders to offer their shares for redemption at specific times during the lifetime of the Fund.

During the reporting period no changes have been made to the redemption mechanism as laid down in the Placement Memorandum. For more information we refer to the latest version of the PPM dated March 2022.

### **Leverage**

During the reporting period the maximum ratio between the utilised facility on property financing and the fair value of all properties (the loan to value), calculated at Fund level, has not been adjusted and remains at the level of 40% as mentioned in the Private Placement Memorandum dated March 2022.

### **Governance**

During the reporting period no material changes to the Fund documentation and governance became effective.

### **Commodity Futures Trading Commission (CFTC)**

The U.S. Commodity Futures Trading Commission (CFTC) has authority as a result of the Dodd-Frank law to regulate the use of derivatives for hedging purposes. The Fund may be considered to be using U.S. jurisdictional means by the CFTC and, as a result, may have to comply with various U.S. regulatory requirements. These regulatory requirements may include, among others, filing exemptions from registration requirements as a commodity pool operator, ongoing and historical reporting of certain trade data

to trade repositories, clearing and executing certain transactions on swap execution facilities or claiming exemptions to these requirements, obtaining legal entity identifiers (LEI codes), making certain representations and disclosures to its counterparties, and posting margin. The Fund will continue to monitor and comply with the applicable regulatory requirements as they develop.

The general partner has filed a notice of claim of exemption pursuant to CFTC Regulation 4.13(a)(3), which exempts certain commodity pool operators that engage in a de minimis amount of commodity interest transactions from registration with the CFTC. The general partner does not expect the CFTC rules to have an adverse effect on its operations.

### **Foreign Account Tax Compliance Act (FATCA)**

The purpose of the U.S. Foreign Account Tax Compliance Act (FATCA) legislation is to prevent a perceived tax abuse by U.S. persons through the use of off-shore financial accounts. FATCA will impose material U.S. tax documentation, reporting and withholding requirements on many banks, insurance companies, investment Funds (like the Fund) and other financial institutions located outside the U.S. FATCA requires Foreign Financial Institutions (FFIs) to provide the Internal Revenue Service ("IRS") with information on U.S. persons invested in accounts outside of the U.S. and for non-U.S. entities to provide information about any U.S. owners. All investments (U.S. source and non-U.S. source) and all revenues and proceeds from investments undertaken by a U.S. person need to be reported to the IRS. To incentivise FFIs to provide the required information, FATCA imposes a 30% withholding tax on payments made to FFIs that do not enter into an agreement with the IRS.

The United States collaborated with other governments to develop two model intergovernmental agreements (IGAs) to implement FATCA. All IGAs contemplate that a partner government will require all FFIs located in its jurisdiction (that are not otherwise exempt) to identify U.S. accounts and report information about U.S. accounts. Most European governments have entered into an IGA with the U.S. Under the IGA, the reporting and other compliance burdens on the financial institutions in those jurisdictions will be simplified. The management organisation of the Fund is taking all necessary measures to comply with the requirements of FATCA, if and where applicable.

### **European Market Infrastructure Regulation (EMIR)**

Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (EMIR) entered into force on 16 August 2012. The aim of EMIR is to introduce greater transparency and better risk management to the 'over the counter' (OTC) derivatives market. Concretely EMIR introduced: i) a clearing obligation for eligible OTC derivatives with measures to reduce counterparty credit risk and operational risk for bilaterally cleared OTC derivatives, ii) common rules for central counterparties (CCPs), iii) a reporting obligation for OTC derivatives, iv) rules on the establishment of interoperability between CCPs and v) the concept of data trade repositories. All or some of the different obligations apply depending on the situation of the entity entering into OTC derivative contracts. The management organisation of the Fund has taken all necessary measures to comply with the requirements of the EMIR. If and where applicable the Fund has extended the licensing for the LEI code which is for one necessary to comply with the reporting requirements under EMIR.

# Appendix 2: Definitions

The Fund utilises certain defined terms as described in the Private Placement Memorandum. Certain of these defined terms or definitions used in this Annual Report are described below. Where applicable reference is made to the comparable or equivalent INREV definition.

The INREV definitions are part of the INREV Integrated Guidelines and cover a wide range of Fund, reporting and real estate definitions. A number of INREV definitions are not used in this Annual Report or are not relevant. Furthermore, some INREV definitions may differ from the Funds constitutional terms, corporate governance provisions and fees and costs provisions as defined in the Private Placement Memorandum. The regulations and provisions of the Private Placement Memorandum supersede the INREV definitions and therefore no reference to these INREV definitions are incorporated in this Annual Report.

## Definitions

### AIFMD commitment leverage

The AIFMD commitment leverage is calculated by dividing the commitment exposure by NAV, whereby commitment exposure is equal to the gross exposure subject to derivative positions which are converted to their fair value if certain criteria are met and the inclusion of cash & cash equivalents. For more details we refer to the Directive 2011/61/EU of the European Parliament and the council of 8 June 2011 and subsequent supplements and guidelines.

### AIFMD gross leverage

The AIFMD gross leverage is calculated by dividing the gross exposure by NAV, whereby gross exposure means the sum of absolute values of all positions, excluding cash & cash equivalents, including long- and short-term assets and liabilities, borrowings, derivative instruments and any other method increasing the exposure where the risks and rewards of assets and liabilities are with the Fund, and all other positions that make up the net asset value. Derivative positions (interest rate swaps or options and currency rate swaps) are included at their notional amount of their respective underlying asset. For more details we refer to the Directive 2011/61/EU of the European Parliament and the council of 8 June 2011 and subsequent supplements and guidelines.

### AIFMD leverage

Any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. Leverage of a Fund is expressed as the ratio between the exposure of a Fund and its net asset value (NAV). For more details we refer to the Directive 2011/61/EU of the European Parliament and the council of 8 June 2011 and subsequent supplements and guidelines.

### Average gross yield

Gross yield is gross rental revenue over the last four quarters divided by the average market value of the properties over the last four quarters.

The definition deviates from the INREV definition 'gross initial yield'.

### Average net yield

Net yield is net rental revenue over the last four quarters divided by the average market value of the properties over the last four quarters.

The definition deviates from the INREV definition 'net initial yield'.

### Base rent

Base rent is part of gross rental revenue. The calculation is based on the actual fixed rents as agreed upon in the contract.

### Book value

The book value is the amount for which a property is recorded in the administration of the Fund. This amount includes the cost price plus accumulated changes in fair value.

### BREEAM

Building Research Establishment Environmental Assessment Method (BREEAM) is a sustainability benchmarking scheme providing third party certification for the built environment, including planning, new construction, refurbishment and operation. Certification is awarded by Building Research Establishment (BRE) 5 level scale from 'Pass' to 'Outstanding'.

### Capital growth to the investor

Capital growth to the investor is the geometrically linked capital growth per quarter, based on growth in net asset value.

### Capital return

The appreciation return is the realised and unrealised capital gain/loss on assets during the period as a percentage of the time-weighted average NAV over the same period.

### Committed property

Real property (acquired or) committed to be acquired by the Fund or any of the Fund entities under any binding contractual agreement, arrangement, promise, commitment, contract, instrument or understanding, where such real property is not generating income for the benefit of the Fund or any of the Fund entities as of the reporting date.

### Environmental, social and governance (ESG)

Environmental, Social and Governance (ESG) issues are assessed by investors to screen non-financial or sustainability performance and inform responsible investment. Environmental issues include how a company performs in terms of energy and water consumption, waste, carbon emissions, biodiversity and water management. Social issues include how a company manages

relationships with its employees, suppliers, customers and the communities in which it operates. Governance issues include board diversity, equitable pay, internal ethical policies and controls and shareholder rights.

#### **Estimated rental value**

The estimated rental value is the current rent at which space/vacant units within the property could reasonably be expected to be let given the current market conditions. This is line with INREV definition.

#### **Fair value**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The IFRS-EU definition of fair value is assumed in the INREV Guidelines, except where specifically mentioned otherwise.

#### **Forward acquisitions (off-balance)**

Off-balance-sheet commitments are contractual obligations for the purchase of investment property, in which the purchase price for the property has not been fixed. Off-balance-sheet commitments are not capitalised but disclosed in the notes to the consolidated statement of financial position.

#### **Forward acquisitions (on-balance)**

On-balance-sheet commitments are contractual obligations for the purchase of investment properties at a fixed price. On-balance-sheet commitments are capitalised in the consolidated statement of financial position until the moment of conveyance. The property is classified as investment property after the moment of conveyance.

#### **Gross Asset Value**

The gross asset value is equal to total assets as per vehicle's financial statements under the chosen GAAP.

#### **Gross initial (current) yield**

Gross initial yield is the passing rent divided by the property value. The definition is the same as the INREV Definition 'gross initial yield'.

#### **Gross lettable area**

Gross lettable area is the total floor area of an investment property to be occupied by tenants as at the reporting date.

#### **Gross rental revenue**

Gross rental revenue is the actual rents charged to tenants plus turnover rent, mall revenue and parking revenues including the net effect of straight-lining of granted rent incentives.

#### **Identified staff**

Based on article 22 sub 2 of the Alternative Investment Fund Managers Directive (AIFMD) and section XIII (Guidelines on disclosure) of 'ESMA Guidelines on sound remuneration policies under the AIFMD', managers should report on the remuneration of staff that materially influences the risk profile of the AIF ("identified staff").

#### **Income return to the investors**

The income return represents the net operational income of the Fund excluding straight lining of tenant incentives as a percentage of the time-weighted average NAV over the same period.

#### **Interest coverage ratio**

The interest coverage ratio (ICR) is net operating income divided by the net financing costs over the last four quarters.

#### **Loan to value ratio**

The loan to value is calculated as the utilised facility on property related financing divided by the fair value of the investment property including property under construction. The INREV Definition of loan to value is the consolidated total external leverage/gearing at the Fund level as a percentage of the gross asset value of the Fund.

#### **Net asset value**

The net asset value is equal to the shareholders' net assets attributable to holders of redeemable shares of the Fund.

#### **Net asset value per share**

Net asset value divided by the number of shares as at the reporting date.

#### **Net initial (current) yield**

Net initial yield is the passing rent (net of operating costs, recoverable and non-recoverable) or net operating income divided by the gross property value including notional acquisition costs. The definition is the same as the INREV Definition 'net initial yield'.

#### **Net rental revenue**

Net rental revenue is gross rental revenue less operating costs, being those costs relating to owning and using the property, such as the costs of maintenance, property tax, insurance premiums, marketing expenses and property management expenses (excluding the management fee as defined in the Private Placement Memorandum).

The definition is comparable to the INREV Definition "net operating income".

#### **Occupancy rate (financial)**

The financial occupancy rate of the portfolio is calculated based on rental revenue according to contracts as at the reporting date, as a percentage of the theoretical rental revenue.

#### **Operating property**

Real property owned by the Fund or any of the Fund entities, where such real property is generating income for the benefit of the Fund or any of the Fund entities.

## Revaluation

The revaluation is calculated as the change in fair value of investment properties (as presented in the consolidated comprehensive income statement) divided by the weighted average fair value of investment properties including property under construction.

## Rent incentives

Rent incentives are a form of tenant incentives, granted to tenants that are used as a commercial instrument to encourage tenants to enter into a contract. Straight-lining with regard to rent incentives proportionally distributes rent incentives over the contract period resulting in equal distribution of rent over the contract period. Rent incentives are recognised as rent in the rent-free period, and they are subsequently recorded as decrease of base rent on a linear basis during the contract period.

## Reversionary yield

Reversionary yield is the estimated rental value as a percentage of gross property value which is in line with INREV.

## RISE

The CBRE corporate values, consisting of Respect (Treat everyone with dignity, value their contributions, and help one another succeed), Integrity (Uphold the highest ethical standards in our business practices), Service (Dedicate ourselves to making a meaningful impact with our clients and in our communities) and Excellence (Aspire to be the best in everything we do and drive for continuous improvement).

## Service costs/service charges

Service costs are expenses that are made for a property as a whole but charged to the individual tenants at cost. The nature of service costs can vary widely by property or contract, but they often include: electricity, central heating, water, lighting, security, cleaning, etc. Service costs and service charges are not balanced in the comprehensive income statement but presented separately. If properties are (partly) vacant, the service charges might be proportionally divided among other tenants or the Fund is liable for the service costs attributable to the vacant units. The service costs for the Fund are recognised under the operating cost of properties.

## Tenant incentives

Tenant incentives are incentives granted to tenants that are used as a commercial instrument to encourage tenants to enter into a contract. Tenant incentive could have the form of rent incentives or could have the form of fitting out costs when grants are paid for refurbishment of units.

## Theoretical rental revenue

The theoretical rental revenue is the expected rental revenue without taking into account any vacancy or other loss of rent. The theoretical rental revenue is based on passing rent of existing contracts for leased units and the estimated market rent (estimated rental value as given in the valuation report) for vacant units. 'Revenue' is the IFRS-EU compliant term for the more general term 'income'. Theoretical rental revenue is an alternative performance measure not defined by IFRS and therefore may not be comparable to similarly titled measures presented by other real estate Funds.

The theoretical rental revenue is comparable to the INREV Definition 'Estimated Rental Value'.

## Total return

The total return is the change in the market value of the portfolio, adjusted for all capital expenditures (subtracted), net proceeds from sales (added), and investment income accrues (added) during the measurement period expressed as a percentage of the capital employed in the portfolio over the measurement period.

## Total return gross

The total return before fees and carried interest.

## Total return net

The total return after fees and carried interest.

## Total return to the investor

Total return to the investor is the geometrically linked total return per quarter.

## Turnover rent

Turnover rent is a variable lease income which is classified part of gross rental revenue. The lease income depends on the turnover of the tenant.

## Utilised facility

The utilised facility is the short-term and long-term Loans and borrowings including capitalised interest, excluding VAT financing, unamortized financing cost, accrued interest and Loans and borrowings used for financing of operational activities.

## Vacancy (Based on estimated rental value)

Estimated rental income of vacant space / (contractual rental income of occupied space + estimated rental income of vacant space).

## Vacancy (Based on leasable floor space)

A measure of the level of vacant space, which is calculated based on net leasable floor space.

## Weighted average cost of loans and borrowings

Weighted average cost of Loans and borrowings is the interest rate on each external Loans and borrowings in the Fund weighted by the size of such instruments.

# Appendix 3: Administration

## General Partner

CBRE Global Investors Open-Ended GP S.à r.l.  
4 rue du Fort Wallis  
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## Board of Managers

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Richard Everett  
Simon Parr Mackintosh  
Claude Niedner  
Miroslav Stoev

## Limited Partnership

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## Custodian

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## Legal advisor

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## **Property managers**

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# Colophon

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