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# Årsredovisning

för

# Barings Core Fund Sweden Holding AB

559039-0174

Räkenskapsåret

2021

## Fastställelseintyg

Undertecknad styrelseledamot i Barings Core Fund Sweden Holding AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2022-06-30. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2022-06-30

~~Kristina Johnson~~ Olli Kokkola

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# Årsredovisning

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# Barings Core Fund Sweden Holding AB

559039-0174

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**Innehållsförteckning**


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Styrelsen för Barings Core Fund Sweden Holding AB avger följande årsredovisning för räkenskapsåret 2021.

Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i hela kronor (kr). Uppgifter inom parentes avser föregående år.

# Förvaltningsberättelse

## Verksamheten

***Allmänt om verksamheten***
Barings Core Fund Sweden Holding AB äger och förvaltar företag inom fastighetsbranschen. Bolaget bedriver fastighetsförvaltning direkt eller indirekt via fastighetsförvaltande dotterföretag.

Bolaget har sitt säte i Stockholm och ägs till 100 % av Barings Core Fund Sweden S.A.R.L. reg.nr B202213.

Ingen koncernredovisning har upprättats med stöd av årsredovisningslagen 7 kap 2§ punkt 1.

***Väsentliga händelser under räkenskapsåret***
Spridningen av coronaviruset har inte påverkat utvecklingen av av företagets verksamhet, ställning och resultat.

| **Flerårsöversikt** (Tkr) | **2021** | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|---|
| Nettoomsättning | 0 | 0 | 0 | 4 659 | 0 |
| Resultat efter finansiella poster | -13 699 | -35 720 | -2 007 | -27 086 | -10 613 |
| Soliditet (%) | 51,51 | 52,10 | 49,11 | 54,88 | 10,96 |

För definitioner av nyckeltal, se Not 1 Redovisningsprinciper.

## Förändring av eget kapital

| | **Aktie-kapital** | **Balanserat resultat** | **Årets resultat** | **Totalt** |
|---|---|---|---|---|
| Belopp vid årets ingång | 10 000 000 | 1 024 758 909 | -34 953 983 | **999 804 926** |
| Disposition enligt beslut av årets årsstämma: | | -34 953 983 | 34 953 983 | **0** |
| Erhållna aktieägartillskott | | 163 045 000 | | **163 045 000** |
| Årets resultat | | | -21 297 839 | **-21 297 839** |
| **Belopp vid årets utgång** | **10 000 000** | **1 152 849 926** | **-21 297 839** | **1 141 552 087** |

Bolaget har under året 2019 erhållit villkorat aktieägartillskott om 123 200 000 kr samt under året ett ovillkorat aktieägartillskott om totalt 163 045 000 kr från moderbolaget Barings Core Fund Sweden S.A.R.L.

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## Resultatdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

| | |
|---|---|
| balanserad vinst | 1 152 849 926 |
| årets förlust | -21 297 839 |
| | **1 131 552 087** |

| | |
|---|---|
| disponeras så att | |
| i ny räkning överföres | 1 131 552 087 |
| | **1 131 552 087** |

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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# Resultaträkning

| | Not | 2021-01-01 -2021-12-31 | 2020-01-01 -2020-12-31 |
|---|---|---|---|
| **Rörelsekostnader** | | | |
| Övriga externa kostnader | | -1 053 506 | -3 378 309 |
| **Summa rörelsekostnader** | | **-1 053 506** | **-3 378 309** |
| **Rörelseresultat** | | **-1 053 506** | **-3 378 309** |
| | | | |
| **Finansiella poster** | | | |
| Resultat från andelar i koncernföretag | 3 | 0 | -14 331 776 |
| Övriga ränteintäkter och liknande resultatposter | | 37 876 195 | 19 047 350 |
| Räntekostnader och liknande resultatposter | 4 | -50 521 679 | -37 057 189 |
| **Summa finansiella poster** | | **-12 645 484** | **-32 341 614** |
| **Resultat efter finansiella poster** | | **-13 698 990** | **-35 719 924** |
| | | | |
| **Resultat före skatt** | | **-13 698 990** | **-35 719 924** |
| | | | |
| **Skatter** | | | |
| Skatt på årets resultat | | -7 598 849 | 765 941 |
| **Årets resultat** | | **-21 297 839** | **-34 953 983** |

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# Balansräkning

| | Not | 2021-12-31 | 2020-12-31 |
|---|---|---|---|
| **TILLGÅNGAR** | | | |
| **Anläggningstillgångar** | | | |
| ***Finansiella anläggningstillgångar*** | | | |
| Andelar i koncernföretag | 5 | 1 409 057 900 | 1 183 171 587 |
| Fordringar hos koncernföretag | 6 | 720 945 014 | 711 860 014 |
| **Summa finansiella anläggningstillgångar** | | **2 130 002 914** | **1 895 031 601** |
| **Summa anläggningstillgångar** | | **2 130 002 914** | **1 895 031 601** |
| **Omsättningstillgångar** | | | |
| ***Kortfristiga fordringar*** | | | |
| Kundfordringar | | 0 | 459 475 |
| Fordringar hos koncernföretag | | 36 300 000 | 12 500 |
| Övriga kortfristiga fordringar | | 1 822 102 | 1 936 504 |
| Förutbetalda kostnader och upplupna intäkter | | 35 459 502 | 19 044 464 |
| **Summa kortfristiga fordringar** | | **73 581 604** | **21 452 943** |
| ***Kassa och bank*** | | | |
| Kassa och bank | | 10 455 420 | 3 639 188 |
| **Summa kassa och bank** | | **10 455 420** | **3 639 188** |
| **Summa omsättningstillgångar** | | **84 037 024** | **25 092 131** |
| **SUMMA TILLGÅNGAR** | | **2 214 039 938** | **1 920 123 732** |

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# Balansräkning

| | Not | 2021-12-31 | 2020-12-31 |
|---|---|---|---|
| **EGET KAPITAL OCH SKULDER** | | | |
| **Eget kapital** | | | |
| ***Bundet eget kapital*** | | | |
| Aktiekapital | | 10 000 000 | 10 000 000 |
| **Summa bundet eget kapital** | | **10 000 000** | **10 000 000** |
| ***Fritt eget kapital*** | | | |
| Balanserat resultat | | 1 152 849 926 | 1 024 758 909 |
| Årets resultat | | -21 297 839 | -34 953 983 |
| **Summa fritt eget kapital** | | **1 131 552 087** | **989 804 926** |
| **Summa eget kapital** | | **1 141 552 087** | **999 804 926** |
| **Långfristiga skulder** | | | |
| Skulder till koncernföretag | 7 | 898 256 720 | 631 001 720 |
| **Summa långfristiga skulder** | | **898 256 720** | **631 001 720** |
| **Kortfristiga skulder** | | | |
| Leverantörsskulder | | 0 | 2 088 989 |
| Skulder till koncernföretag | | 36 300 000 | 100 000 000 |
| Skulder till intresseföretag och gemensamt styrda företag | | 0 | 100 000 000 |
| Aktuella skatteskulder | | 6 934 510 | 1 411 319 |
| Upplupna kostnader och förutbetalda intäkter | | 130 996 621 | 85 816 778 |
| **Summa kortfristiga skulder** | | **174 231 131** | **289 317 086** |
| **SUMMA EGET KAPITAL OCH SKULDER** | | **2 214 039 938** | **1 920 123 732** |

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# Noter

## Not 1 Redovisningsprinciper

### Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd (BFNAR 2016:10) om årsredovisning i mindre företag.

***Andelar i dotterföretag***

Andelar i dotterföretag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

***Aktieägartillskott***

Aktieägartillskott som lämnas utan att emitterade aktier eller andra egetkapitalinstrument erhållits i utbyte redovisas i balansräkningen som en ökning av andelens redovisade värde.

***Nedskrivningar andelar i koncernföretag***

Vid varje balansdag bedöms om det finns någon indikation på att en tillgångs värde är lägre än dess redovisade värde. Om en sådan indikation finns, beräknas tillgångens återvinningsvärde.
Återvinningsvärdet är det högsta av verkligt värde med avdrag för försäljningskostnader och nyttjandevärde. Vid beräkning av nyttjandevärdet beräknas nuvärdet av de framtida kassaflöden som tillgången väntas ge upphov till i den löpande verksamheten samt när den avyttras eller utrangeras. Den diskonteringsränta som används är före skatt och återspeglar marknadsmässiga bedömningar av pengars tidsvärde och de risker som avser tillgången. En tidigare nedskrivning återförs endast om de skäl som låg till grund för beräkningen av återvinningsvärdet vid den senaste nedskrivningen har förändrats.

### Nyckeltalsdefinitioner

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

## Not 2 Anställda och personalkostnader (mindre företag)

Bolaget har inte haft några anställda och några löner har ej utbetalats.

## Not 3 Resultat från andelar i koncernföretag

| | **2021** | **2020** |
|---|---|---|
| Erhållna utdelningar | 0 | 0 |
| Resultat vid avyttringar | 0 | -14 331 776 |
| | **0** | **-14 331 776** |

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## Not 4 Räntekostnader och liknande resultatposter

| | 2021 | 2020 |
|---|---|---|
| Räntekostnader, långfristiga lån | 50 516 378 | 37 056 048 |
| Valutakursdifferenser | 222 | 199 |
| Övriga räntekostnader | 5 079 | 942 |
| | **50 521 679** | **37 057 189** |

## Not 5 Andelar i koncernföretag

| | 2021-12-31 | 2020-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 1 183 171 587 | 999 535 695 |
| Aktieägartillskott | 225 886 313 | 545 735 892 |
| Försäljningar | 0 | -362 100 000 |
| **Utgående ackumulerade anskaffningsvärden** | **1 409 057 900** | **1 183 171 587** |
| **Utgående redovisat värde** | **1 409 057 900** | **1 183 171 587** |

Samtliga dotterbolags aktier innehas med 100 %.

Barings Core Fund Malmö AB, org.nr 556669-4377, Stockholm, bokfört värde 209 385 695
Barings Core Fund Stockholm 1 AB, org.nr 559156-2680, Stockholm, bokfört värde 428 050 000
Barings Core Fund Norrköping Holding AB, org.nr 559259-5697, bokfört värde 627 997 205
Barings Core Fund Bromstenstaden Holding AB, org. nr 559260-5991, bokfört värde 143 625 000

## Not 6 Fordringar hos koncernföretag

| | 2021-12-31 | 2020-12-31 |
|---|---|---|
| Ingående anskaffningsvärden | 711 860 014 | 137 008 069 |
| Tillkommande fordringar | 9 085 000 | 574 851 945 |
| **Utgående ackumulerade anskaffningsvärden** | **720 945 014** | **711 860 014** |
| **Utgående redovisat värde** | **720 945 014** | **711 860 014** |

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## Not 7 Långfristiga skulder

| | 2021-12-31 | 2020-12-31 |
|---|---|---|
| **Skulder som ska betala senare än fem år efter balansdagen** | | |
| Skulder till övriga koncernbolag | 631 001 720 | 631 001 720 |
| Tillkommande skulder | 267 255 000 | 0 |
| | **898 256 720** | **631 001 720** |

## Not 8 Ställda säkerheter och eventualförpliktelser

Bolaget har inga ställda säkerheter eller eventualförpliktelser.

## Not 9 Uppgifter om moderföretag

Moderföretaget i den största koncern där Barings Core Fund Sweden Holding AB är dotterföretag och koncernredovisning upprättas är Barings European Core Property Fund SCSp SICAV-SIF och finns att tillgå på följande adress: L-2453 Luxembourg, 19, Rue Eugéne Ruppert. Moderföretag i den minsta koncern där Barings Core Fund Sweden Holding AB är dotterföretag är Barings Core Fund Sweden S.A.R.L med registeringsnummer B202213 med säte i Luxemburg.

## Not 10 Väsentliga händelser efter räkenskapsårets slut

Under början av 2022 har bolaget förvärvat ett lagerbolag, som kommer gå under namnet Barings Core Fund Arendal MergCo AB. Samtidigt har Barings Core Fund Arendal MergCo AB, genom Barings Core Fund Sweden Holding AB, förvärvat logisitikprojektet Albatross av NCC Fastigheter Fyra AB.

Andreas Norberg har gått in som Head of Nordic Real Estate i koncernen.

Mot bakgrund av Rysslands invasion av Ukraina råder en viss osäkerhet kring framtida politiska beslut, människors och företags beteende och vad det får för framtida påverkan på verksamheten.

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Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm den dag som framgår av vår elektronsika underskrift

Kristina Jonsson
Styrelseordförande

DocuSigned by:
Kristina Jonsson
6AD2D775846844E...

Neil Robertson
Styrelseledamot

DocuSigned by:
Neil Robertson
39B12403E65D496...

Olli Hakala

Styrelseledamot

DocuSigned by:
Olli Hakala
9047C8CF2D854E6...

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska underskrift

KPMG AB

DocuSigned by:
0B84FB19CDB7487...

Marc Karlsson

Auktoriserad revisor

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Certified to be true copy of the original: 2022-06-30
Emma Aspenberg
070-719 27 10

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# Revisionsberättelse

Till bolagsstämman i Barings Core Fund Sweden Holding AB, org. nr 559039-0174

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för Barings Core Fund Sweden Holding AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Barings Core Fund Sweden Holding ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Barings Core Fund Sweden Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Barings Core Fund Sweden Holding AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

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## Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Barings Core Fund Sweden Holding AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

## Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

## Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

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BARINGS

# Barings European Core Property Fund SCSp SICAV-SIF

## RCS: B 201402

## Annual Report

## 2021

**CONFIDENTIAL**

This annual report contains confidential information, including trade secrets about the investment strategy and operations of the Fund and confidential commercial and financial information which, if disclosed, could cause competitive harm to the Fund and its partners. Such confidential information is exempt from disclosure under public records laws to certain Firm clients and investors, and is subject to the confidentiality requirements of the Fund's Limited Partnership Agreement. Barings will be utilizing affiliated global capability centers in India and Romania which are under common control with Barings to provide additional resources for certain operational and information technology functions to assist in the delivery of operational and technology capabilities. Barings will maintain oversight of these two capability centers and we anticipate there will be no disruption to the services you receive. Please direct any questions to your Barings relationship manager.

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BARINGS EUROPEAN CORE PROPERTY FUND

# A. Report Of The Activities Of The Partnership

## 1. Executive Summary

### 1.1 Key Facts

| 2021 | 2020 |
|---|---|
| TOTAL ASSETS<br>€2,812.6M | TOTAL ASSETS<br>€2,050.0M |
| NET ASSETS[1]<br>€2,149.5M | NET ASSETS[1]<br>€1,506.5M |
| NUMBER OF INVESTMENTS<br>56 | NUMBER OF INVESTMENTS<br>52 |
| LEASED<br>96.9% | LEASED<br>97.9% |
| LEVERAGE RATIO<br>(DEBT/TOTAL ASSETS)<br>18.9% | LEVERAGE RATIO<br>(DEBT/TOTAL ASSETS)<br>20.2% |
| INVESTOR COMMITMENTS<br>€2,483M | INVESTOR COMMITMENTS<br>€1,943.9M |
| OF WHICH UNDRAWN<br>€597.9M | OF WHICH UNDRAWN<br>€591.0M |
| REDEMPTION QUEUE<br>€0 | REDEMPTION QUEUE<br>€0 |

1. IFRS NAV

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

## 2. Chairman's Statement

On behalf of the General Partner of the Partnership, I am pleased to present the Partnership's annual report and its consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, for the year ended 31 December 2021.

It has been a busy year for the Partnership, in terms of transactions with the focus on strategic investment across western Europe and multiple real estate sectors, including logistics, office, retail and alternatives.

During 2021, the Partnership completed the following acquisitions :

- Pilängen – Örebro (Sweden) – the partnership completed the purchase of a logistics asset and an adjacent plot of land with development potential. The overall purchase price was €25.5m.
- Sörred 7:22 – Gothenburg (Sweden) – newly built speculative logistics property of c. 20,100 sqm in a prime location with excellent accessibility. The purchase price was €26.0m.
- Onninen – Helsinki (Finland) – existing logistics warehouse let on a 10-year lease to Onninen. There is further development potential in the future with unused building rights and low site coverage. The overall purchase price was €86.0m.
- SG2 – San Giorgio (Italy) – new fully let Grade A warehouse of c. 18,100 sqm for €11.1m.This was the forward purchase acquisition (agreed in July 2019). It follows on from the acquisition of SG1 in Q4 2020.
- 163 Rue Saint-Maur – Paris (France) – a 2,500 sqm office property currently let to a single tenant at a low rent. The lease expires at the end of 2021, at which point the Fund will undertake a comprehensive refurbishment and reposition the property as a Grade A office. The purchase price was €35.6m.
- Starstedt – Hanover (Germany) – forward purchase (agreed in Q3 2020) for €24.7m of a speculative Grade A newly built logistics warehouse of c. 26,150 sqm. It is adjacent to the Fund's existing asset (let to Rossmann) bought in 2020 for €21.2m.
- Capital House – London (United Kingdom) – multi-let reversionary 11,700 sqm office building with a value-add profile in a prime CBD location, acquired for £130.5m (€152.7m).
- Media Park 6 – Cologne (Germany) – under-rented 19,240 sqm core multi-let office building in a strong CBD location acquired at an attractive price level of €81.9m.
- Trilogy – Manchester (United Kingdom) – acquisition for £53.5m (€63.0m) of a recently developed 232-unit operating residential PRS asset in central Manchester, a city where there is a structural supply / demand imbalance of residential accommodation.
- City Hub Portfolio (The Netherlands) – acquisition in September 2021 of three newly constructed, fully-let last-mile logistics assets in prime locations for €11.4m. Four remaining assets - newly constructed, fully-let, last-mile logistics assets in strong locations - were purchased in December 2021 for €22.2m.
- Hub – Düsseldorf (Germany) – acquisition for €82.3m of a reversionary office building of c. 15,716 sqm in one of the best submarkets in the city.
- Scope – Berlin (Germany) – prime, reversionary office asset of c. 3,700 sqm in a strong, central location in the CBD East of the city. The purchase price was €49.1m.
- Acquisitions totaled €671.4m in the year including transaction costs.

The Partnership completed the disposals of the following properties :

- Klöpperhaus office – Hamburg (Germany) – the sale was completed in March 2021 at a price of €69.0m, generating a significant hold period net profit for the Fund of €23.5m.

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

## 2. Chairman's Statement

- Parco Fiore retail park – Conegliano (Italy) – the sale was completed at a price of €35.0m, 3.2% above the Q1 valuation of €33.9m.

- Sale of the Sonic Portfolio in October 2021 consisting of logistics assets : Eroski Plaza (Spain) – Nanteuil and Migné-Auxances (France) – Bremen, Gotha Uelleben, Wunstorf, Achim Uphusen, Bielefeld and Kehl Auenheim (Germany) – Isola Rizza ( Buildings A+B+C+D) (Italy). The overall sale price was €264.0m.

Disposals totaled €286.7m in the year.

In addition, in December 2021, the Fund exchanged contracts for the acquisition of Crown House in Brighton. This is the off-market forward purchase of a newly developed student accommodation scheme of 183 studios in a prime location in the city center. The purchase price is £43.7m (€52.0m), and closing is anticipated in July 2022, before the start of the 2022 / 2023 academic year.

- External financing of €179.5 was acquired during the year through the acquisitions of Capital house, Pilangen, MP6 , the Hub , Scope and Saint Maur assets.

The IFRS NAV increased from €1,506.5 million to €2,149.5million (42.7%) over the year, driven mainly by the capital called for the acquisitions, property valuation uplifts and operating income.

### 2.1 Subsequent events

On 29 March 2022, the Partnership signed on Project Albatross, which is an off-market speculative forward purchase for 560m SEK (€54.0m) of a new Grade A, 'BREEAM Excellent' logistics warehouse of c. 33,200 sqm in a strong location near the port of Gothenburg, Sweden. Completion is expected to take place in Q1 2024.. 33,200 sqm in a strong location near the port of Gothenburg. Completion is expected to take place in Q1 2024.

On 1 April 2022, the Partnership concluded the sale of four Spanish properties under Barings Core Crossroads, S.L.U. namely Igualada, Berga, Olerdorla, and Viladecans for a total consideration of € 27.5m.

**Investors**

Post year end, the Partnership has received further commitments of € 230m from new investors taking the total commitments at Q1 2022 to € 2,718m.

On 21 February 2022, the Partnership made a net distribution of EUR 12,126,223 of which EUR 4,560,928 was reinvested.

In Q1 2022 and Q2 2022, the Partnership issued a capital call from existing investors for a total amount of EUR 25,160,598, which was received in April and May.

On 1 April 2022, the Partnership had a capital redemption for an amount of EUR 40,000,000.

**Financing**

On 21 March 2022, the Partnership extended existing loan facility of Barings Core Fund Hub S.à r.l. from EUR 24,810,000 to EUR 36,210,000 and the maturity date has been extended from 29 December 2022 to 30 March 2027.

On February 24, 2022, the Russian Federation began a full-scale invasion of Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia. The Partnership has no direct exposure to either Russia or Ukraine, however the wider impact of these events on the global financial markets may impact the Partnership subsequent to year end. The situation is continuously evolving and as market conditions remain volatile, the General Partner does not at present consider it meaningful to formally quantify the impact on the Partnership as at the date of the signing of these financial statements. The Partnership continues to consistently apply valuation policies reflective of prevailing market conditions.

William Gilson Pietro Longo

Luxembourg, 10.06.2022

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

# 3. Partnership Summary

## 3.1 Partnership Description

The Partnership is a private investment vehicle that invests in real estate opportunities in Europe. Barings European Core Property Fund GP S.à r.l.is the General Partner of the Partnership. The Partnership's Alternative Investment Fund Manager (AIFM) is Baring International Fund Managers (Ireland) Limited and the investment manager Baring Asset Management Limited. The Alternative Investment Fund Managers Directive was applicable to the Partnership during 2021.

The Partnership is a special limited partnership (société en commandite spéciale) constituted under the laws of Luxembourg on 30 October 2015, registered with the Luxembourg trade and companies register under number B201402, qualifying as an Investment company with variable capital and authorised as a specialised investment fund (société d'investissement à capital variable – fonds d'investissement spécialisé)

## 3.2 Investment Strategy

The Partnership seeks to invest in institutional grade properties (being modern, well specified assets with low vacancy exposure, and income streams with predominantly low credit risk and above average duration, in top tier markets) primarily within the office, retail and industrial sectors across Europe, with particular focus on the United Kingdom, Germany, France, the Nordic region, Spain, the Netherlands and Italy.

The Partnership will use proprietary research of the Investment Advisor to achieve superior asset selection and asset management, and will seek to enhance returns through the prudent use of leverage. The Investment Advisor proprietary research, including Baring's Global Relative Value Model, carefully tailors overall strategic allocations in an effort to take advantage of unique local market opportunities and inefficient local market pricing.

The Partnership will build on Baring's ability to source investments and actively manage assets across Europe, benefitting from over 100 staff located in its 13 offices throughout the continent.

## 3.3 Management and Administration

The Partnership is managed by Barings European Core Property Fund GP S.à r.l. a limited company incorporated in Luxembourg (the "General Partner") and owned by Barings Asset Management Limited. The General Partner is the main governing body of the Partnership and its assets are segregated from the assets of the Partnership.

Barings Asset Management Limited and Barings International Fund Managers (Ireland) Limited are the Investment Advisers to the Partnership and, subject to the overall supervision of the General Partner, make recommendations in respect of the management of the Partnership's assets in accordance with the Investment Objectives and Investment Restrictions, as defined in the Limited Partnership Agreement.

Property Management is delegated to CBRE in the Nordics, Cushman and Wakefield in Southern Europe and CBRE in Northern Europe.

Intertrust (Luxembourg) S.à r.l. is the Central Administration Agent and Transfer Agent of the Partnership. ING Luxembourg S.A. is the Depositary.

## 3.4 Auditors and Independent Valuers

KPMG Luxembourg, Société Anonyme are the auditors of the Partnership.

The Partnership's properties are valued quarterly by CBRE during 2021.

# 4. Investment Advisors' Review

## 4.1 Executive Summary

- Elevated uncertainty surrounding the growth outlook for the Eurozone economy, resulting from the Russia / Ukraine conflict, with negative implications for inflation, private consumption and business investment.
- The ECB is gently moving towards 'normalisation', whilst simultaneously trying to maintain maximum flexibility in its monetary policy, to allow a rapid response to future turbulence.
- There will be no shortage of capital to deploy towards European real estate in 2022, according to INREV's latest Investor Intentions Survey. INREV also noted a marked upward shift in investor risk appetite, favouring value-added strategies over core.
- In the occupational markets, industrial rental growth prospects remain bright, but for the retail sector, structural challenges remain. Housing market momentum should be sustained, with positive (but slower) house price growth forecast for the year ahead. For offices, recovering demand particularly at the top end of the market will intensify grade A space pressures.
- Despite significantly more resilient cashflows, core property pricing isn't immune to the prospect of higher interest rates.

## 4.2 Economy

Huge uncertainty currently overhangs the European economy. On the upside, the Covid medical situation has significantly improved with widespread vaccine availability meaning a return to blanket restrictions is unlikely. On the downside, the Russia / Ukraine invasion and Europe's strong economic links with both countries, has negative implications for the short to mid-term inflation and growth outlook.

Inflation, which was already elevated prior to the conflict, is now expected to persist for longer. High energy prices are the primary cause, due to Europe's high dependency on Russian gas (c.40% of Europe's total supply). Rising commodity prices and further disruption to already taut supply chains will also impact. Household real income levels will be squeezed, lowering their purchasing power and thus consumption levels. Business investment could also be delayed, as companies grapple with rising costs and deteriorating confidence.

The ECB is tasked with snuffing out high inflation and also limiting the economic fallout from the Russian / Ukraine conflict. At its latest March meeting, it prioritised inflation, agreeing to quicken its reduction in asset purchases and announcing plans to stop net bond purchases in Q3 2022. Unlike other central banks such as the FED and BoE, which have started to raise interest rates, the ECB is not expected to begin to hike until early 2023.

For 2022, Oxford Economics has downwardly revised its Eurozone GDP forecast to 2.9% (from 3.9% Jan 2022). European growth prospects will be heavily influenced by both the length and magnitude of the war, but the risk of further downgrades to the short-term outlook is escalating.

Property investors will currently be adjusting their expectations for near term inflation, interest rates, economic activity, letting levels, rental growth and ultimately their preferred tactics and strategies in light of the Ukrainian crisis.

## 4.3 Capital Markets

CBRE report European property investment reaching a record high in 2021, totalling €359 billion, up 25% on 2020 and 8% on 2019 (the previous record year). At a country level, Germany was the top market, attracting €110 billion of investment last year. While volumes exceeded 2020 levels in many major markets (e.g. U.K., Italy, Spain and Ireland), activity in others (e.g. France, Portugal and Netherlands) saw 2021 investment volumes down on the previous year.

Listed property companies and REIT share prices reveal the most popular sectors through 2021, with industrial (55% pa) and self-storage (75% pa) outperforming. Residential was very slightly negative (-3% pa), although pricing was still 10% higher than its pre-COVID level. Office pricing increased (9% pa), perhaps reflecting the more positive outlook for prime offices than secondary, driven by a 'flight to quality'. Retail pricing rose 6% pa, albeit from a very low base, with prices still almost -50% below December 2019. Hotels continued to struggle (-2% pa) to mount a recovery, reflecting ongoing poor REIT investor sentiment towards the sector.

According to the latest INREV Investment Intentions Survey, capital to deploy into global real estate has increased to €76.7 billion in 2022 (versus €64.6 billion 2021). There has been a marked upward shift in investor risk appetite in Europe, with value-added strategies now preferred over core.

Core property typically benefits from stronger tenant covenants, longer lease lengths, and their superior locations normally means shorter vacancy periods. That means income risks are much reduced in the event of more sluggish economic conditions. However, pricing this income is not immune to the prospect of rising interest rates because their lower yield levels means multiplier / yield convexity impacts are higher.

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**4.4 Retail Trends:**

- Retail trading conditions improved through 2021, following a very difficult 2020 when many of Europe's shops were shuttered for months at a time. Easing restrictions, positive consumer sentiment, spending of accumulated lockdown wealth, all coalesced to support the resuscitation of retail in 2021.

- While a strong labour market and excess lockdown household savings should help partially offset the impact of elevated inflation, there is the growing risk that an extended Russian / Ukrainian war will weaken consumer confidence. Rising prices will also erode real consumer purchasing power, further subduing consumption prospects.

- An extensive footfall study by retail expert Locatus, of 96 major shopping areas across Europe, found in the majority of locations, footfall was markedly down on pre-Covid levels. While German and Scandinavian cities have been more resilient recording smaller footfall declines, cities with a high dependency on international tourists (e.g. Paris, Rome, Amsterdam) were worst impacted. Food anchors have also proved a positive for smaller secondary centres.

- The pandemic has led to a step change towards shopping patterns online. For many European countries this trend is still in its infancy, with a decade or more to run.

- Over the long-term, we continue to assert the view that there is a future for the best retail assets in dominant locations. For now, stock selection risks are elevated, and the preserve of opportunistic investors.

- Investors looking to maintain a sector exposure can focus on food and neighbourhood convenience, given online resilience. Selective retail warehousing schemes that are optimally sited for final mile logistics or residential, offer alternative use value.

**4.5 Office Trends:**

- Annual European 2021 office take-up totalled 10.2 million sq m, up 26% on the 2020 level, but still down 24% on the pre-pandemic 2019 level.

- Office vacancy has steadily risen, and is now at c. 7.5% (Q4 2021) compared to 5.5% pre-pandemic.

- The recovery in European office markets will gain further traction during 2022, but mainly at the prime end, with grade A shortages intensifying.

- A 'flight to quality' is occurring, driven by health and safety concerns (variant fears), a desire to maximise productivity and collaboration, and the need to satisfy environmental sustainability standards. Only the most modern, flexible, 'green' offices can accommodate the rise in occupier requirements.

- Chronic shortages of top quality space were endemic across most major western European cities prior to the pandemic. The commodity price driven surge in construction costs, resultant scheme delays and pressures on developer viability/profits will only exacerbate this scarcity.

- At the top end of the market, the balance of negotiating power will reside with landlords of grade A space, until the pace of development significantly picks up. This contrasts with the plight of owners of older, poorer quality office space, where the increase in occupier needs have accelerated the pace of stock obsolescence, and required 'CapEx' has risen higher.

- Future industrial rental growth prospects are exceedingly bright, with ongoing supply / demand imbalances, a lack of suitable logistics development sites in key markets, rising land values and a surge in commodity prices and thus building costs, all providing support.

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**4.6 Industrial Trends:**

- According to JLL, 2021 European logistics take-up reached a record high at over 33.5 million sq m, up 35% on the previous year and up 50% on the five-year average.
- E-commerce remained an important demand driver, with e-fulfilment centres accounting for roughly one-quarter of total annual 2021 take-up.
- Aggregate vacancy declined to 3%, with levels even tighter in key markets such as Germany, UK and Belgium (CBRE).
- Strong underlying fundamentals have boosted developer activity levels, with more than 24 million sq m under construction at the end of 2021.
- While speculative development is now at a decade high at 8.5 million sq m, it still only accounts for roughly one-third of total space under construction. At this current level, it is unlikely to significantly alleviate the excess of demand over supply.
- Highly supportive fundamentals continue to put upward pressure on rents, with prime European logistics rents rising 4.6% p.a. (Q4 2021), outperforming both offices (3.8% p.a.) and retail (-1.9% p.a.).

**4.7 Residential Trends:**

- Last year saw strong momentum in the housing market, with average Eurozone house prices rising 8% pa through 2021.
- Of the major economies, the pace of appreciation was strongest in Sweden (17% pa) and the Netherlands (15% pa), up at around 12% pa in Germany and 10% pa in the UK, followed by France (7% pa), with more modest price appreciation in Italy and Spain at 3% and 2% pa respectively.
- Further house price growth is anticipated in 2022, albeit at a reduced pace, with Oxford Economics projections generally ahead of the five-year average for most countries. Rising interest rates are a downside risk, although any future rate hikes should be small, thus limiting the impact on housing market stability.
- The rise of Europe's residential sector is catapulting it into a mainstream asset class, as institutional investors search for a viable retail alternative and access to stable income streams. However, sector maturity does vary widely across Europe, with very established institutional markets in the Netherlands and Switzerland but still emerging in many others.
- For long-term hold strategies, careful consideration should be given to local long-term demographic trends, existing housing provision levels, the affordability of rents versus buying, and sustainability credentials, to ensure positive rental growth potential and reduce obsolescence risk.

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### 4.8 Financing

Listed below are the current loan facilities (excluding financing costs) of the Partnership. All the loans are compliant with their covenants.

| Investment | Lender | Nominal Loan Amount | Maturity | All-in Cost of Debt | LTV |
|---|---|---|---|---|---|
| Davidson Building, London, U.K. | Crédit Agricole, CIB | GBP 33,500 | Jun-23 | 1.76% | 51.7% |
| Velázquez 64, Madrid, Spain | Bankinter | EUR 6,480 | Aug-23 | 1.30% | 41.0% |
| Kunststrasse 5-6, Mannheim, Germany | Commerzbank | EUR 18,000 | Apr-24 | 0.21% | 41.7% |
| Berceo Shopping Centre, Logroño, Spain | ING | EUR 31,740 | Dec-22 | 1.85% | 35.0% |
| Fleming 7, Stockholm, Sweden | SEB | SEK 560,000 | Jul-23 | 2.11% | 40.4% |
| St Martin Tower, Frankfurt, Germany (Subject to Minority interests) | Helaba | EUR 83,190 | Nov-25 | 1.86% | 56.9% |
| Crossroads Portfolio, Spain | Caixa Bank | EUR 18,000 | Dec-24 | 1.15% | 36.5% |
| Roadrunner Portfolio, Sweden | PBB | SEK 500,000 | Jul-25 | 1.99% | 43.7% |
| Pilängen, Örebro, Sweden | PBB | SEK 120,000 | May-26 | 2.18% | 39.3% |
| Machtlfinger Höfe, Munich, Germany | PBB | EUR 49,500 | Nov-25 | 0.76% | 44.1% |
| Saint Maur, Paris, France | La Banque Postale | EUR 17,910 | Apr-26 | 1.40% | 46.5% |
| Capital House, London, U.K. | Aareal Bank | GBP 71,500 | Jun-25 | 2.61% | 54.0% |
| Mediapark 6, Cologne, Germany | Münchener Hypo | EUR 40,000 | May-25 | 0.78% | 44.1% |
| The Hub, Dusseldorf, Germany | Deutsche Hypo AG | EUR 24,810 | Dec-22 | 1.68% | 30.3% |

## BARINGS EUROPEAN CORE PROPERTY FUND

### 4.9 Financial Performance

As at 31 December 2021, the partnership's gross asset value (GAV) was €2,812.6m, and the partnership's net asset value (NAV) was €2,149.5m.

**Consolidated Statement of Financial Position**

| *in EUR* | As at 31 December 2021 | As at 31 December 2020 |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Investment property | | |
| Investment property | 2,431,912,302 | 1,739,851,386 |
| Investment property under construction | 75,577,825 | 68,901,885 |
| Right of use asset | 15,130,259 | 15,323,982 |
| Derivative financial instruments | 422,666 | 1,634 |
| | **2,523,043,052** | **1,824,078,887** |
| **Current assets** | | |
| Assets classified as held for sale | - | 69,000,000 |
| Trade and other receivables | 47,141,837 | 39,458,306 |
| Derivative financial instruments | 1,378,573 | 105,878 |
| Cash and cash equivalents | 241,077,321 | 117,357,533 |
| | **289,597,731** | **225,921,717** |
| **Total assets** | **2,812,640,783** | **2,050,000,604** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Borrowings | 471,765,757 | 349,251,203 |
| Derivative financial instruments | 493,646 | 2,000,815 |
| Performance fee payable | 828,742 | - |
| Tenant deposits | 7,268,779 | 6,934,161 |
| Lease liability | 14,218,621 | 14,950,159 |
| Deferred tax liabilities | 45,330,263 | 26,111,629 |
| | **539,905,808** | **399,247,967** |
| **Current liabilities** | | |
| Borrowings | 57,299,621 | 61,730,307 |
| Derivative financial instruments | 4,720,401 | 7,033,306 |
| Tenant deposits | - | 603,797 |
| Lease liability | 911,638 | 373,823 |
| Trade and other payables | 52,307,551 | 68,862,964 |
| Deferred income | 7,958,017 | 5,695,962 |
| | **123,197,228** | **144,300,159** |
| **Total liabilities** | **663,103,036** | **543,548,126** |
| Net assets attributable to the Partners of the Partnership | 2,143,093,245 | 1,499,386,699 |
| Non-controlling interests | 6,444,502 | 7,065,779 |
| **Total net assets** | **2,149,537,747** | **1,506,452,478** |

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## BARINGS EUROPEAN CORE PROPERTY FUND

### 4.10 Financial Performance Continued

#### Consolidated Statement of Comprehensive Income

| *in EUR* | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|---|---|
| Revenue | 100,980,543 | 86,574,594 |
| Other operating income | 892,233 | 443,624 |
| Operating expenses | (50,593,072) | (36,117,559) |
| **Operating result** | **51,279,704** | **50,900,659** |
| Net change in fair value of investment property | 244,440,217 | 29,004,842 |
| Realised gain on disposal of subsidiaries & investment property | 6,719,280 | 8,690,533 |
| Net change in fair value of derivative financial instruments | (6,561,441) | (4,611,335) |
| Finance income | 210,591 | 249,505 |
| Distributions to Limited Partners | (65,068,134) | (41,700,000) |
| Finance costs | (7,919,599) | (10,769,502) |
| **Profit before income tax** | **223,100,618** | **31,764,702** |
| Income tax expense | (34,192,153) | (12,788,546) |
| **Profit for the year** | **188,908,465** | **18,976,156** |
| **Other comprehensive income** | | |
| **Items that may be subsequently reclassified to profit/(loss)** | | |
| Foreign currency translation | (1,810,008) | 1,863,357 |
| Dividends (Non-controlling interests) | (1,530,001) | - |
| **Other comprehensive income for the year** | **(3,340,009)** | **1,863,357** |
| **Total comprehensive income for the year** | **185,568,456** | **20,839,513** |
| **Profit attributable to:** | | |
| - Partners of the Partnership | 187,999,741 | 18,404,755 |
| - Non-controlling interests | 908,724 | 571,401 |
| **Total comprehensive income attributable to:** | | |
| - Partners of the Partnership | 186,189,733 | 20,268,112 |
| - Non-controlling interests | (621,277) | 571,401 |

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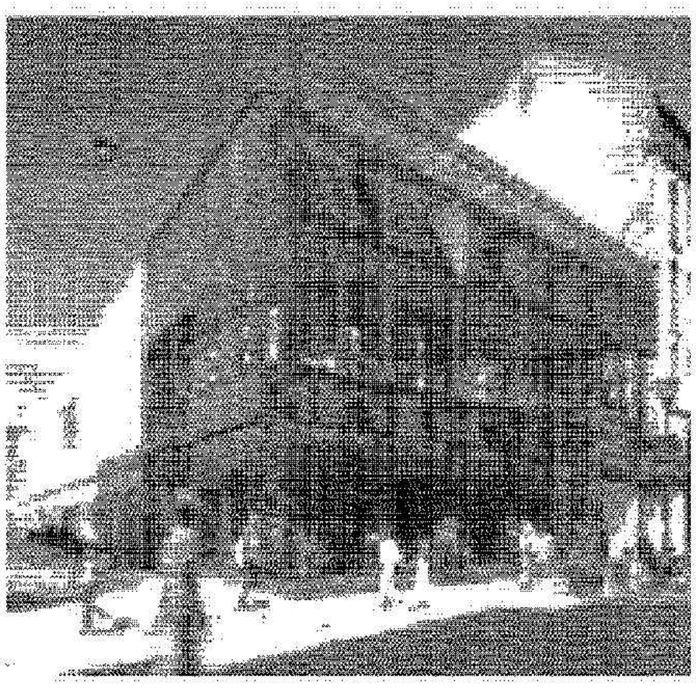
# 5. Asset Management – Summary of Assets

## 5.1 Davidson Building, London, UK



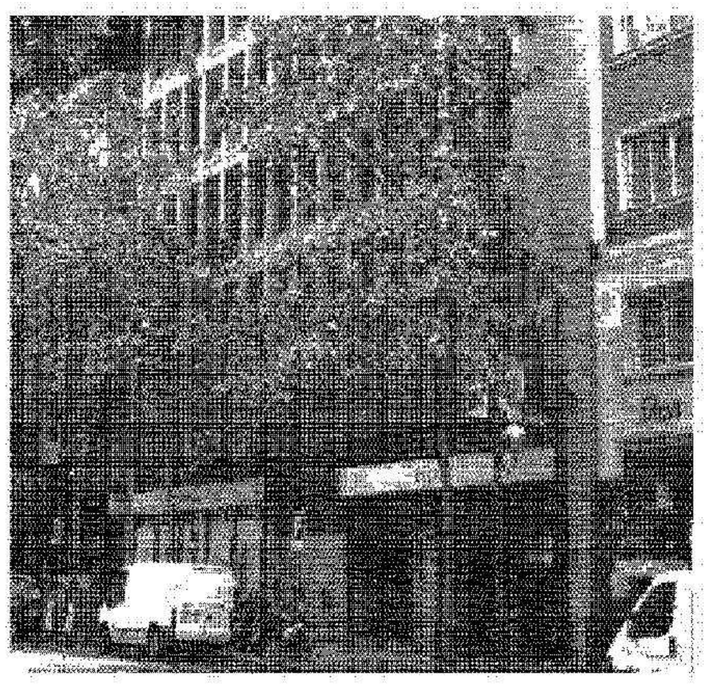
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | Nov 2015 |
| Sector | Office |
| Area | 3,792 sqm |
| Occupancy | 100% |
| Acq. Price | €92.2m |
| Q4 2021 valuation | €77.2m |

## 5.2 Åhlens Department Store, Malmö, Sweden



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | Dec 2015 |
| Sector | Retail |
| Area | 6,423 sqm |
| Occupancy | 100% |
| Acq. Price | €38.6m |
| Q4 2021 valuation | €34.0m |

## 5.3 Velázquez 64, Madrid, Spain

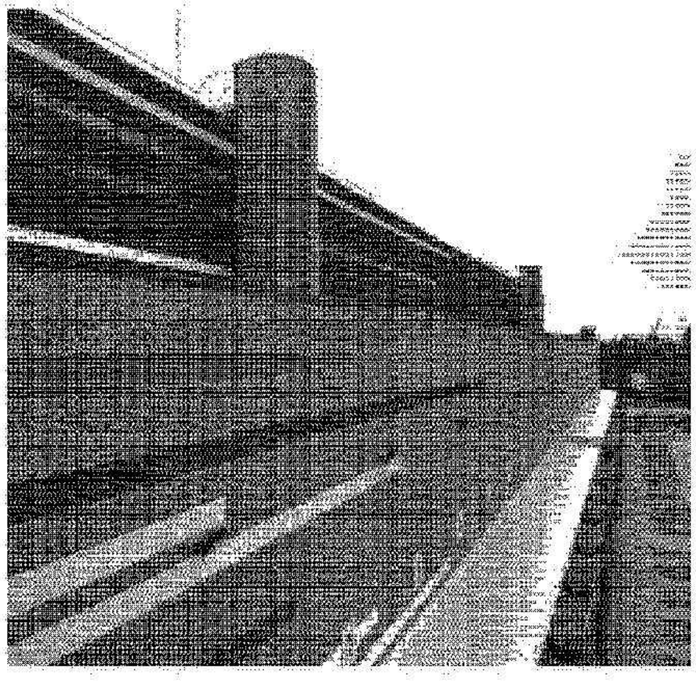


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | July 2016 |
| Sector | Retail |
| Area | 1,614 sqm |
| Occupancy | 0% |
| Acq. Price | €21.6m |
| Q4 2021 valuation | €15.8m |

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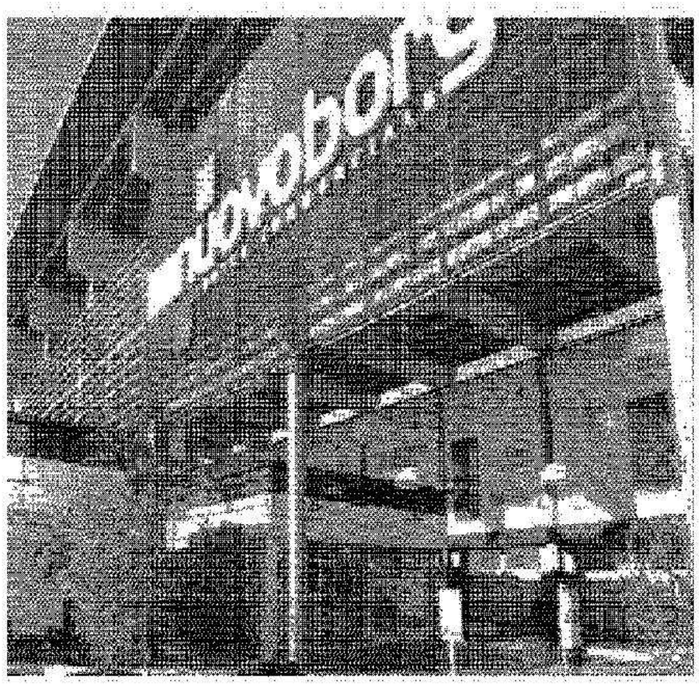
## 5. Asset Management – Summary of Assets

### 5.4 Lesquin, Lille, France



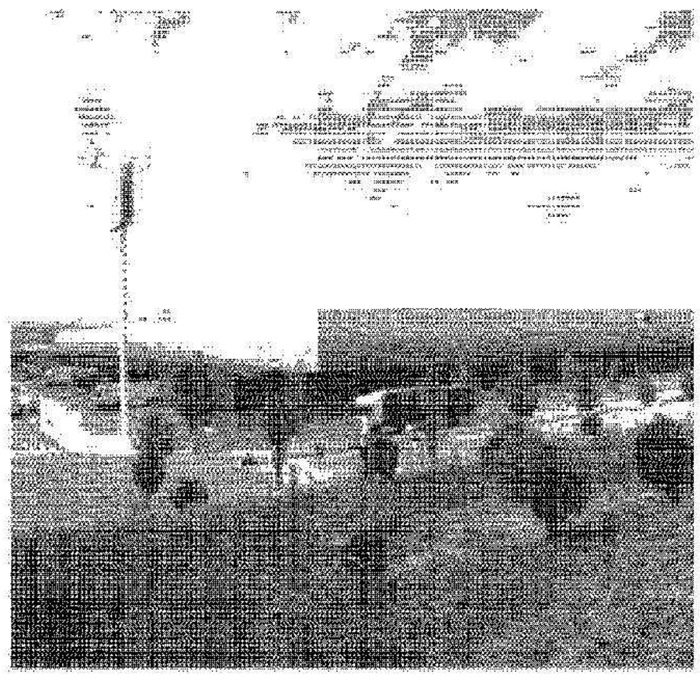
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | Nov 2016 |
| Sector | Logistics |
| Area | 10,292 sqm |
| Occupancy | 100% |
| Acq. Price | €15.9m |
| Q4 2021 valuation | €30.3m |

### 5.5 Nuovo Borgo, Asti, Italy



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | Dec 2016 |
| Sector | Retail |
| Area | 16,573 sqm |
| Occupancy | 99.6% |
| Acq. Price | €51.5m |
| Q4 2021 valuation | €46.5m |

### 5.6 Ceva Ontígola, Toledo, Spain

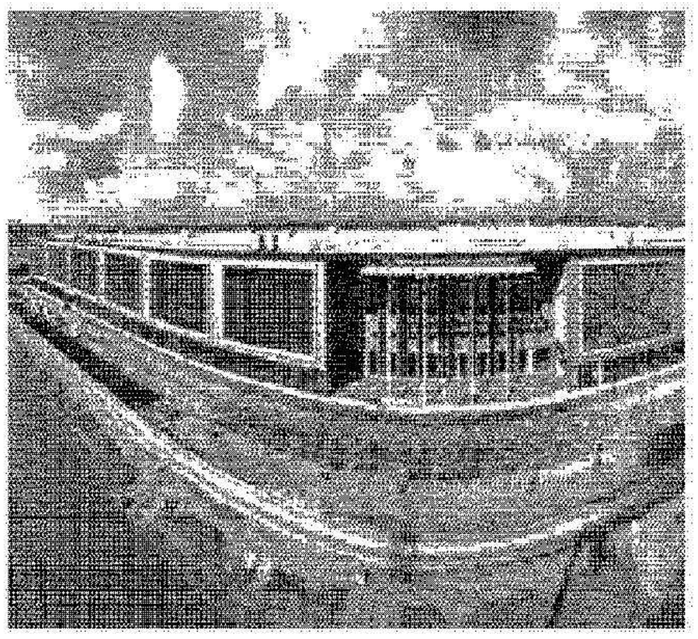


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | March 2017 |
| Sector | Logistics |
| Area | 55,646 sqm |
| Occupancy | 100% |
| Acq. Price | €35.5m |
| Q4 2021 valuation | €49.2m |

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## 5. Asset Management – Summary of Assets

### 5.7 Schiphol Trade Park-Plot B, Amsterdam, The Netherlands



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | September 2018 |
| Sector | Logistics |
| Area | 36,918 sqm |
| Occupancy | 100% |
| Acq. Price | €59.0m |
| Q4 2021 valuation | €91m |

### 5.8 Unioninkatu 14, Helsinki, Finland



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | July 2017 |
| Sector | Hotel |
| Area | 6,652 sqm |
| Occupancy | 100% |
| Acq. Price | €16.0m |
| Q4 2021 valuation | €38.6m |

### 5.9 Kunststrasse 5-6, Mannheim, Germany

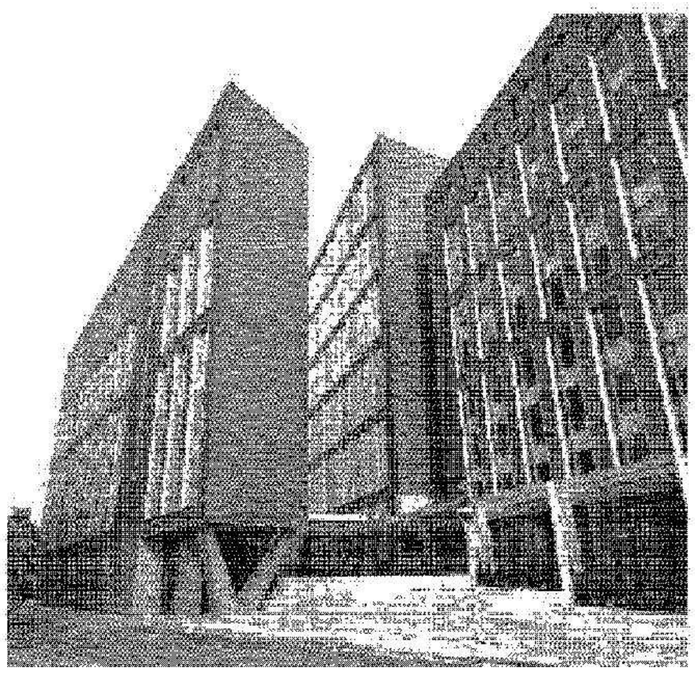



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | Sept 2017 |
| Sector | Retail |
| Area | 14,653 sqm |
| Occupancy | 94.7% |
| Acq. Price | €44.3m |
| Q4 2021 valuation | €43.2m |

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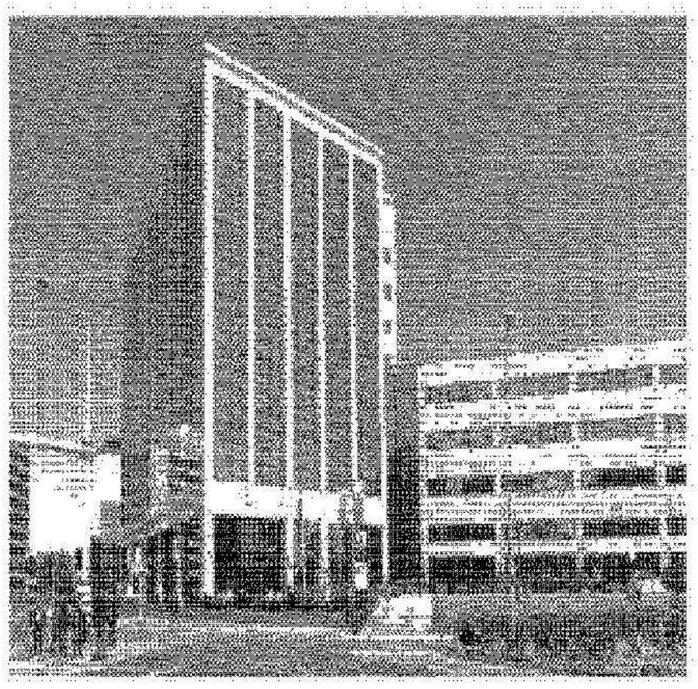
## 5. Asset Management – Summary of Assets

### 5.10 Berceo, Logrono, Spain



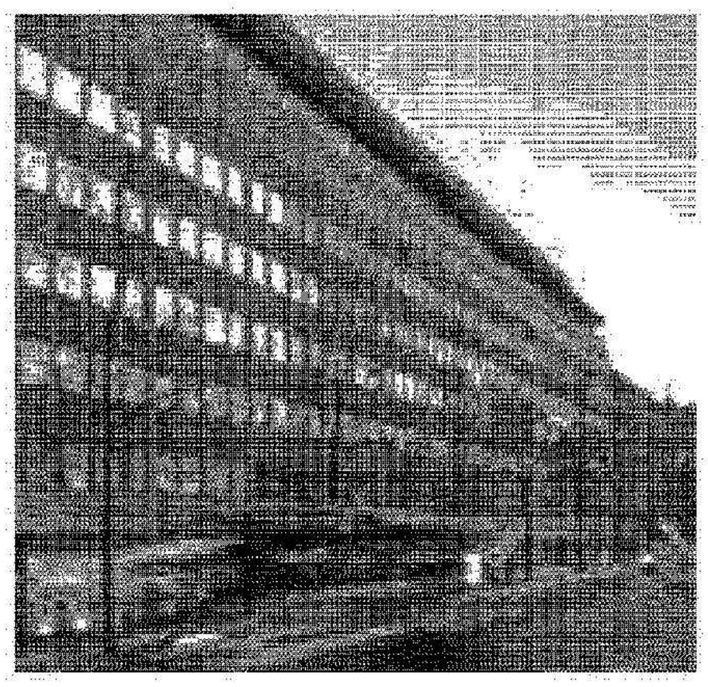
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | Dec 2017 |
| Sector | Retail |
| Area | 34,419 sqm |
| Occupancy | 96.1% |
| Acq. Price | €105.9m |
| Q4 2021 valuation | €90.6m |

### 5.11 Amstel Building, Amsterdam, Netherlands



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | April 2018 |
| Sector | Office |
| Area | 21,899 sqm |
| Occupancy | 58% |
| Acq. Price | €103.5m |
| Q4 2021 valuation | €118.2m |

### 5.12 Fleming 7, Stockholm, Sweden

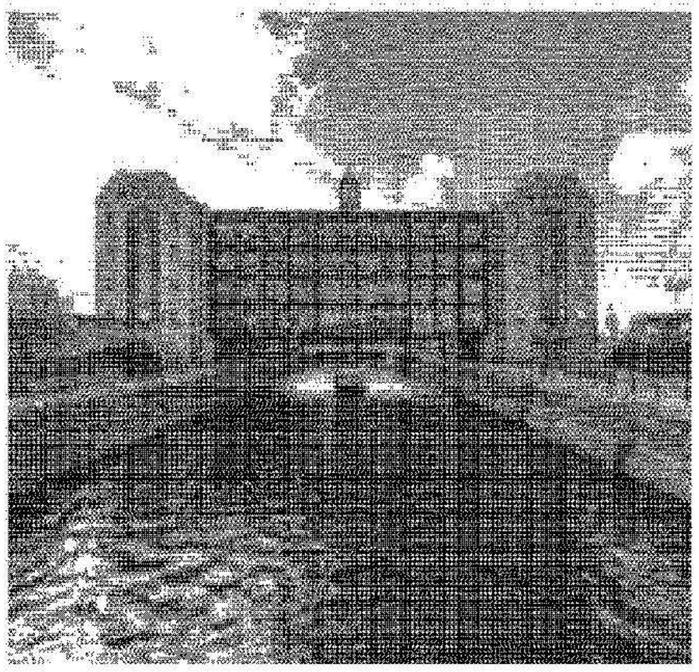


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | May 2018 |
| Sector | Office |
| Area | 10,011 sqm |
| Occupancy | 98.9% |
| Acq. Price | €109.4m |
| Q4 2021 valuation | €134.8.0m |

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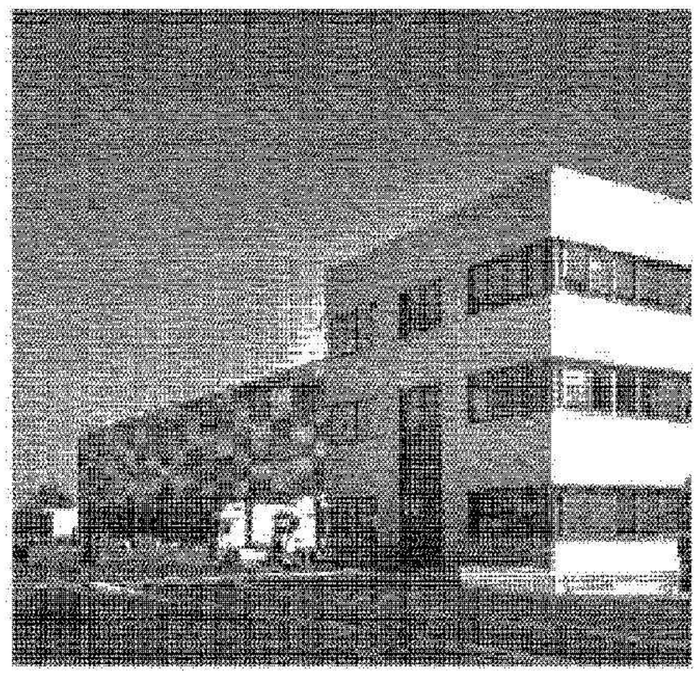
## 5. Asset Management – Summary of Assets

### 5.13 The Keel, Liverpool, UK



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | August 2018 |
| Sector | Residential |
| Area | 15,877 sqm |
| Occupancy | 90.9% |
| Acq. Price | €52.7m |
| Q4 2021 valuation | €61m |

### 5.14 Muret, Toulouse, France



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | June 2019 |
| Sector | Logistics |
| Area | 39,455 sqm |
| Occupancy | 100% |
| Acq. Price | €45.8m |
| Q4 2021 valuation | €53.9m |

### 5.15 Chronos Portfolio, France

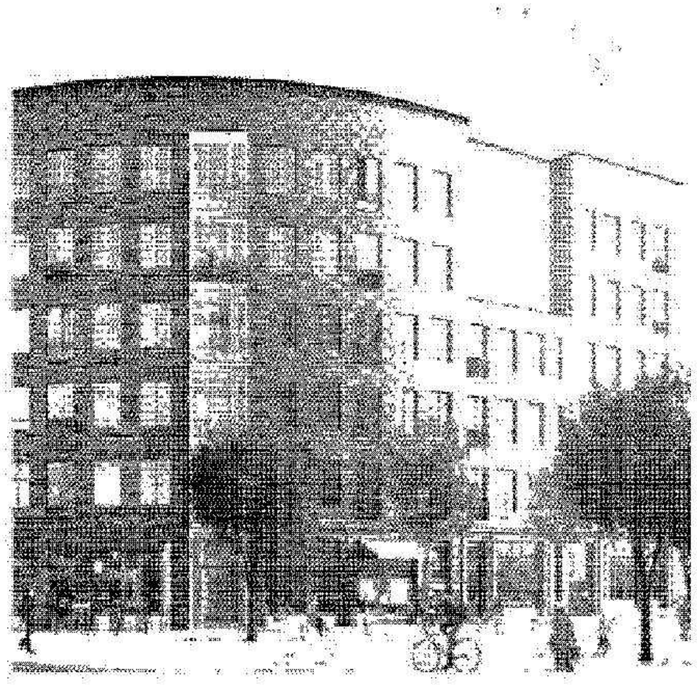


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | June 2019 |
| Sector | Logistics |
| Area | 73,040 sqm |
| Occupancy | 100% |
| Acq. Price | €87.4m |
| Q4 2021 valuation | €133.1m |

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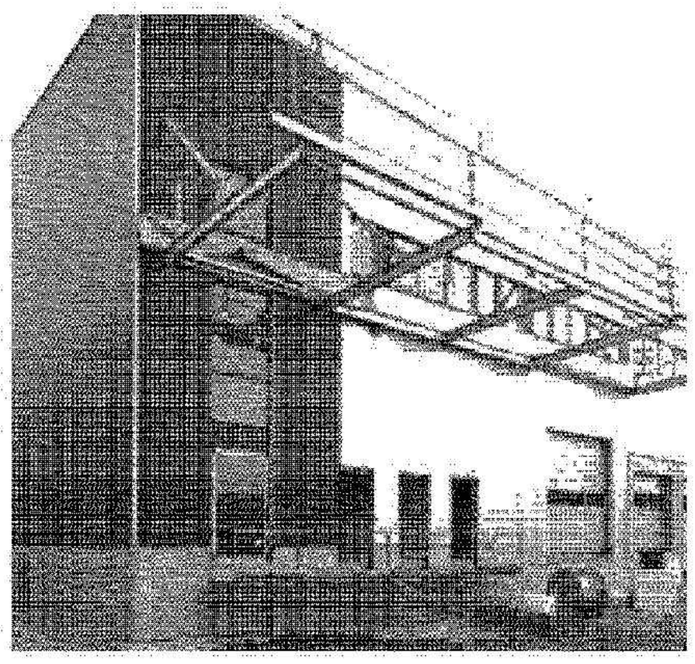
## 5. Asset Management – Summary of Assets

### 5.16 Bromsten, Stockholm, Sweden



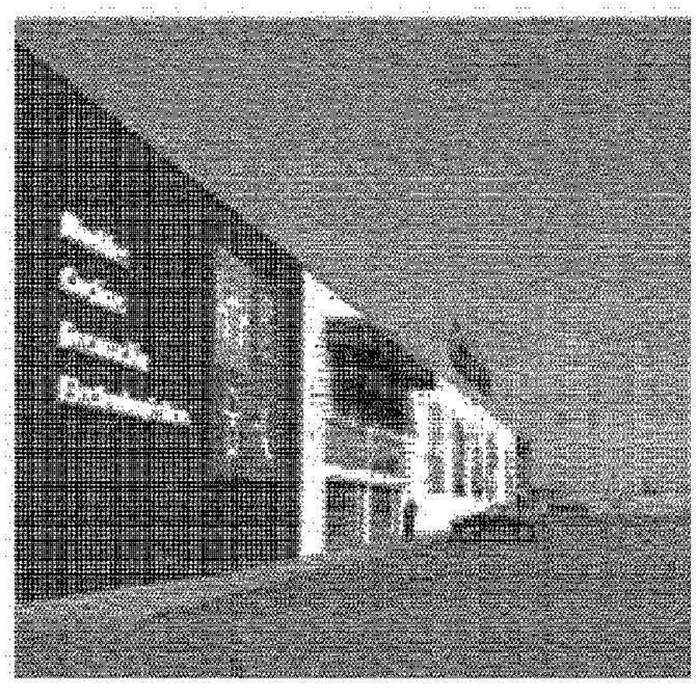
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | July 2019 |
| Sector | Alternatives |
| Area | 25,395 sqm |
| Occupancy | n/a |
| Acq. Price | €33.4m |
| Q4 2021 valuation | €44.6m |

### 5.17 Montanstraße, Berlin, Germany



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | September 2019 |
| Sector | Logistics |
| Area | 17,251 sqm |
| Occupancy | 85.6% |
| Acq. Price | €29.3m |
| Q4 2021 valuation | €34.9m |

### 5.18 Conforama Majadahonda, Madrid, Spain

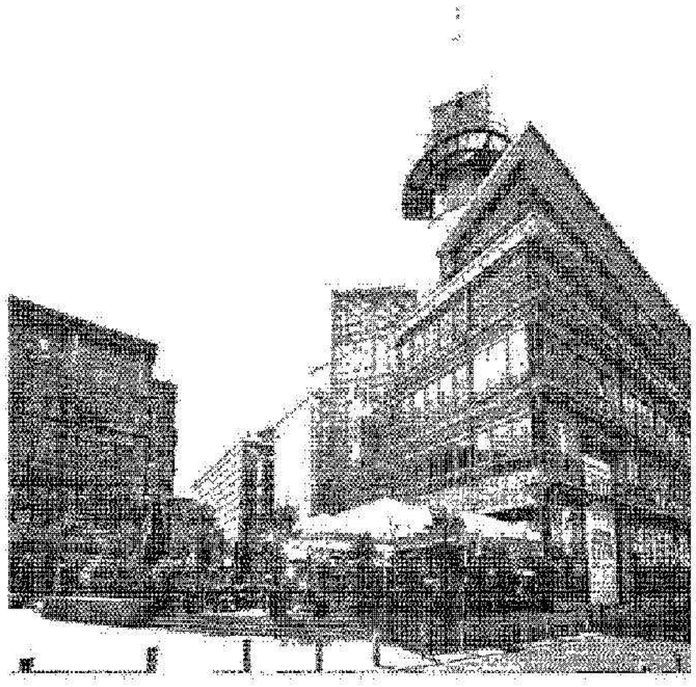


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2019 |
| Sector | Retail |
| Area | 10,729 sqm |
| Occupancy | 100% |
| Acq. Price | €15.8m |
| Q4 2021 valuation | €17.8m |

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## 5. Asset Management – Summary of Assets

### 5.19 St. Martin Tower, Frankfurt, Germany



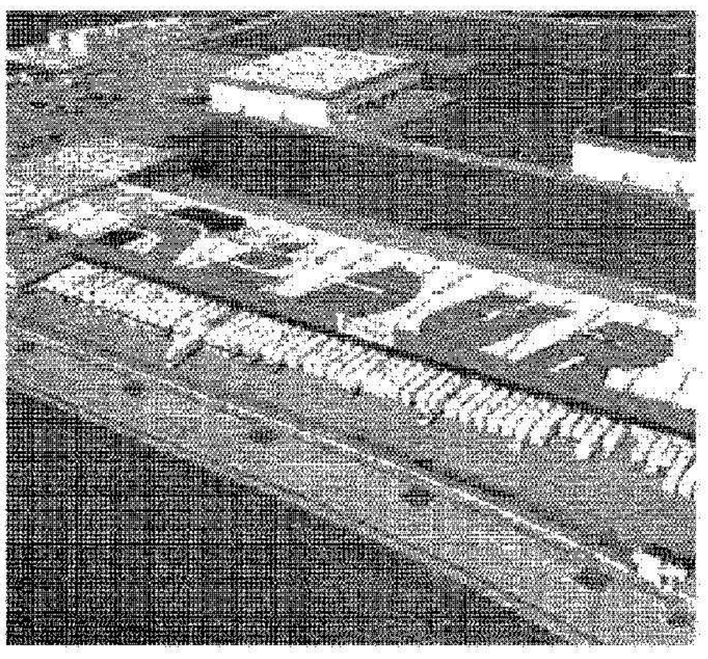
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2019 |
| Sector | Office |
| Area | 26,138 sqm |
| Occupancy | 80.2% |
| Acq. Price | €132.2m * |
| Q4 2021 valuation | €131.4m * |

### 5.20 Crossroads Portfolio, Spain



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2019 |
| Sector | Retail |
| Area | 43,302 sqm |
| Occupancy | 100% |
| Acq. Price | €72.4m |
| Q4 2021 valuation | €76.1m |

### 5.21 Redur Algete, Madrid, Spain



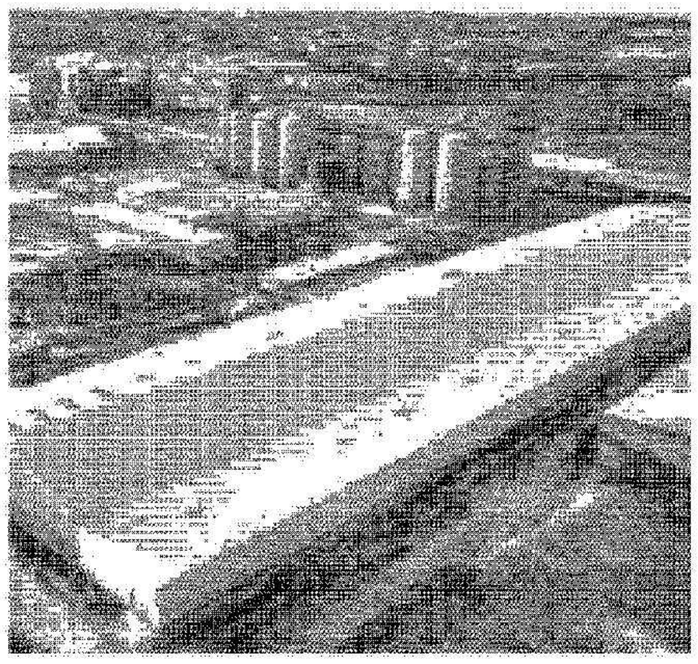
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | March 2020 |
| Sector | Logistics |
| Area | 43,829 sqm |
| Occupancy | 100% |
| Acq. Price | €39.1m |
| Q4 2021 valuation | €48.6m |

* 89.9% ownership.

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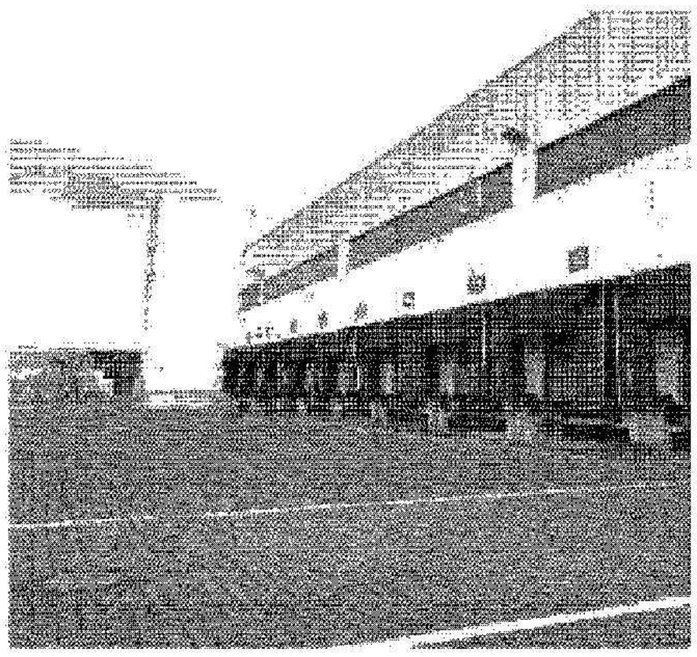
## 5. Asset Management – Summary of Assets

### 5.22 Roadrunner Portfolio, Norrköping, Sweden



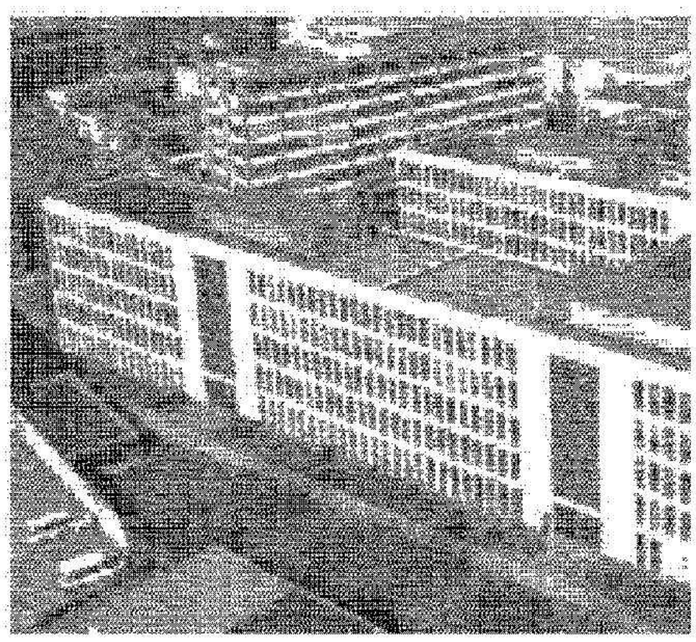
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | July 2020 |
| Sector | Logistics |
| Area | 121,876 sqm |
| Occupancy | 100% |
| Acq. Price | €91.8m |
| Q4 2021 valuation | €111.3m |

### 5.23 Sarstedt portfolio, Hanover, Germany



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | August 2020 / July 2021 |
| Sector | Logistics |
| Area | 28,649 sqm |
| Occupancy | 100% |
| Acq. Price | €45.9m |
| Q4 2021 valuation | €66m |

### 5.24 Machtlfinger Höfe, Munich, Germany

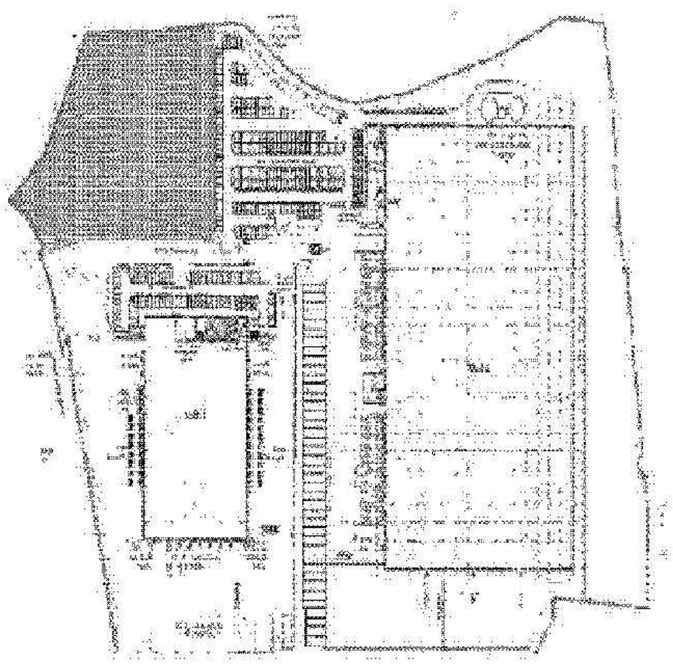


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2020 |
| Sector | Office |
| Area | 21,815 sqm |
| Occupancy | 97.5% |
| Acq. Price | €107.3m |
| Q4 2021 valuation | €112.3m |

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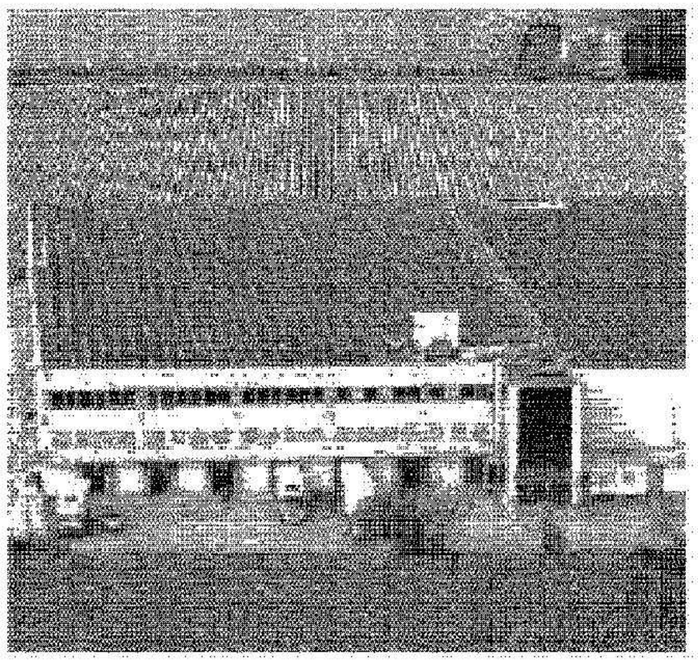
## 5. Asset Management – Summary of Assets

### 5.25 Panattoni Park , Bolton, UK



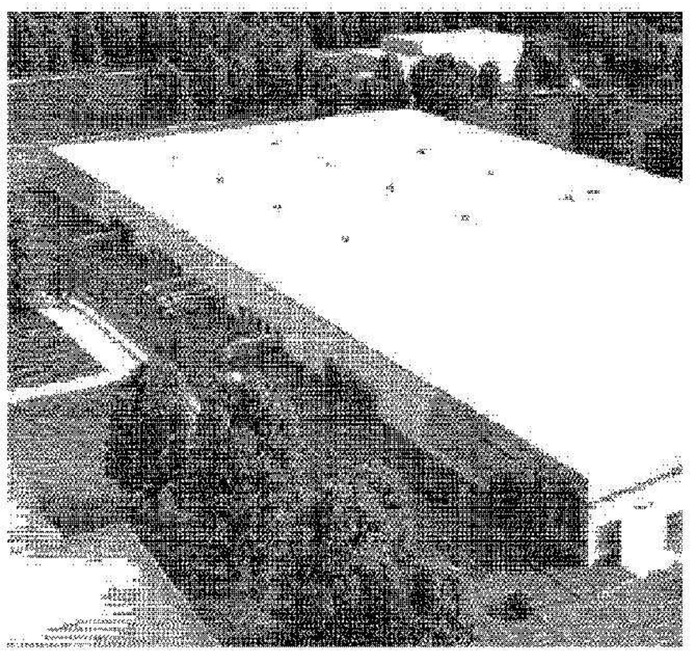
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2020 |
| Sector | Logistics |
| Area | 33,301 sqm |
| Occupancy | 100% |
| Acq. Price | €18.0m |
| Q4 2021 valuation | €75.6m |

### 5.26 SG1 & SG2 San Giorrgio, Italy



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2020 / June 2021 |
| Sector | Logistics |
| Area | 45,900 sqm |
| Occupancy | 100% |
| Acq. Price | €39.3m |
| Q4 2021 valuation | €55.2m |

### 5.27 Verona South, Italy

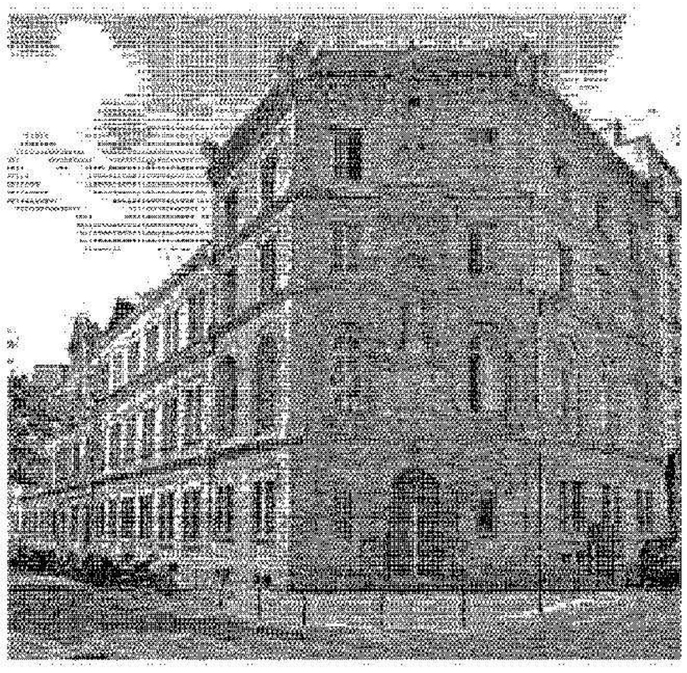


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | December 2020 |
| Sector | Logistics |
| Area | 68,250 sqm |
| Occupancy | N/A |
| Acq. Price | €10.0m |
| Q4 2021 valuation | €31.0m |

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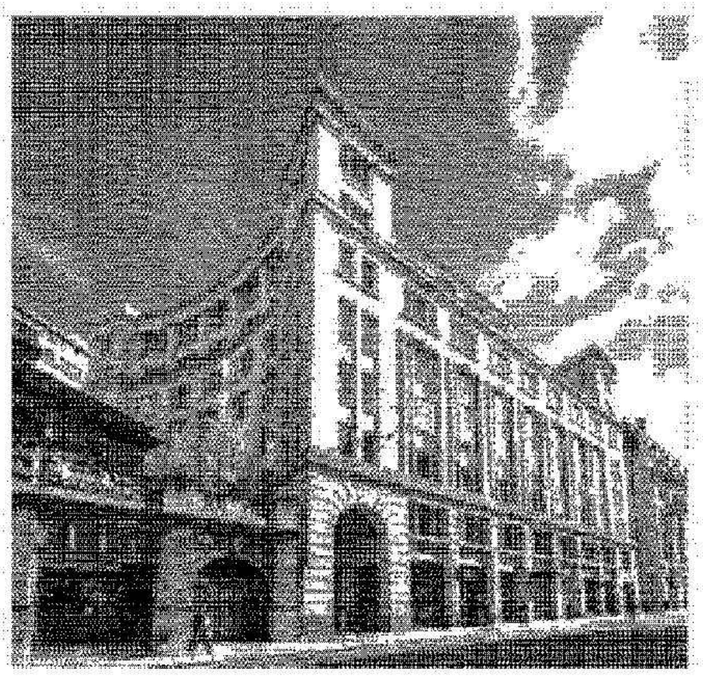
## 5. Asset Management – Summary of Assets

### 5.28 Saint Maur, Paris, France



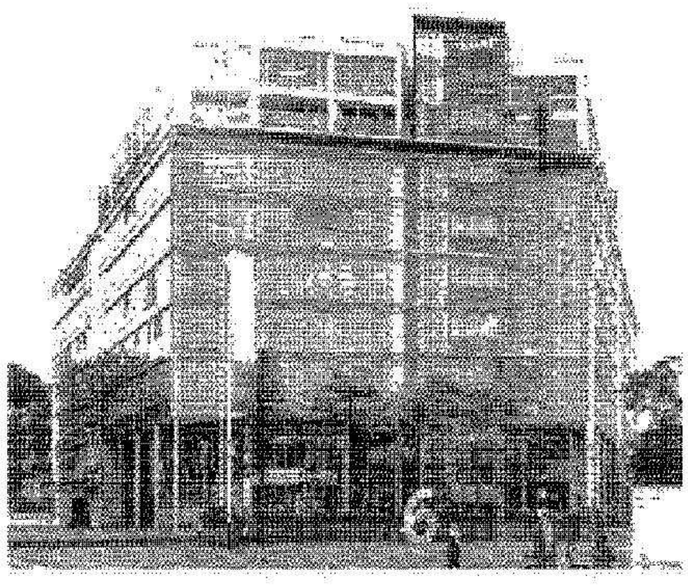
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | April 2021 |
| Sector | Office |
| Area | 2,980 sqm |
| Occupancy | 100% |
| Acq. Price | €35.6m |
| Q4 2021 valuation | €38.5m |

### 5.29 Capital House, London, UK



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | July 2021 |
| Sector | Office |
| Area | 11,668 sqm |
| Occupancy | 46,6% |
| Acq. Price | €152.7m |
| Q4 2021 valuation | €157.6m |

### 5.30 MP6, Cologne, Germany

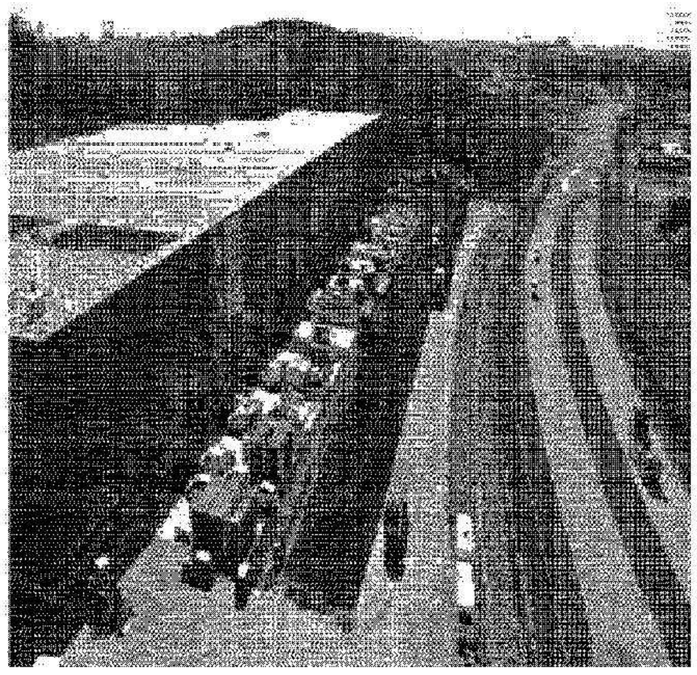


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | August 2021 |
| Sector | Office |
| Area | 19,239 sqm |
| Occupancy | 95,1% |
| Acq. Price | €81.9m |
| Q4 2021 valuation | €90.8m |

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

## 5. Asset Management – Summary of Assets

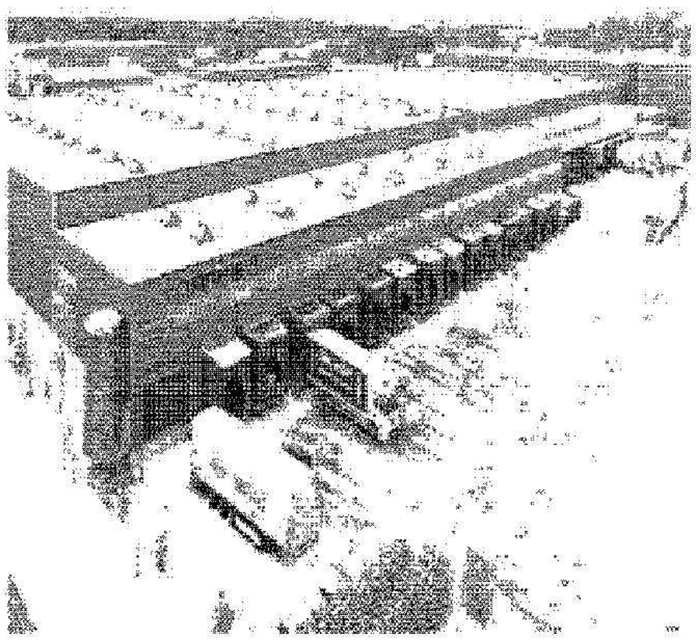
### 5.31 The Hub, Dusseldorf, Germany



**INVESTMENT SUMMARY**

| | |
|---|---|
| **Acq. Date** | October 2021 |
| **Sector** | Office |
| **Area** | 15,716 sqm |
| **Occupancy** | 95,1% |
| **Acq. Price** | €82.3m |
| **Q4 2021 valuation** | €82m |

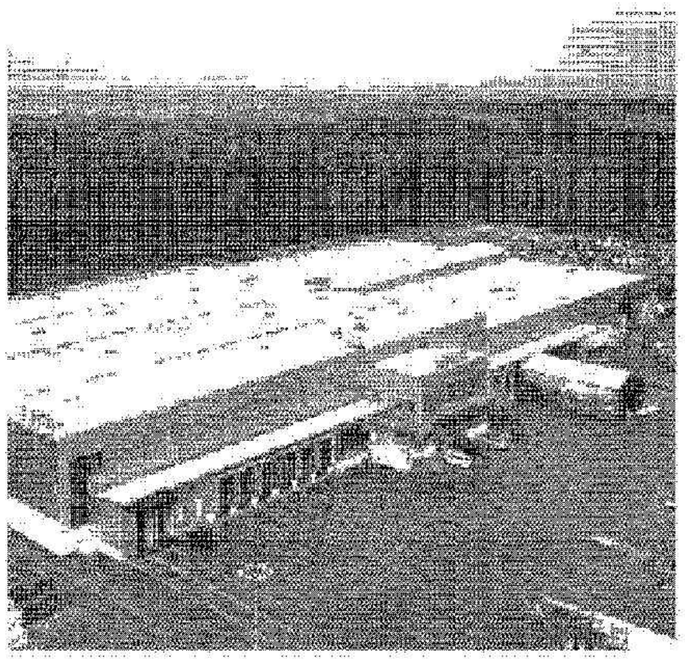
### 5.32 Scope, Berlin, Germany



**INVESTMENT SUMMARY**

| | |
|---|---|
| **Acq. Date** | December 2021 |
| **Sector** | Office |
| **Area** | 3,719 sqm |
| **Occupancy** | 99,8% |
| **Acq. Price** | €49.1m |
| **Q4 2021 valuation** | €50.9m |

### 5.33 Pllängen, Örebro, Sweden



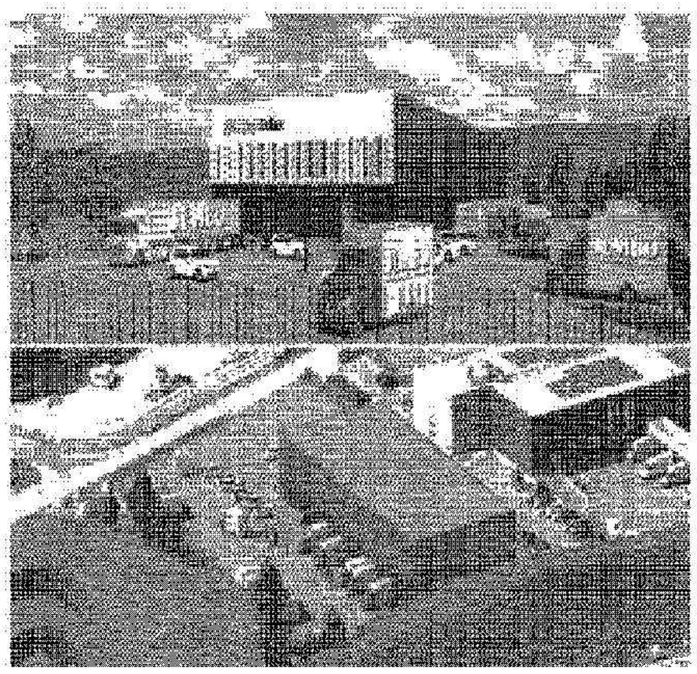
**INVESTMENT SUMMARY**

| | |
|---|---|
| **Acq. Date** | January 2021 |
| **Sector** | Logistics |
| **Area** | 18,378 sqm |
| **Occupancy** | 100% |
| **Acq. Price** | €25.5m |
| **Q4 2021 valuation** | €29.7m |

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

## 5. Asset Management – Summary of Assets

### 5.34 Sörred 7:22, Gothenburg, Sweden



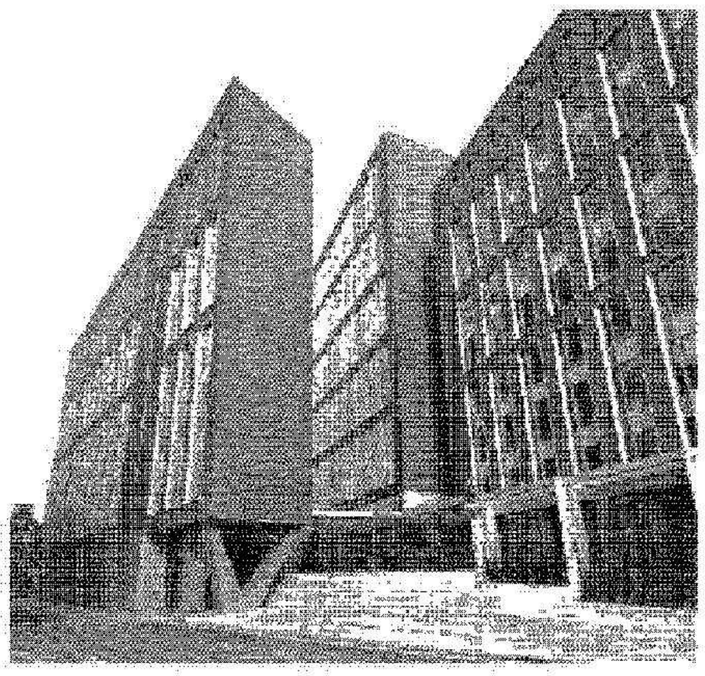
| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | February 2021 |
| Sector | Logistics |
| Area | 20,100 sqm |
| Occupancy | 17,2% |
| Acq. Price | €26m |
| Q4 2021 valuation | €30.8m |

### 5.35 Onninen Logistics, Hyvinkää, Finland



| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | May 2021 |
| Sector | Logistics |
| Area | 39,697 sqm |
| Occupancy | 100% |
| Acq. Price | €86m |
| Q4 2021 valuation | €90.8m |

### 5.36 Trilogy, Manchester, UK

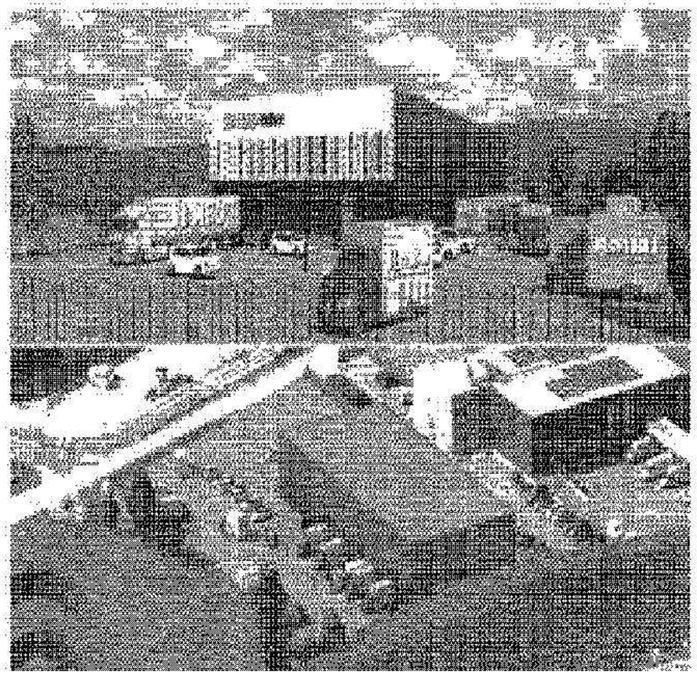


| INVESTMENT SUMMARY | |
|---|---|
| Acq. Date | January 2021 |
| Sector | Alternatives |
| Area | 16,437 sqm |
| Occupancy | 100% |
| Acq. Price | €63m |
| Q4 2021 valuation | €65.8m |

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

## 5. Asset Management – Summary of Assets

### 5.37 City Hub Portfolio, The Netherlands



| INVESTMENT SUMMARY | |
|---|---|
| **Acq. Date** | September and December 2021 |
| **Sector** | Logistics |
| **Area** | 12,771 sqm |
| **Occupancy** | 100% |
| **Acq. Price** | €33.6m |
| **Q4 2021 valuation** | €33.7m |

Barings Real Estate is the marketing name that describes the real estate advisory services of Barings LLC and its affiliates.

# 6. Sustainability

## 6.1 The Partnership

All the properties in the portfolio are managed by Baring Asset Management Limited in accordance with the firm's Environmental Sustainability Policy and, in the context of Europe; we adopt the core principles and supplemented by relevant regional objectives and initiatives.

Across our portfolios in continental Europe, Baring Asset Management Limited encourages 'Green Forum' meetings between its managing agents and occupiers, to encourage collaboration between the parties to explore ways to reduce carbon output, establish sustainable procurement procedures and to encourage positive behavioural change. Where possible, Baring Asset Management Limited requires its occupiers to enter into 'Green Leases' which contain obligations on the occupier to share energy, waste and water consumption data with the landlord and not to do anything to negatively affect any environmental performance rating of the building. In addition, where appropriate major refurbishment projects will be registered with one of the green building certification organisations such as LEED and BREEAM with the aim of securing the highest certification grade as practicable.

## 6.2 Barings' Policy

Baring Asset Management Limited believes that sustainable investment and management will contribute to enhanced returns to investors as price differentials emerge to reflect the extent of an asset's green credentials and obsolescence. Sustainability risk factors can significantly affect the rental income and the future value of real estate assets, in turn affecting their return on investment.

For investors, making the right decisions now will future proof value by complying with legislation, mitigating obsolescence and increase the buildings' appeal to current and potential occupiers. Furthermore, Barings believes that "Green" buildings will become a facet of property synonymous with prime and therefore presents opportunities to reposition and enhance existing buildings.

Barings takes its sustainability credentials very seriously, regularly reviewing the management of every single property we manage to ensure, where practicable, best practice is adopted. Sustainability is a key consideration, therefore, in our real estate investment and management decisions.

Barings's Pan-European Sustainability policy is based on the core principles set out above and supplemented with regional objectives and initiatives to be implemented within the specific jurisdictions.

## 6.3 Global Real Estate Sustainability Benchmark (GRESB)

GRESB is an industry driven organisation committed to assessing the sustainability performance of real estate portfolios around the globe. GRESB collects information regarding the sustainability performance of property companies and Partnership's. This includes information on performance indicators, such as energy, GHG emissions, water and waste. In addition, the Survey also covers broader sustainability issues, such as sustainability risk assessments, performance improvement programs, and engagements with employees, tenants, suppliers, and the community.

Baring Asset Management Limited participates in the annual Global Real Estate Sustainability Benchmark survey (GRESB) which is an industry-driven organization committed to rigorous and independent evaluation of the sustainability performance of real estate portfolios.

# BARINGS EUROPEAN CORE PROPERTY FUND

## 6.4 ESG

Barings Real Estate (BRE) believes sustainable assets are synonymous with prime and sustainably-managed investments and can contribute to enhanced returns. We provide our clients with investment platforms that excel in its commitment to ethical, sustainable, and responsible investing. We continue to evolve our approach to Environmental, Social, Governance (ESG) to help us to deliver more sustainable value.

### BARINGS REAL ESTATE SUSTAINABILITY POLICY

**ENHANCE**
To enhance a property's "Green" credentials during Barings Real Estate period of management

**REDUCE**
To seek cost-effective ways of reducing energy and water consumption, carbon emissions, and waste generation while benefitting occupiers

**MEASURE**
To measure the impact of properties on the environment, including positive impacts of any sustainability measures undertaken

**ENGAGE**
To engage regularly with identified stakeholders and disclose Sustainability objectives, strategies and performance

**LEAD**
To promote our ESG objectives, strategies and tactics through the governance of our independent ESG committee

### KEY AREAS OF FOCUS

**NET ZERO CARBON**

- Net Zero Carbon roadmap is being developed taking account of BRE Scope 1, 2 and 3 GHG emissions.
- Net Zero engagement strategy will extend support to wider value chain.

**CLIMATE RESILIENCE**

- Climate risk factors are being integrated into Due Diligence and incorporated into business plans.
- Nature-based solutions are prioritised;

**INITIATIVES & CERTIFICATION**

- Fund is establishing a digital ESG platform to advance data analysis and asset benchmarking;
- Green building certifications of all existing and newly acquired assets.

### INVESTMENT PROCESS INTEGRATION

| SOURCING | PRELIMINARY REVIEW | DUE DILIGENCE | CLOSING | INVESTMENT STRATEGY EXECUTION |
|---|---|---|---|---|
| *ESG gating issues and potential for improvement are considered during sourcing* | *Updated asset ESG checklist and fund level targets form part of preliminary review* | *ESG checklist is completed, data reviewed as part of DD, logged and rated in ESGenius* | *ESG requirements and targets are incorporated in asset strategy and IC materials* | *Execution of investment strategy including ESG improvement plan; performance assessment against ESG targets, impact on ESGenius rating and IRR are reported* | *Assess ESG risk/return characteristics form part of Hold/Sell Analysis* |

### SFDR CLASSIFICATION

Our ESG strategy is enabling BECPF to demonstrate integration of SFDR requirements into our investment process and proprietary ESG risk rating. The revised rating cross references ESG categories to relevant SFDR indicators, enabling us to track asset level contribution and improve reporting. This approach will enable the Fund to be clarified as SFDR Article 8 under Level 1 requirements with no material changes to fund strategy and align reporting with Level 2 requirements of the regulation due to come into force Q1 2023.

### ESG INITIATIVES PARTICIPATION

PRI Principles for Responsible Investment
United Nations Global Compact
United Nations Framework Convention on Climate Change
TCFD

### ESG CERTIFICATIONS

*Asset Level*
BREEAM
WELL

*Fund Level*
GRESB

## BARINGS EUROPEAN CORE PROPERTY FUND

**6.4 ESG**

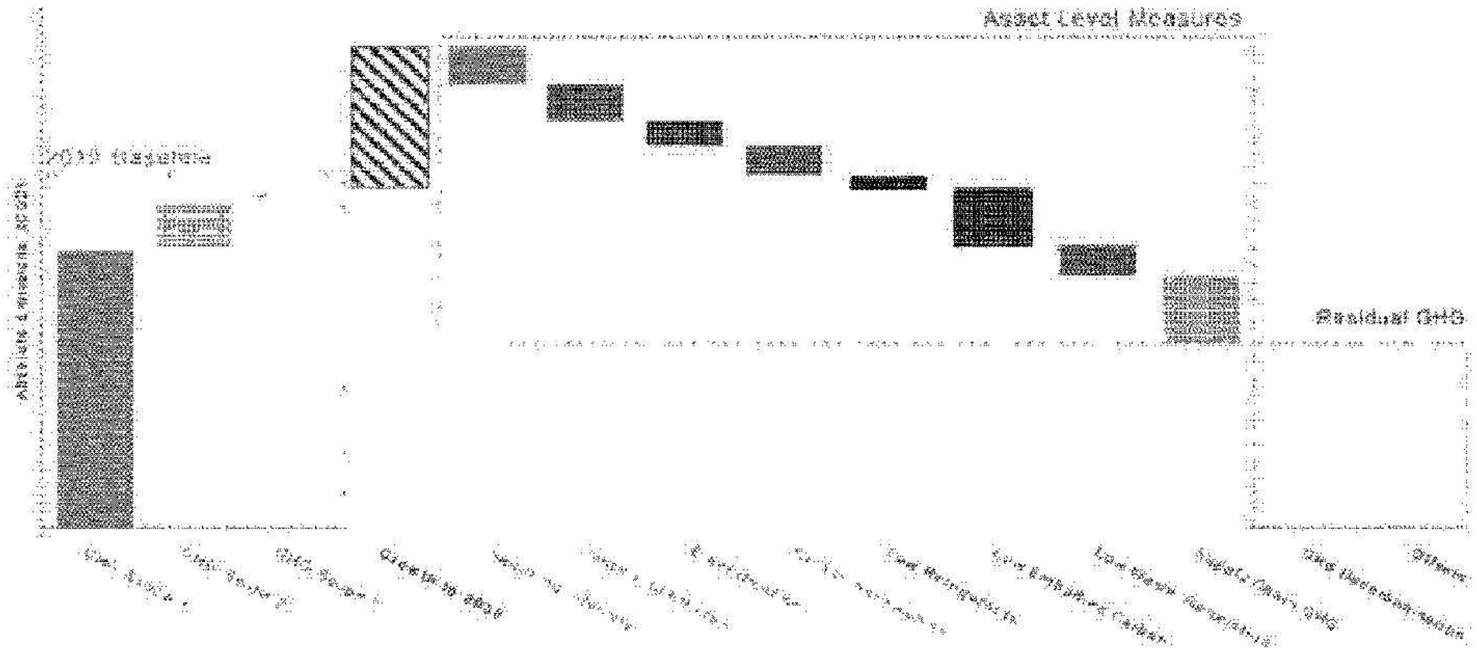
Net zero carbon continues to be a key area of focus for the Fund, with a number of initiatives and targets being explored at fund and asset levels.

### NET ZERO CARBON

- Net Zero Carbon roadmap is being developed taking account of BRE Scope 1, 2 and 3 GHG emissions.
- Energy audits carried out on all assets inform asset level targets for reducing energy intensity and increasing on-site renewable energy generation are being integrated into asset business plans for 2022;
- Renewable energy procurement for landlord and tenant areas will enable further reduction in GHG emissions;
- Net Zero engagement strategy will extend support to wider value chain.

### KEY AREA OF FOCUS

| 154 kWh/m² | 112 kWh/m² | 27% | 108 $tCO_2$ |
|---|---|---|---|
| Average EUI | Potential Average EUI | Energy Savings | Carbon Savings |




### ASSET LEVEL TARGETS

| | |
|---|---|
| ▼ ENERGY USE INTENSITY | EUI reduction targets are being set for each based on detailed asset energy audits. Proposed improvement measures are being integrated into business plans (where feasible). Targets will be incorporated into monthly and quarterly asset reporting. |
| ▲ ENERGY EFFICIENCY | Extensive engagement with tenants on improving energy efficiency is due to commence. Appropriate improvement measures will being integrated into business plans (where feasible). Quarterly saving at both asset and fund level will be integrated into reporting. |
| ▲ RENEWABLES | On-site renewable energy generation and renewable energy procurement is to be maximised, including integration of 'green tariff' requirements into tenant lease clauses and borrower requirements (where feasible). Quarterly saving will be integrated into reporting. |

### ASSET LEVEL INITIATIVES

**Renewable energy generation**

- Reviewing scope for increasing on-site renewables across the portfolio;
- Reviewing scope to maximise tenant / landlord renewable energy procurement.

**Green Building Certifications**

- Certifications (BREEAM / LEED) are being obtained for existing assets, with targets set for all new assets;
- Reviewing scope for increasing wellbeing certification (WELL / Fitwel).

**Improving energy performance**

- Energy Opportunity Assessments commissioned for all assets;
- Energy data collection is being improved to increase granularity for consumption and emissions data.

**PM and Tenant Engagement**

- Property Manager and Tenant engagement initiated focusing on net zero carbon and climate resilience;
- All new leases include green lease clauses that mandate data reporting;

# BARINGS EUROPEAN CORE PROPERTY FUND

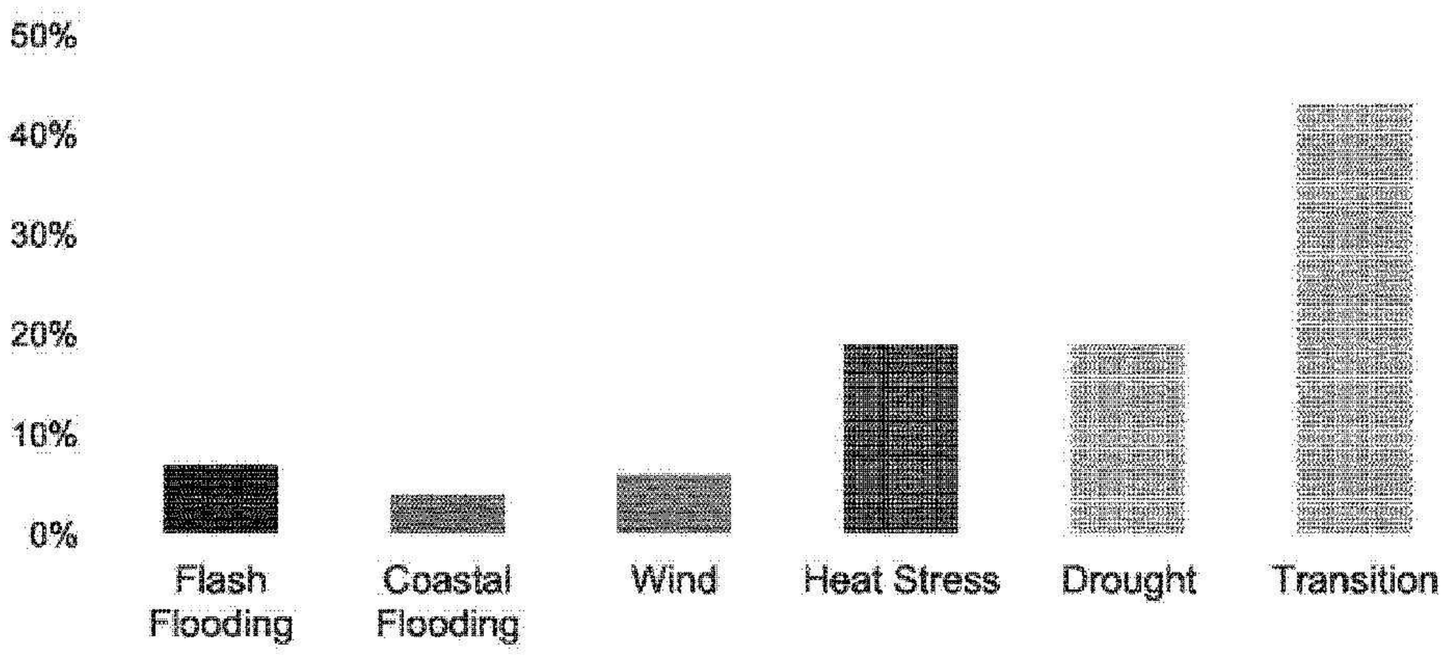
6.4 ESG

## CLIMATE RESILIENCE

- Climate related physical, and transitional risk analysis prepared for the portfolio, the outputs will be integrated into quarterly reporting;
- At asset level, climate risk factors are being integrated into Due Diligence, and mitigation strategies are being incorporated into business plans. Nature-based solutions are prioritised;
- New GIS based digital scenario modelling tool is being considered for the portfolio, to enhance DD and streamline climate risk reporting for GRESB and TCFD.

## KEY AREA OF FOCUS

### Fund Level Risk Overview




## ASSET LEVEL TARGETS

| | |
|---|---|
| ▼ STORM WATER RUN-OFF | Reduction of storm water run off and potable water use are pursued on all assets under development. Our approach focuses integrating nature based solutions (blue/green roofs, SuDs) and low flow sanitaryware. |
| ▼ RISK OF OVERHEATING | Reducing the risk of overheating is considered on assets under development as part of MEP strategy focusing on passive cooling and natural ventilation and modelling performance against climate scenarios. |
| ▲ BIODIVERSITY | Increasing biodiversity net gain / ecological value of asset forms part of our approach to delivering added value, reducing climate risk and improving tenant wellbeing on assets under development / refurbishment. |

## ASSET LEVEL INITIATIVES

**Reducing potable water use**

- Implementation of a rainwater management systems to reduce energy usage and conserve water (if feasible)
- water control measures introduced into asset improvement plans, targeting 30% reduction in water usage.

**Green Building Certifications**

- Climate Positive building certification in progress on a number of assets in Germany;
- Reviewing opportunities to certify assets across Europe.

Climate Positive

**Nature Based Solutions**

- Installation of a sustainable urban drainage system, aims to reduce water run-off and dispersion;
- Sedum roofs considered for developments, encouraging biodiversity, reducing thermal loss and rainwater run-off.

**PM and Tenant Engagement**

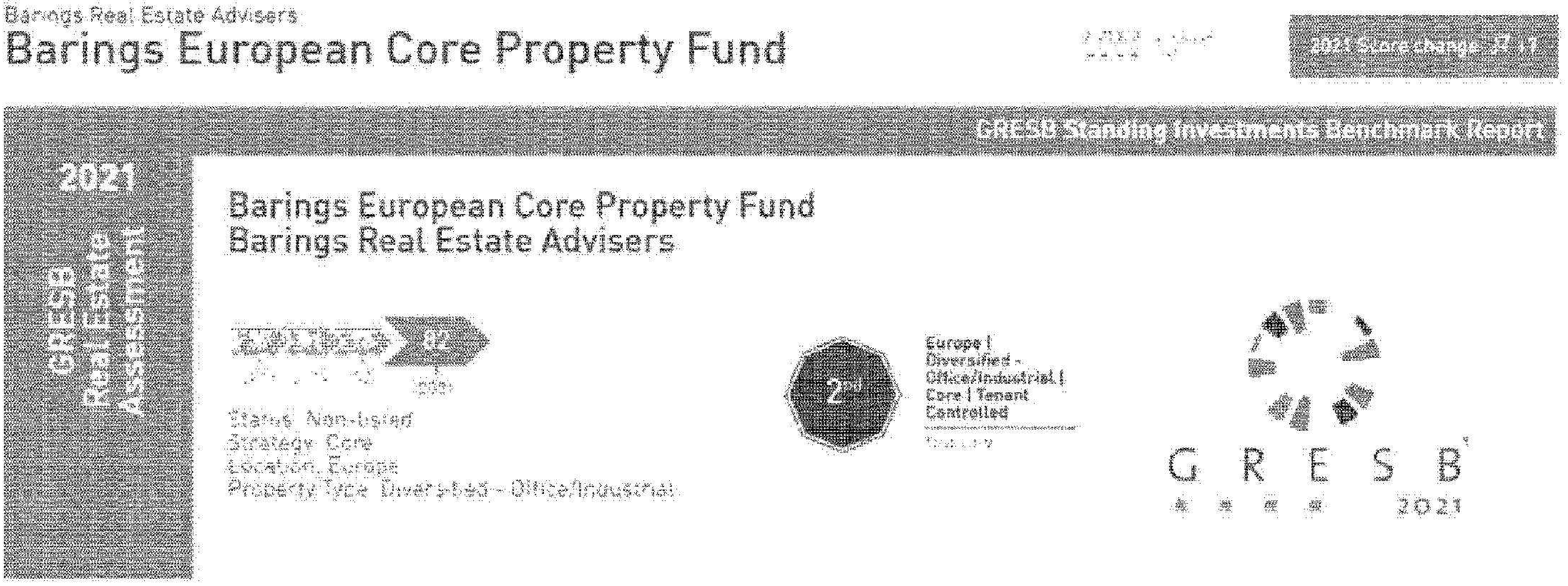
- Property Manager and Tenant engagement initiated focusing on net zero carbon and climate resilience;
- Smart sensors and digital notifications on air quality and risk of overheating for tenants.

## BARINGS EUROPEAN CORE PROPERTY FUND

6.4 ESG

## GRESB REPORTING

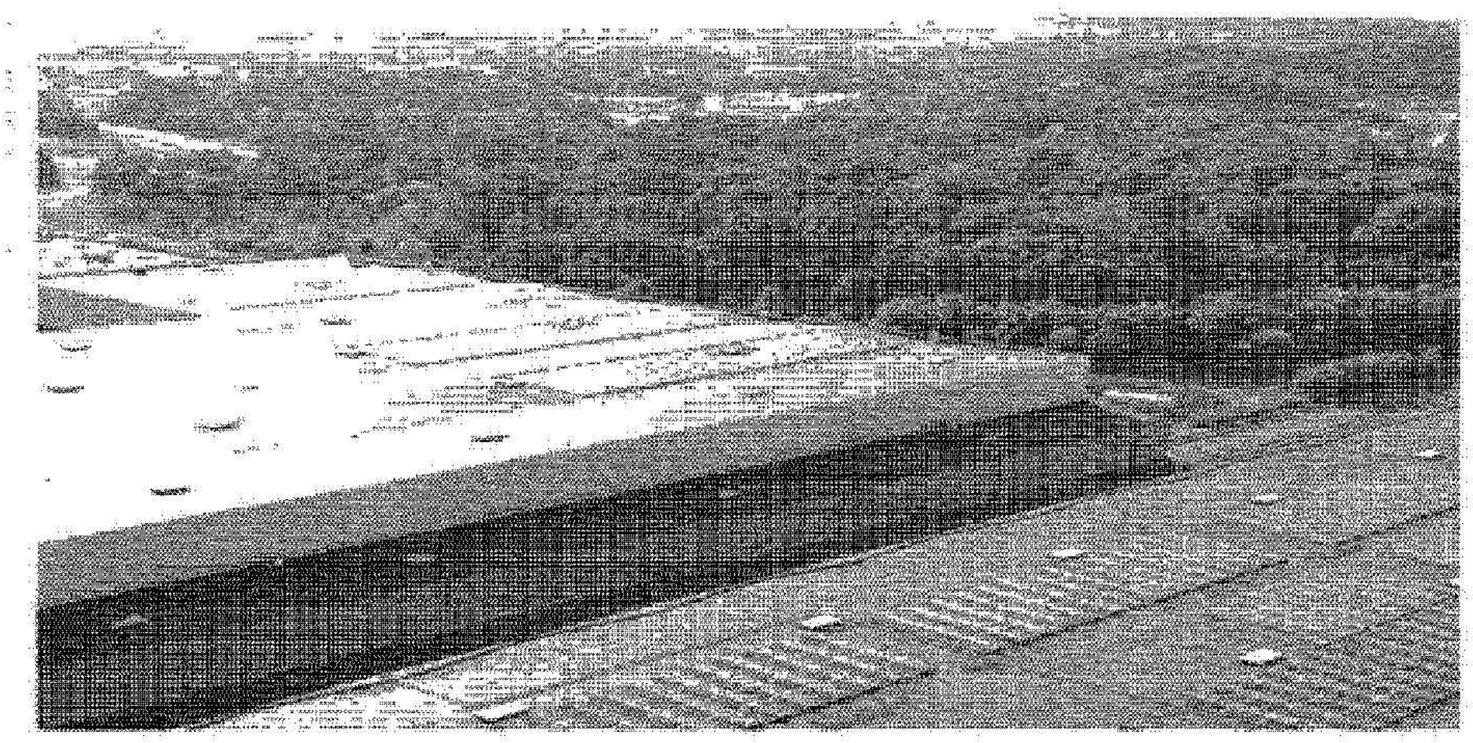
Barings European Core Property Fund participated in GRESB for its 5th year in a row, earning four of five green stars, ranking the Fund 2 of the 9 entrants within its peer group (Europe, Diversified, Office/Industrial | Core | Tenant Controlled). The 2021 GRESB score is 82 out of 100, and a 55% improvement from the first year when the Fund entered GRESB. This has been due to the relatively young Fund maturing in terms of asset acquisitions and achieving desired allocations and a number of initiatives the Fund has undertaken over the last few years, which are now being borne out in the score the Fund is achieving. Data collection towards 2022 submission is in progress.

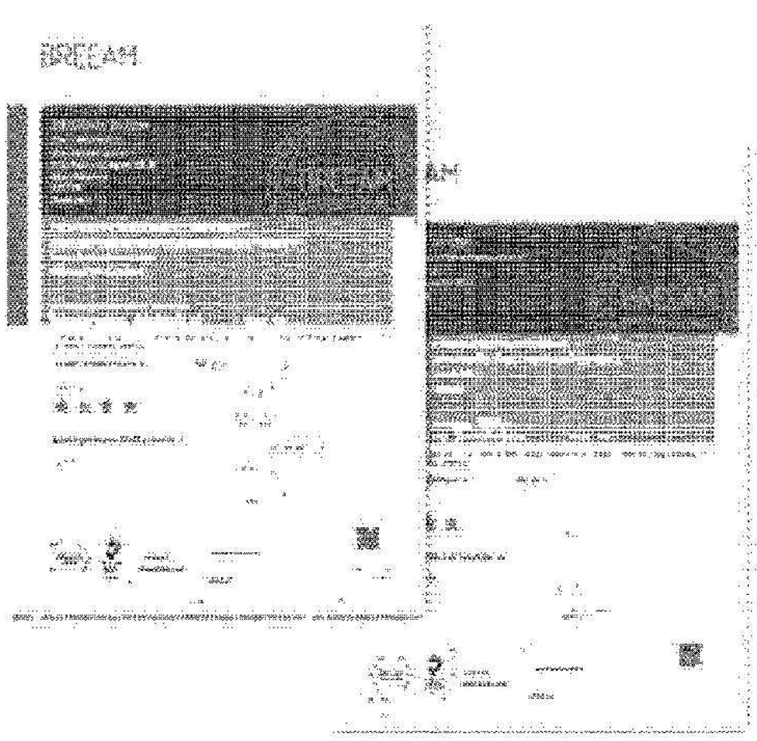



## GREEN BUILDING CERTIFICATION & RENEWABLES

### ROADRUNNER PORTFOLIO

*Norrköping, Sweden*






*Implementation of solar panels at two of the assets Handelo & Kardinalmarket covering a total of 2,471m², carbon savings 5,330 $tCO_2/y$*

- Logistics Portfolio acquired in July 2020 consisting of three assets located in Norrköping, Sweden
- Implementation of solar panels at two of the assets Handelo & Kardinalmarket covering a total area of 2,471m2
- 1,460 panels on each building with an average yearly energy usage totalling 17% of the total energy
- Total yearly carbon savings equals 5,331,089 kg
- In Q4 both Handelo and Kardinalmarket were awarded BREEAM In Use 'Very Good' Green Building Certification

# 7. Corporate Governance

## 7.1 Limited Partners

To date the Partnership has raised €2,411.0m and has drawn €1,813.1m with remaining undrawn commitments of €597.9m.

In the first quarter of 2022 the Partnership received commitments of €230.0m from new Limited Partners.

### 7.1.1 Advisory Committee

An Advisory Committee ("AC") was established in 2018. The AC members are representatives of the largest limited partners in the Partnership. None of the AC representatives are liable to the Partnership. No Barings affiliates are to be admitted to the AC.

The role of the AC is to review and approve certain matters referred to it by the Board of the General Partner, as further described in the Limited Partnership Agreement.

### 7.1.2 Communication with Limited Partners

The Partnership issues a quarterly pack to all Limited Partners containing a quarterly report and a statement of account and supporting schedules of the quarter end financial statements.

The Partners' report details the Partnership's performance, debt and transaction strategy and contains key ratios and an overview of the transactions pipeline. Financial statements for the period to date are also attached with an accompanying conversion from IFRS to the Partnership NAV.

The statement of account presents the number of interests held and their value as at year end and details of the distributions and commitments paid.

The Partnership also issues a Flash report which includes estimates of the Funds NAV and operating activities over the quarter.

## 7.2 The Board of the General Partner

The Board of the General Partner (the "Board") consists of three members (in the case of a S.à r.l entity described as "Managers"), whose sole purpose is to safeguard the Partnership's and Partners' interests and to ensure that the Partnership operates in accordance with the private placement memorandum and management regulations circulated to Partners at the launch of the Partnership.

The Managers were appointed by Barings Asset Management Limited, who have ensured that the Managers have:

- an appropriate range of skills, experience and expertise;
- a proper understanding of, and competence to deal with current and emerging issues in real estate and the Partnership management industry; and
- the ability to effectively review and challenge the performance of management and exercise independent judgement.

The Board members are:

**Neil Robertson - Chairman of the Board**

Mr. Neil Robertson is Barings Real Estate Europe's Head of Investment Accounting and leads the team responsible for structuring, financing and operating pan European real estate funds.

Prior to joining the firm in December 2018, Neil held a number of senior roles at various real estate investment management firms.

Neil spent 7 years at LNR Partners where he served on the board for both LNR and Hatfield Philips, he then went on to manage the fund accounting platform at Cromwell Property Group before joining Tyndaris Real Estate in 2016 to head the real estate finance team.

Neil qualified as a Chartered Certified Accountant in 2003 and has career spanning more than 20 years.

**Pietro Longo - Independent Manager**

Mr. Pietro Longo is an INSEAD IDP Certified Independent Director with more than 25 years of industry experience.
He holds various positions at senior management and board level for a large variety of investment funds (private equity, real estate and hedge funds) and multinational companies.
Mr. Longo has previously worked for 10 years at Intertrust as Commercial Director and Member of the Management Team.
He speaks fluent English, French, German, Italian and Luxembourgish.

**William Gilson – Independent Manager**

Mr. William Gilson is a Certified Independent Director with more than 30 years' industry experience. He was Luxembourg Country Head for Aviva Investors and has headed up Global and European operations for Aviva Investors and Babson Capital, respectively. He became an independent director in 2017 and clients range from Boutique to Mega Managers covering alternatives and UCITS. He has also worked with organizations going through restructuring and remediation.

A Certified Anti Money Laundering Specialist, he holds both the MRICS designation and an MBA in Finance and Sustainability. He completed the Certificate in Corporate Governance from Insead in 2017.

### 7.3 The Boards of the Local Subsidiaries

The Partnership's local corporate subsidiaries are managed by their respective board of directors constituted of representatives from local Barings offices and the Partnership local corporate administrators.

### 7.4 Meetings of the Board

Each quarter the Board of the General Partner publishes a Quarterly Report ("QR") produced by Barings Europe. The QR details the Partnership's activities for the quarter and identifies any issues which need consideration and approval by the Board. Detailed information on the Partnership's operations and performance is provided to the Board, including a Board Information Pack and a Board Approvals Pack. Key members of Barings Europe's management are invited to the Board meeting to clarify any points raised in the QR and the other documents, or any general queries raised by the Board.

The Board must also:

- Review and ratify, if appropriate, any investment decisions made by the AIFM;
- Review any proposed quarterly distributions and capital calls; and
- Consider and, if appropriate, approve recommendations for all new mandates with service providers and debt financing arrangements

In addition to the above, the Board must consider and, if appropriate, approve any transfers, redemptions or subscriptions to the Partnership.

### 7.5 Statement of Compliance and Risk Management Procedures

The Board recognise that having a well-developed system in place for risk management is an integral part of good management practice.

As per the Partnership's Limited Partnership Agreement, the General Partner and all related parties to the Partnership maintain strict Partner confidentiality and do not disclose the name or any derivative or abbreviation of any Partner's identity in any form of publication, press release or notice without the Partner's written consent. Partner's names are disclosed for KYC / AML purposes to the Partnership's advisors and financing institutions, on a strictly confidential basis.

Regular meetings take place between the local Property and Asset Managers and the Investment Advisors in order to identify and manage issues as they arise and to ensure that the property portfolio is being run efficiently in line with internal procedures and controls, as well as the objectives of the Partnership. In addition to this, regular finance meetings are held to discuss and manage interest rate risk, as well as the on-going debt strategy.

In relation to the advisory services provided to the Partnership, Barings has established a code of conduct which outlines acceptable standards of behaviour and attitudes expected from its staff. This code is detailed in the Staff Handbook, which is mandatory reading for all staff members. Further to this, the principles of segregation of duty and the "four eyes" principles are applied across all Partnership activities delegated by the General Partner to BIFMI and BAML has designed a detailed Authority Matrix and Power of Attorney that provide staff and contractors with specific instructions on how they may represent and act for the Partnership.

The General Partner has mandated ING Luxembourg to carry out quarterly compliance checks ensuring that the Partnership complies with all relevant laws and regulations and that the Partnership's constitutional terms included in the Partnership's private placement memorandum and limited partnership agreement are adhered to. As a further check the investment advisors consider the investment restrictions and financial risks involved as part of the acquisition and disposal process undertaken by the General Partner and report compliance with these to the Board.

In addition ING Luxembourg as Depositary is responsible for the verification of ownership of other assets of the Partnership, as well as the monitoring of the cash of the Partnership and other applicable oversight functions.

### 7.6 AIFM Remuneration Statement

BIFMI's Remuneration Policy ensures the remuneration arrangements as defined in ESMA's "Guidelines on Sound Remuneration Policy under the UCITS directive and AIFMD" (ESMA 2016/411) (the 'ESMA Guidelines'), (as amended) are:

(i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or constitution of BIFMI or the Fund; and

(ii) consistent with BIFMI's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

BIFMI complies with the remuneration principles in a way and to the extent appropriate to its size and business.

#### 7.6.1 Remuneration Committee

Due to the size and nature of BIFMI, the Board of Directors considers it appropriate to dis-apply the requirement to appoint a remuneration committee.

BIFMI forms part of the Barings Europe Limited (UK) group of companies ("Barings"). Barings has a remuneration committee to take remuneration decisions, namely the HR Remunerations Committee. The remuneration committee ensure the fair and proportionate application of the remuneration rules and ensures that potential conflicts arising from remuneration are managed and mitigated appropriately.

### 7.6.2 Remuneration Code Staff

The AIFM has determined its Remuneration Code Staff as the following:

1. Senior Management

Senior Management comprises of the Board of Directors.

2. Control Functions

All CBI Pre Approved Control Functions ("PCFs") are included within the definition of Remuneration Code Staff.

3. Risk Takers

Risk Takers are defined as the investment managers of the UCITS and AIFs. Investment management is delegated to firms' subject to an equivalent remuneration regime and therefore BIFMI currently has no risk takers outside of senior management.

4. Employees in the same remuneration bracket as risk takers

BIFMI will not treat a person as Remuneration Code Staff if a person's professional activities do not have a material impact on the risk profiles of the firm or the Funds.

5. Staff responsible for heading the investment management, administration, marketing and human resources

There are no staff in this category that are not captured in other categories.

### 7.6.3 Remuneration Disclosure

The disclosure below details fixed and variable remuneration paid to BIFMI Remuneration Code Staff (for the financial year end 31 December 2021).

| | Number of Beneficiaries | Total Remuneration | Total Fixed Remuneration | Total Variable Remuneration |
|---|---|---|---|---|
| Total remuneration paid by BIFMI in relation to the Funds* | 11 | €102,889 | €58,627 | €44,262 |
| Total Senior Management Remuneration paid by BIFMI** | 5 | €850,579 | €423,615 | €426,963 |

BIFMI's Remuneration Policy is reviewed annually both in respect of the general principles it contains and its own implementation. No material changes have been made throughout the year or as a result of the review; no irregularities were identified.

The above disclosures are made in line with Barings' interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops, Barings may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other Barings fund disclosures in that same year.

**Notes:**

*The Manager does not make any direct payments to staff, who are paid by other Barings Group entities. Figures shown are apportioned on a fund AUM basis as a proportion of Barings total AUM as at 31 December 2021. Accordingly, the figures are not representative of any individual's actual remuneration.

**Senior management remuneration is apportioned on the basis of BIFMI's total AUM as a proportion of Barings total AUM.

Variable remuneration consists of Short Term Incentive awards, Long Term Incentive awards and any other variable payments including benefits in kind and discretionary pension awards.

Performance Fee 2021: EUR 828,742

Carried Interest: EUR 0

# 8. Principal Risks Relating to the Partnership

### 8.1 Geographic Concentration and Possible Lack of Diversification

The Partnership focuses its Investments primarily in the United Kingdom, Germany, France, the Nordic region, Spain, the Netherlands and Italy, and therefore will be particularly vulnerable to events affecting companies and assets in Europe. The Partnership's performance may be worse than the performance of other funds that invest more broadly.

Although no more than 15% of the aggregate amount of capital commitments will be invested in any single Real Estate Asset, the Partnership may participate in a limited number of Investments and, as a consequence, the aggregate return of the Partnership may be substantially adversely affected by the unfavourable performance of even a single Investment. Investors have only limited assurance as to the degree of diversification in the Partnership's Investments or asset type. Because the Partnership generally expects to acquire Investments in discrete transactions, these diversification risks may be amplified during the initial launching period of the Partnership. Furthermore, the Partnership may make Investments in some transactions with the intent of refinancing or selling a portion thereof, and, in such cases, there will be the risk that the Partnership will be unable to complete the refinancing or sale, which could lead to increased risk as a result of the Partnership having an unintended long-term investment and reduced diversification.

### 8.2 Availability of Suitable Investments

The identification of attractive real estate investment opportunities is difficult and involves a high degree of uncertainty. There can be no assurance that the AIFM or the Investment Adviser will be able to identify and complete investments that meet the Partnership's Investment Strategy or that the AIFM or the Investment Adviser will be able fully to invest the Partnership's unfunded Commitments. Furthermore, competition exists for investment opportunities in most sectors of the real estate industry, including the sectors in which the Partnership operates. The Partnership may be competing for assets with entities that have substantially greater economic and personnel resources than the General Partner or the Partnership, or better relationships with sellers of assets, lenders and others. These entities may also generally be able to accept more risk than the Partnership prudently can manage. Competition may generally reduce the number of suitable prospective assets available to the Partnership and increase the bargaining power of property owners seeking to sell, thereby increasing prices.

The operation of office, retail and industrial properties is highly competitive. The principal means of competition are rental rates, amenities offered, level of services, location and the nature and condition of the property. Investments may be subject to direct competition from developers in the area in which they are located. The opening of other competitive properties near an Investment may have an adverse effect on, among other things, effective rental rates, occupancy and operation of the Investment, as well as on its market value.

Accordingly, the Partnership may not be able to identify additional Investments that are suitable for investment and are consistent with the Partnership's Investment Strategy and Investment Objective.

### 8.3 Risks of Real Estate Investments

Investments in real estate assets are subject to various risks, including adverse changes in national or international economic and financial conditions, adverse local market conditions, the financial condition of tenants, buyers and sellers of properties, changes in availability of debt financing, changes in interest rates, property tax rates and other operating expenses, environmental laws and regulations, zoning laws and other governmental rules, changes in the relative popularity of certain property types, risks due to dependence on cash flow, risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses and other factors which are beyond the control of the General Partner and the Investment Adviser. As a result, the Partnership may be subject to claims and expenses in respect of an asset in excess of the Partnership's investment in such asset that could significantly impact the cost of operations, cash flow and results of operations, thereby leading to losses. No assurance exists that the Fund can achieve its return objectives.

In addition, the Partnership's investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a period of time before the Partnership will begin receiving rental payments under a replacement lease. During that period, the Partnership will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair the Partnership's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the Partnership to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that the Partnership undertakes may divert cash that would otherwise be available for distribution to Investors or require additional capital commitments. Ultimately, to the extent that the Partnership is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact the Partnership's operating results.

The Partnership may be required to expend Partnership's funds to correct defects or to make improvements before a property can be sold. No assurance can be given that the Partnership will have Partnership's funds available to correct those defects or to make those improvements. In acquiring a property, the Partnership may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede the Partnership's ability to respond to adverse changes in the performance of its properties could significantly affect the Partnership's financial condition and operating results.

### 8.4 Currency Risks

As the Partnership is denominated in Euros, the Partnership may be exposed to changes in the exchange rates related to currencies associated with investments in countries that do not use the Euro as their primary currency (e.g. the United Kingdom and Sweden). The Partnership may sometimes seek to partially hedge such currency risk. These hedges, if executed, are typically structured in a series of forward contracts. Accordingly, there is risk that the hedges will not remove all of the risk associated with the amount hedged. In addition, as the hedges will only be partial by design, the Partnership may remain at risk for the unhedged amount. Further, there can be no assurance regarding the stability of the Euro during the life of the Partnership.

### 8.5 Valuation

Most of the properties or other assets that the Partnership will purchase will not be actively traded. In the absence of market comparisons, the AIFM will use other pricing methodologies, including, for example, models based on assumptions regarding expected trends, historical trends following market conditions believed to be comparable to the then-current market conditions and other factors believed at the time to be likely to influence the potential resale price of an investment. Such methodologies may not prove to be accurate and the AIFM's inability to accurately price securities, loans or other assets may result in adverse consequences for the Partnership. A valuation is only an estimate of value and is not a precise measure of realisable value. Ultimate realisation of the market value of a Real Estate Asset depends to a great extent on economic and other conditions beyond the control of the General Partner, AIFM and their affiliates. Further, valuations do not necessarily represent the price at which a real estate investment would sell since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. If the Partnership was to liquidate a particular real estate investment, the realised value may be more than or less than the valuation of such asset and in any event may be materially different from the interim valuations.

### 8.6 Lack of Liquidity

Generally, real estate assets, such as the Investments of the Partnership, are illiquid in nature. There is a risk that the Partnership will be unable to realise its Investment Objective through the sale or disposition of an Investment at an attractive price or within any given period of time, or will otherwise be unable to complete any exit strategy and therefore potentially impact the possibility to satisfy redemption requests. In particular, these risks could arise from the absence of an established market for an Investment, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which an Investment is located. Furthermore, in some cases, the Partnership may have certain contractual obligations to tenants or joint venture partners in connection with a sale or disposition that may limit or prohibit the ability to complete an exit strategy in a timely fashion. In some cases the Partnership may be prohibited by contract from selling investments for a period of time. Any of the foregoing factors could limit the ability of the Partnership to liquidate its Investments rapidly in response to changes in economic and other conditions and therefore potentially impact the possibility to satisfy redemption requests.

### 8.7 Open End Policy

Limited Partners have the option to request redemptions of all or a portion of their Interests. The Partnership intends to make cash flow available for redemptions at the end of each quarter. To the extent that available cash is insufficient to provide for outstanding redemption requests, Limited Partners may not receive their requested distribution on the desired Effective Redemption Date.

### 8.8 Office, Retail or Industrial Property Industry Risks

To the extent the Partnership's investments are in the office, retail or industrial property industry categories or asset classes, such Investments will be subject to all operating risks common to such industry categories or asset classes. These risks include: changes in general economic conditions; the level of demand for each of these property types; cyclical over-building in these property sectors; less restrictive changes in zoning and similar land use laws and more restrictive changes in regulations or in health, safety and environmental laws, rules or regulations; the inability to secure property and liability insurance to fully protect against all losses or to obtain such insurance at reasonable rates; and the risk of terrorism and acts of terrorism. Since apartment lease terms are typically one year or less, such revenues are generally more susceptible to adverse economic conditions. In addition, the real estate industry (particularly the residential segments) is highly competitive. The Investments will compete with other office, retail or industrial properties in their geographic markets. However, some competitors may have substantially greater marketing and financial resources than the Partnership.

# Portfolio Summary 2021

## BARINGS EUROPEAN CORE PROPERTY FUND

| Investment | Acquisition Date | Current Strategy | Area (sqm) | Number of tenants | Occupancy (%) | Net Acquisition Price (€m) | Q4 2021 Market Value (€m) | Q4 2021 % of total Value |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Davidson Building, London, U.K. | Nov-15 | Core | 3,792 | 7 | 100.00% | 92.2 | 77.2 | 3.10% |
| Amstel Building, Amsterdam, The Netherlands | Apr-14 | Non-Core | 21,899 | 12 | 58.00% | 103.5 | 116.2 | 4.70% |
| Fleming 7, Stockholm, Sweden | May-18 | Core | 10,011 | 15 | 93.90% | 109.4 | 134.8 | 5.40% |
| St. Martin Tower, Frankfurt, Germany | Dec-19 | Core | 26,138 | 16 | 80.20% | 133.3 | 131.6 | 5.30% |
| Machtlfinger Höfe, Munich, Germany | Dec-20 | Core | 21,615 | 26 | 89.70% | 107.3 | 112.3 | 4.50% |
| Saint Maur, Paris, France | Apr-21 | Core | 2,980 | 1 | 100.00% | 35.6 | 38.5 | 1.50% |
| Capital House, London, U.K. | Jul-21 | Non-Core | 11,668 | 6 | 48.60% | 152.7 | 157.6 | 6.30% |
| MP6, Cologne, Germany | Aug-21 | Core | 19,239 | 49 | 95.10% | 81.9 | 90.8 | 3.60% |
| The Hub, Dusseldorf, Germany | Oct-21 | Core | 15,716 | 21 | 84.90% | 82.2 | 82 | 3.30% |
| Scope, Berlin, Germany | Dec-21 | Core | 3,719 | 7 | 99.80% | 49.1 | 50.9 | 2.00% |
| RETAIL | | | | | | | | |
| Ahlens Department Store, Malmö, Sweden | Dec-15 | Core | 6,423 | 1 | 100.00% | 36.6 | 34 | 1.40% |
| Velázquez 64, Madrid, Spain | Jul-16 | Non-Core | 1,614 | 0 | 0.00% | 21.6 | 15.8 | 0.60% |
| Il Nuovo Borgo Shopping Centre, Asti, Italy | Dec-16 | Core | 16,573 | 30 | 99.70% | 51.5 | 46.5 | 1.90% |
| Kurmainzer 5-6, Mannheim, Germany | Sep-17 | Core | 14,683 | 7 | 94.70% | 44.3 | 43.3 | 1.70% |
| Conforama Majadahonda, Madrid, Spain | Oct-17 | Core | 10,279 | 1 | 100.00% | 15.8 | 17.8 | 0.70% |
| Berceo Shopping Centre, Logroño, Spain | Dec-17 | Core | 34,419 | 77 | 96.10% | 105.9 | 90.6 | 3.60% |
| Carrefour Alcalá de Henares, Madrid, Spain | Dec-19 | Core | 8,716 | 1 | 100.00% | 11.7 | 12.3 | 0.50% |
| Carrefour Alcalá, Madrid, Spain | Dec-19 | Core | 5,040 | 1 | 100.00% | 9.1 | 9.5 | 0.40% |
| Carrefour Igualada, Barcelona, Spain | Dec-19 | Core | 6,192 | 1 | 100.00% | 9.8 | 10 | 0.40% |
| Carrefour Olesinla, Barcelona, Spain | Dec-19 | Core | 4,123 | 1 | 100.00% | 5.8 | 5.8 | 0.20% |
| Carrefour Bilbao, Bilbao, Spain | Dec-19 | Core | 3,782 | 1 | 100.00% | 7.1 | 7.5 | 0.30% |
| Carrefour Salamanca, Salamanca, Spain | Dec-19 | Core | 3,900 | 1 | 100.00% | 8.5 | 9.3 | 0.40% |
| Carrefour Berga, Barcelona, Spain | Dec-19 | Core | 2,884 | 1 | 100.00% | 3.9 | 4.2 | 0.20% |
| Carrefour Viladecans, Barcelona, Spain | Dec-19 | Core | 2,995 | 1 | 100.00% | 6.5 | 6.8 | 0.30% |
| Carrefour Cádiz, Cádiz, Spain | Dec-19 | Core | 3,142 | 1 | 100.00% | 5.7 | 6 | 0.20% |
| Carrefour Almería, Almería, Spain | Dec-19 | Core | 2,528 | 1 | 100.00% | 4.4 | 4.7 | 0.20% |
| LOGISTICS | | | | | | | | |
| Lesquin, Lille, France | Nov-16 | Core | 10,292 | 1 | 100.00% | 15.9 | 30.3 | 1.20% |
| Ceva Ontigola, Toledo, Spain | Mar-17 | Core | 35,646 | 1 | 100.00% | 35.5 | 49.2 | 2.00% |
| Schiphol Trade Park, Amsterdam, The Netherlands | Sep-18 | Core | 36,918 | 5 | 100.00% | 56.9 | 91 | 3.70% |
| Muret, Toulouse, France | Jun-19 | Core | 39,455 | 1 | 100.00% | 45.8 | 53.9 | 2.20% |
| Villeneuve-la-Garenne, Paris, France | Jul-19 | Core | 22,709 | 1 | 100.00% | 55.5 | 82.7 | 3.40% |
| Saint-Laurent-de-Mure, Lyon, France | Jul-19 | Core | 27,522 | 1 | 100.00% | 31.9 | 49.4 | 2.00% |
| Montanstraße, Berlin, Germany | Sep-19 | Core | 17,251 | 8 | 85.60% | 29.3 | 34.9 | 1.40% |
| Redur Algete, Madrid, Spain | Mar-20 | Core | 47,829 | 1 | 100.00% | 39.1 | 48.6 | 1.90% |
| Zinken, Norrköping, Sweden | Jul-20 | Core | 22,966 | 1 | 100.00% | 11.2 | 14.1 | 0.60% |
| Kardinalmärket, Norrköping, Sweden | Jul-20 | Core | 47,951 | 1 | 100.00% | 44.3 | 53.7 | 2.20% |
| Sybon, Norrköping, Sweden | Jul-20 | Core | 21,450 | 1 | 100.00% | 10 | 11.9 | 0.50% |
| Händelö, Norrköping, Sweden | Jul-20 | Core | 29,509 | 1 | 100.00% | 26.3 | 31.6 | 1.30% |
| Seratedt, Hanover, Germany | Aug-20 | Core | 28,649 | 1 | 100.00% | 45.9 | 66 | 2.60% |
| Pacamoor Park, Bolton, UK | Dec-20 | Core | 33,301 | n/a | 100.00% | 18 | 75.6 | 3.00% |
| Verona South, Italy | Dec-20 | Non-Core | 68,250 | n/a | n/a | 19 | 31 | 1.20% |
| SG1 & SG2 San Giorgio, Italy | Dec-20 | Core | 45,900 | 1 | 100.00% | 39.5 | 55.2 | 2.20% |
| Pillingen, Örebro, Sweden | Jan-21 | Core | 18,378 | 1 | 100.00% | 25.5 | 29.7 | 1.20% |
| Sörred, Gothenburg, Sweden | Feb-21 | Non-Core | 20,100 | 1 | 17.20% | 26 | 30.8 | 1.20% |
| Orninen Logistics, Hyvinkää, Finland | May-21 | Core | 29,697 | 1 | 100.00% | 86 | 90.8 | 3.60% |
| Engelenlaan 11, Maastricht Airport, The Netherlands | Sep-21 | Core | 1,622 | 1 | 100.00% | 4 | 3.9 | 0.20% |
| Elnaerweg 6, Deventer, The Netherlands | Sep-21 | Core | 1,631 | 1 | 100.00% | 4.6 | 4.4 | 0.20% |
| Vulcanus 24, Hoogeveen, The Netherlands | Sep-21 | Core | 1,631 | 1 | 100.00% | 3.3 | 3.2 | 0.10% |
| Kanaaldijk Noord 125, Eindhoven, The Netherlands | Dec-21 | Core | 1,631 | 1 | 100.00% | 5 | 5.2 | 0.20% |
| Heliotrooppring 200, Deventer, The Netherlands | Dec-21 | Core | 1,630 | 1 | 100.00% | 5.3 | 5.4 | 0.20% |
| Nering Bogelweg 121, Deventer, The Netherlands | Dec-21 | Core | 2,995 | 1 | 100.00% | 7.4 | 7 | 0.30% |
| Bohemenstraat 35, Zwolle, The Netherlands | Dec-21 | Core | 1,630 | 1 | 100.00% | 4.5 | 4.5 | 0.20% |
| ALTERNATIVES—LIVING | | | | | | | | |
| Unioninkatu 14, Helsinki, Finland | Jul-17 | Core | 6,652 | 1 | 100.00% | 16 | 38.6 | 1.50% |
| The Keel, Liverpool, U.K. | Aug-18 | Core | 15,877 | 225 | 90.90% | 52.7 | 61 | 2.40% |
| Brunnsgatan, Stockholm, Sweden | Jul-19 | Non-Core | 25,395 | n/a | n/a | 33.4 | 44.6 | 1.80% |
| Trilogy, Manchester, U.K. | Sep-21 | Core | 16,437 | 225 | 94.20% | 63 | 65.8 | 2.60% |
| BECPF PORTFOLIO AT Q4 2021 | | | 1,003,672 | 796 | 88.80% | 2,147.50 | 2,492.7 [1] | 100.00% |

As of December 31, 2021.

1. Fair Value for the fund differs from Fair Value of properties due to the Fund holding less than 100% of the Hamburg and St Martin assets.

## C. Directory

| | |
|---|---|
| **Partnership** | Barings European Core Property Fund SCSp SICAV-SIF<br>6, rue Eugène Ruppert<br>L-2453 Luxembourg<br>Grand Duchy of Luxembourg |
| **General Partner** | Barings European Core Property Fund GP S.à r.l.<br>6, rue Eugène Ruppert<br>L-2453 Luxembourg<br>Grand Duchy of Luxembourg |
| **Board of Managers of the General Partner** | Neil Robertson<br>Pietro Longo<br>William Gilson |
| **AIFM** | Barings International Fund Managers (Ireland) Limited<br>70 Sir John Rogerson's Quay<br>Dublin 2<br>Ireland |
| **Investment Adviser** | Baring Asset Management Limited<br>20 Old Bailey<br>London<br>EC4M 7BF<br>United Kingdom |
| **Administrator** | Intertrust (Luxembourg) S.à r.l.<br>6, rue Eugène Ruppert<br>L-2453 Luxembourg<br>Grand Duchy of Luxembourg |
| **Depositary** | ING Luxembourg S.A.<br>26, Place de la Gare<br>L-2965 Luxembourg<br>Grand Duchy of Luxembourg |
| **Auditors** | KPMG Luxembourg Société Anonyme<br>39, avenue John F. Kennedy<br>L-1855 Luxembourg<br>Grand Duchy of Luxembourg |
| **Legal Advisers** | Linklaters LLP<br>One Silk Street<br>London<br>EC2Y 8HQ<br><br>35, avenue John F. Kennedy<br>L-1855 Luxembourg<br>Grand Duchy of Luxembourg |

**Barings European Core Property Fund SCSp SICAV-SIF**
Société en Commandite Spéciale
Société d'investissement à capital variable
Fonds d'investissement spécialisé

6, Rue Eugène Ruppert
L-2453 Luxembourg

RCS Luxembourg B 201.402

# Consolidated financial statements for the year ended 31 December 2021 with the Report of the Réviseur d'Entreprises Agréé thereon

Barings European Core Property Fund SCSp SICAV-SIF
*Société en Commandite Spéciale*
*Société d'investissement à capital variable*
*Fonds d'investissement spécialisé*

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**KPMG Luxembourg, Société anonyme**
39, Avenue John F. Kennedy
L-1855 Luxembourg

Tel.: +352 22 51 51 1
Fax: +352 22 51 71
E-mail: info@kpmg.lu
Internet: www.kpmg.lu

To the Partners of
Barings European Core Property Fund SCSp SICAV-SIF
19, rue Eugène Ruppert
L-2453 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### *Opinion*

We have audited the consolidated financial statements of Barings European Core Property Fund SCSp SICAV-SIF (the "Partnership") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to the Partners of the Partnership and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Partnership as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### *Emphasis of matter*

Without qualifying our opinion we draw our attention to the fact that established accounting principles in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union vary in certain significant respects from generally accepted accounting principles in the United States of America ("US GAAP"). Information relating to the nature and effect of such differences is presented in note 24 to the consolidated financial statements. Full requirements of US GAAP are not included in these consolidated financial statements.

### *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 "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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*Other information*

The Board of Managers of the General Partner is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the report of the activities of the partnership but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 this fact. We have nothing to report in this regard.

***Responsibilities of the Board of Managers of the General Partner for the consolidated financial statements***

The Board of Managers of 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 Board of Managers of 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 Board of Managers of the General Partner is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers of the General Partner either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

***Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements***

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" 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 skepticism throughout the audit. We also:

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers of the General Partner.

— Conclude on the appropriateness of the Board of Managers of the General Partner' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

Luxembourg, 10 June 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé

Joseph De Souza
Partner

# Consolidated statement of comprehensive income

| *in EUR* | Note | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|---|---|---|
| Revenue | 5 | 100,980,543 | 86,574,594 |
| Other operating income | | 892,233 | 443,624 |
| Operating expenses | 6 | (50,593,072) | (36,117,559) |
| **Operating result** | | **51,279,704** | **50,900,659** |
| Net change in fair value of investment property | 9 | 244,440,217 | 29,004,842 |
| Realised gain on disposal of investment property | 9 | 6,719,280 | 8,690,533 |
| Net change in fair value of derivative financial instruments | 11 | (6,561,441) | (4,611,335) |
| Finance income | 7 | 210,591 | 249,505 |
| Distributions to Limited Partners | 14 | (65,068,134) | (41,700,000) |
| Finance costs | 7 | (7,919,599) | (10,769,502) |
| **Profit before income tax** | | **223,100,618** | **31,764,702** |
| Income tax expense | 8 | (34,192,153) | (12,788,546) |
| **Profit for the year** | | **188,908,465** | **18,976,156** |
| **Other comprehensive income** | | | |
| **Items that may be subsequently reclassified to profit/(loss)** | | | |
| Foreign currency translation | | (1,810,008) | 1,863,357 |
| Dividends (Non-controlling interests) | | (1,530,001) | - |
| **Other comprehensive income for the year** | | **(3,340,009)** | **1,863,357** |
| **Total comprehensive income for the year** | | **185,568,456** | **20,839,513** |
| **Profit attributable to:** | | | |
| - Partners of the Partnership | | 187,999,741 | 18,404,755 |
| - Non-controlling interests | | 908,724 | 571,401 |
| **Total comprehensive income attributable to:** | | | |
| - Partners of the Partnership | | 186,189,733 | 20,268,112 |
| - Non-controlling interests | | (621,277) | 571,401 |



The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated statement of financial position

| *in EUR* | Note | As at 31 December 2021 | As at 31 December 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment property | 9 | | |
| Investment property | | 2,431,912,302 | 1,739,851,386 |
| Investment property under construction | | 75,577,825 | 68,901,885 |
| Right of use asset | | 15,130,259 | 15,323,982 |
| Derivative financial instruments | 11 | 422,666 | 1,634 |
| | | **2,523,043,052** | **1,824,078,887** |
| **Current assets** | | | |
| Assets classified as held for sale | 10 | - | 69,000,000 |
| Trade and other receivables | 12 | 47,141,837 | 39,458,306 |
| Derivative financial instruments | 11 | 1,378,573 | 105,878 |
| Cash and cash equivalents | 13 | 241,077,321 | 117,357,533 |
| | | **289,597,731** | **225,921,717** |
| **Total assets** | | **2,812,640,783** | **2,050,000,604** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 15 | 471,765,757 | 349,251,203 |
| Derivative financial instruments | 11 | 493,646 | 2,000,815 |
| Performance fee payable | 16 | 828,742 | - |
| Tenant deposits | | 7,268,779 | 6,934,161 |
| Lease liability | 9 | 14,218,621 | 14,950,159 |
| Deferred tax liabilities | 8 | 45,330,263 | 26,111,629 |
| | | **539,905,808** | **399,247,967** |
| **Current liabilities** | | | |
| Borrowings | 15 | 57,299,621 | 61,730,307 |
| Derivative financial instruments | 11 | 4,720,401 | 7,033,306 |
| Tenant deposits | | - | 603,797 |
| Lease liability | 9 | 911,638 | 373,823 |
| Trade and other payables | 16 | 52,307,551 | 68,862,964 |
| Deferred income | 17 | 7,958,017 | 5,695,962 |
| | | **123,197,228** | **144,300,159** |
| **Total liabilities** | | **663,103,036** | **543,548,126** |
| Net assets attributable to the Partners of the Partnership | | 2,143,093,245 | 1,499,386,699 |
| Non-controlling interests | | 6,444,502 | 7,065,779 |
| **Total net assets** | | **2,149,537,747** | **1,506,452,478** |



The accompanying notes are an integral part of these consolidated financial statements.

Barings European Core Property Fund SCSp SICAV-SIF
*Société en Commandite Spéciale*
*Société d'investissement à capital variable*
*Fonds d'investissement spécialisé*

# Consolidated statement of changes in net assets attributable to the Partners of the Partnership

For the year ended 31 December 2021

| *in EUR* | General Partner | Limited Partners | Translation reserves | Retained earnings | Net assets attributable to the Partners of the Partnership | Non-controlling interests | Total Net Assets |
|---|---|---|---|---|---|---|---|
| **Net assets attributable to the Partners of the Partnership as at 1 January 2021** | 1 | 1,352,821,598 | (5,981,977) | 152,547,077 | 1,499,386,699 | 7,065,779 | 1,506,452,478 |
| **Contributions and redemptions** | | | | | | | |
| Limited Partners' capital contribution for the year | - | 487,517,813 | - | - | **487,517,813** | - | 487,517,813 |
| Limited Partners' capital redemption for the year | - | (30,001,000) | - | - | **(30,001,000)** | - | (30,001,000) |
| **Total transactions with Partners of the Partnership** | - | **457,516,813** | - | - | **457,516,813** | - | **457,516,813** |
| Results for the year | - | - | - | 187,999,741 | **187,999,741** | 908,724 | 188,908,465 |
| Other comprehensive income | - | - | (1,810,008) | - | **(1,810,008)** | - | (1,810,008) |
| Dividends | - | - | - | - | - | (1,530,001) | (1,530,001) |
| **Total comprehensive income** | - | - | **(1,810,008)** | **187,999,741** | **186,189,733** | **(621,277)** | **185,568,456** |
| **Net assets attributable to the Partners of the Partnership as at 31 December 2021** | 1 | 1,810,338,411 | (7,791,985) | 340,546,818 | 2,143,093,245 | 6,444,502 | 2,149,537,747 |



The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated statement of changes in net assets attributable to the Partners of the Partnership (Continued)

For the year ended 31 December 2020

| *in EUR* | General Partner | Limited Partners | Translation reserves | Retained earnings | Net assets attributable to the Partners of the Partnership | Non-controlling interests | Total Net Assets |
|---|---|---|---|---|---|---|---|
| **Net assets attributable to the Partners of the Partnership as at 1 January 2020** | 1 | 1,174,611,233 | (7,845,334) | 134,142,322 | 1,300,908,222 | 6,494,378 | 1,307,402,600 |
| **Contributions and redemptions** | | | | | | | |
| Limited Partners' capital contribution for the year | - | 213,210,365 | - | - | **213,210,365** | - | 213,210,365 |
| Limited Partners' capital redemption for the year | - | (35,000,000) | - | - | **(35,000,000)** | - | (35,000,000) |
| **Total transactions with Partners of the Partnership** | - | 178,210,365 | - | - | 178,210,365 | - | 178,210,365 |
| Results for the year | - | - | - | 18,404,755 | **18,404,755** | 571,401 | 18,976,156 |
| Other comprehensive income | - | - | 1,863,357 | - | **1,863,357** | - | 1,863,357 |
| **Total comprehensive income** | - | - | 1,863,357 | 18,404,755 | 20,268,112 | 571,401 | 20,839,513 |
| **Net assets attributable to the Partners of the Partnership as at 31 December 2020** | 1 | 1,352,821,598 | (5,981,977) | 152,547,077 | 1,499,386,699 | 7,065,779 | 1,506,452,478 |



The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated statement of cash flows

| | Note | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax | | 223,100,618 | 31,764,702 |
| **Adjustments for:** | | | |
| Net change in fair value of investment property* | 9 | (244,633,940) | (29,004,842) |
| Realised gain on disposal of investment property | 9 | (6,719,280) | (12,652,010) |
| Net changes in fair value of derivatives | 11 | (6,561,441) | 4,611,335 |
| Amortisation of tenant lease incentives | | (631,454) | (5,578,069) |
| Distributions to Limited Partners** | 14 | 63,538,133 | 41,700,000 |
| Net finance cost | 7 | 7,709,008 | 10,768,578 |
| **Changes in operating working capital:** | | | |
| (Increase) in trade and other receivables | | (7,699,579) | (6,717,719) |
| Increase / (Decrease) in trade and other payables | | (16,428,047) | 39,574,878 |
| Increase / (Decrease) in tenant deposits | | (269,179) | 373,258 |
| Increase in deferred income | | 2,261,091 | 1,003,570 |
| **Cash used in operating activities** | | **13,665,930** | **75,843,681** |
| Interest paid | | (5,753,874) | (5,110,420) |
| Income tax paid | | (8,394,552) | (3,014,110) |
| **Net cash (used in)/from operating activities** | | **(482,496)** | **67,719,151** |
| **Cash flows from investing activities** | | | |
| Capital expenditure | 9 | (60,089,977) | (4,033,881) |
| Transaction costs | 9 | (18,443,902) | (25,490,376) |
| Acquisition of investment property (net of borrowings acquired) | 9 | (652,942,336) | (332,516,876) |
| Acquisition of investment property under construction | 9 | (8,656,548) | (27,159,624) |
| Disposal of investment properties | 9, 10 | 357,528,417 | 154,741,520 |
| **Net cash used in investing activities** | | **(382,604,346)** | **(234,459,237)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of Limited Partnership interests | 14 | 487,517,813 | 213,210,365 |
| Redemption of Limited Partnership Interests | 14 | (30,001,000) | (35,000,000) |
| Distribution to Limited Partners | 14 | (65,068,134) | (41,700,000) |
| Lease rental paid | 9 | (382,999) | - |
| Proceeds from borrowings | 15 | 178,264,146 | 99,104,881 |
| Repayments of borrowings | 15 | (61,694,492) | (11,232,812) |
| Payments for debt issue costs | | (809,298) | (971,348) |
| Settlement of derivatives | 11 | 34,976 | (659,676) |
| **Net cash flows from financing activities** | | **507,861,012** | **222,751,410** |
| **Net (decrease)/increase in cash and cash equivalents** | | **124,774,171** | **56,011,324** |
| Cash and cash equivalents at the beginning of the year | | 117,357,533 | 66,316,613 |
| Exchange gain on cash and cash equivalents | | (1,054,383) | (4,970,404) |
| **Cash and cash equivalents at the end of the year** | 13 | **241,077,321** | **117,357,533** |

**Excluding lease incentives*
*** Net of NCI*



The accompanying notes are an integral part of these consolidated financial statements.

## NOTE 1 - GENERAL INFORMATION

Barings European Core Property Fund SCSp SICAV-SIF (individually and with its subsidiaries referred to as the Partnership") is a special limited partnership (société en commandite spéciale), which was formed in Luxembourg on 30 October 2015 for an unlimited period. On 20 September 2016, the Commission de Surveillance du Secteur Financier ("CSSF") approved the Partnership as a société d'investissement à capital variable – fonds d'investissement spécialisé under the law of 13 February 2007, as amended ("the SIF law"). The Partnership's registered office is 6, rue Eugène Ruppert, L-2453 Luxembourg. The Partnership is registered with the Luxembourg Trade and Company Register under number B 201.402.

The purpose of the Partnership is the holding (including the administration, management and development) and disposal of securities or interests in Luxembourg and/or in foreign companies and undertakings in its own name and own account.

The Partnership may provide financing in any other kind or form or grant guarantees or security in any kind or form, in favour of the companies and undertakings forming part of the Partnership of which the Partnership is a member.

The Partnership may borrow in any kind or form without limitation and privately issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights.

In a general fashion, the Partnership may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its objectives.

The Partnership's financial year starts 1 January and ends on 31 December each year.

The purpose of the Partnership is the holding of investment property in pan - European countries in order to generate rental income and/or for capital appreciation.

The Partnership is managed by Barings European Core Property Fund GP S.à r.l. ("the General Partner"). As a special limited partnership, the Partnership has two different categories of partners: the General Partner and the Limited Partners.

*(i) General Partner*

The General Partner shall be the only general partner of the Partnership. The General Partner is vested with the broadest powers to determine corporate policy and the course and conduct of the management affairs of the Partnership and shall have exclusive responsibility for the management and control of the business of the Partnership and the application of the assets of the Partnership and shall have full power and authority to bind the Partnership and to do all things necessary to carry out the purposes of the Partnership.

In particular, the General Partner shall have full power and authority (exercisable in its absolute discretion), on behalf of the Partnership and so as to bind the Partnership and without prior consultation with any of the Limited Partners or Barings European Core Property Fund LP S.à r.l (the " Managing Limited Partner"), to:

- manage the investment of cash from time to time comprised in the assets of the Partnership;
- identify, evaluate, negotiate and arrange investment opportunities consistent with the investment policy of the Partnership and to purchase, sell, exchange or otherwise dispose of Investments or any part thereof for the account of the Partnership and to exercise or omit to exercise voting and other rights in respect of Investments;
- receive, on behalf of the Partnership, Capital Contributions made by Limited Partners and to receive investment income and other monies arising from Investments;
- issue Drawdown Notices;

**NOTE 1 - GENERAL INFORMATION (continued)**

*(i) General Partner (continued)*

- receive and apply any distributions in accordance with the terms of the Limited Partnership Agreement ("LPA").

*(ii) Managing Limited Partner*

The Managing Limited Partner shall be entitled to internally manage the business and affairs of the Partnership to the same extent as the General Partner. Within exercising its power to internally manage the business and affairs of the Partnership, the Managing Limited Partner shall be bound to the same limitation as the General Partner. In case of disagreement, the views of the General Partner shall prevail.

None of the Limited Partners (including the Managing Limited Partner) shall be entitled to participate in the external management (representation) of the business and affairs of the Partnership or to interfere in such external management.

*(iii) Limited Partners*

The Limited Partners shall not take any part in the management or control of the business and affairs of the Partnership nor have any right or authority to act for or to bind the Partnership or to take part or in any way to interfere in the conduct or management of the Partnership or to vote on matters relating to the Partnership other than as provided in the law of 10 August 1915 on commercial companies, as amended ("the 1915 Law") or as set forth in the LPA.

The Partnership appointed Baring International Fund Managers (Ireland) Limited ("BIFMI"), an Irish authorised Alternative Investment Fund Manager, as the Alternative Investment Fund Manager ("AIFM") of the Partnership.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

The Partnership's consolidated financial statements for the year ended 31 December 2021 and 31 December 2020 have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), issued and effective as at 31 December 2021 and 31 December 2020, respectively.

**2.2 Basis of preparation**

The consolidated financial statements have been prepared on a going concern and on historical cost basis except for:

- Derivative financial instruments held at fair value through profit or loss;
- Investment property, measured at fair value;
- Right of use asset.
- Assets held for sale.

The consolidated financial statements are presented in euro ("EUR") rounded to the nearest EUR except where otherwise indicated.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Foreign currency translation

*(i) Functional and presentation currency*

The Partnership's presentation currency is EUR which is also the Partnership's functional currency. The following table shows the functional currency of each Partnership subsidiary whose functional currency is other than EUR:

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| Name of the Partnership subsidiary | Functional currency | Closing exchange rate | Average exchange rate | Closing exchange rate | Average exchange rate |
| Barings Core Fund Davidson S.à r.l. | GBP | 0.8402 | 0.8597 | 0.8956 | 0.9027 |
| Barings Core Fund Keel Property S.à r.l. | GBP | 0.8402 | 0.8597 | 0.8956 | 0.9027 |
| Barings Core Fund Keel Property II S.à r.l. | GBP | 0.8402 | 0.8597 | N/A | N/A |
| Barings Core Fund Keel Operating Limited | GBP | 0.8402 | 0.8597 | 0.8956 | 0.9027 |
| MREF III Manchester Property S.àr.l. | GBP | 0.8402 | 0.8597 | N/A | N/A |
| Ellesmere Manchester Operations Limited | GBP | 0.8402 | 0.8597 | N/A | N/A |
| Barings Core Fund Sweden S.à r.l. | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Sweden Holding AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Stockholm 1 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Malmö AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Bromstenstaden Holding AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| ECF Bromstenstaden 1 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| ECF Bromstenstaden 2 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| ECF Bromstenstaden 3 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| ECF Bromstenstaden 4 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| ECF Bromstenstaden 5 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| ECF Bromstenstaden 6 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Norrköping Holding AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Kardinalmärket 1 AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Kardinalmärket 1 AB | SEK | N/A | N/A | 10.0433 | 10.26152 |
| Barings Core Fund KB Sveterm Holding AB | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| KB Sveterm | SEK | 10.2863 | 10.1455 | 10.0433 | 10.26152 |
| Barings Core Fund Sweden Pilängen AB | SEK | 10.2863 | 10.1455 | N/A | N/A |
| Broadgate Holding AB | SEK | 10.2863 | 10.1455 | N/A | N/A |
| Barings Core Fund Sörred MergCo AB | SEK | 10.2863 | 10.1455 | N/A | N/A |

** Pounds Sterling ("GBP") and Swedish Krona ("SEK").*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3 Foreign currency translation (continued)**

*(ii) Foreign currency transactions and balances*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated statement of financial position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the consolidated statement of comprehensive income within 'finance income' or 'finance costs'. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Realised foreign exchange results on intercompany transactions are also shown with Finance costs or Finance income.

*(iii) Foreign operations*

The results and financial position of the subsidiaries that are consolidated and that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- All resulting exchange differences are recognised in the consolidated statement of comprehensive income;
- Items that are not part of the net investment in foreign operations (whereas net investments in foreign operations are items for which settlement is neither expected nor planned in the foreseeable future) are treated like monetary items and any exchange differences are recognise in the consolidated statement of comprehensive income within finance cost or finance income.

On the disposal of a foreign operation (a disposal of the Partnership's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in the currency translation reserve in respect of that operation attributable to the Partners of the Partnership are reclassified to the consolidated statement of comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**2.4 Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Partnership and its subsidiaries as at 31 December 2021. Control is achieved when the Partnership is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Partnership controls an investee if, and only if, the Partnership has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its return.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 Basis of Consolidation (continued)**

*(i) Subsidiaries*

Subsidiaries are all entities controlled by the Partnership. Control is presumed to exist when the Partnership 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 other entities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Partnership loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related components of net assets. Any resulting gain or loss is recognized in the consolidated statement of comprehensive income.

*(ii) Consolidation methodology*

The following treatments are applied on consolidation:

- The carrying amount of the parent's investment in each subsidiary and the parent's portion of the equity of each subsidiary are eliminated;
- In the consolidated statement of financial position, non-controlling interests in the net assets of subsidiaries are identified and reported separately in the caption "Non-controlling interests";
- If a subsidiary's assets and liabilities do not constitute a business as defined by IFRS, the transaction is accounted as an asset acquisition. No goodwill is recognised;
- Intra-Partnership balances and transactions and any unrealised income and expenses arising from intra-Partnership transactions are eliminated in full;
- Gains on bargain purchases arise if the acquisition cost of a subsidiary is lower than the fair value of the assets and liabilities acquired where that acquisition is considered a business combination. This gain will be recorded in the consolidated statement of comprehensive income of the Partnership.

The consolidated financial statements are prepared applying uniform accounting policies to like transactions and other events in similar circumstances.

All entities included in the consolidation scope have their financial year ended on 31 December.

*(iii) Non-controlling interest ("NCI")*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*(iv) Scope of consolidation*

| **Entity fully consolidated :**<br>**Name of entity** | **Principal place of Business** | **% of ownership 2021** | **% of ownership 2020** |
|---|---|---|---|
| Barings European Core Property Fund S.C.Sp. SICAV-SIF | Luxembourg | Parent company | Parent company |
| Barings European Core Property Fund TopCo S.C.A. | Luxembourg | 100% | 100% |
| Barings Core Fund Davidson S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Sweden S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Hamburg S.à r.l. | Luxembourg | 94.90% | 94.90% |

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Basis of Consolidation (continued)

*(iv) Scope of consolidation (continued)*

| **Entity fully consolidated : Name of entity** | **Principal place of Business** | **% of ownership 2021** | **% of ownership 2020** |
|---|---|---|---|
| Barings Core Fund Spain S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Italy S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Mannheim S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Amstel S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Canopy A S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Canopy B S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Schiphol S.à r.l. | Luxembourg | 100% | 100% |
| Barings European Core Property Fund TopCo II S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Coldplay S.à r.l | Luxembourg | 100% | 100% |
| Barings Core Fund Keel Property II S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Keel Property S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Sarstedt S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Kehl Auenheim S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Bolton S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Gotha S.à r.l. * | Luxembourg | - | 100% |
| Barings Core Fund Bielefeld S.à r.l. * | Luxembourg | - | 100% |
| Barings Core Fund Montanstrasse S.à r.l. | Luxembourg | 100% | 100% |
| Barings European Core Property Fund TopCo 3 S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund MFH S.à r.l. | Luxembourg | 100% | 100% |
| Barings Core Fund Schiphol A S.à r.l. *** | Luxembourg | 100% | 100% |
| MREF III Manchester Property S.à r.l. | Luxembourg | 100% | - |
| Barings Core Fund Capital House S.à r.l. | Luxembourg | 100% | - |
| Barings Core Fund Transaction 3 S.àr.l. | Luxembourg | 100% | - |
| Barings Core Fund Eisenberg S.àr.l. | Luxembourg | 100% | - |
| St. Martin Tower S.à r.l. ** | Luxembourg | 89.90% | 89.90% |
| Barings Core Fund Stein S.à r.l. | Luxembourg | 100% | - |
| Barings Core Fund Hub S.à r.l. | Luxembourg | 100% | - |
| Barings Core Fund Hanau S.à r.l. | Luxembourg | 100% | - |
| Barings Core Fund Mediapark6 S.à r.l. | Luxembourg | 100% | - |
| F10 Spree S.à r.l. *** | Luxembourg | 100% | - |
| Barings Core Fund Helsinki Oy | Finland | 100% | 100% |
| Kiinteisto Oy Unioninkatu 14 | Finland | 100% | 100% |
| Barings Core Fund Hyvinkää Holding Oy | Finland | 100% | - |
| Niinistönkatu 16 Property Oy | Finland | 100% | - |
| Barings Core Fund Lille SCI | France | 100% | 100% |
| Barings Core Fund Lille SAS | France | 100% | 100% |
| Barings European Core Property Fund France SPPICAV | France | 100% | 100% |
| Barings Core Fund Nanteuil SCI | France | 100% | 100% |
| Barings Core Fund SLM SCI | France | 100% | 100% |
| Barings Core Fund VLG SCI | France | 100% | 100% |
| Barings Core Fund Migne SCI | France | 100% | 100% |
| Barings Core Fund Toulouse SCI | France | 100% | - |
| Barings Core Fund Saint Maur SCI | France | 100% | - |

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Basis of Consolidation (continued)

*(iv) Scope of consolidation (continued)*

| **Entity fully consolidated : Name of entity** | **Principal place of Business** | **% of ownership 2021** | **% of ownership 2020** |
|---|---|---|---|
| Barings Core Spain SOCIMI S.A. | Spain | 100% | 100% |
| Barings Core Madrid S.L. | Spain | 100% | 100% |
| Barings Core Toledo S.L. | Spain | 100% | 100% |
| Barings Core Logrono S.L. | Spain | 100% | 100% |
| Barings Core Plaza S.L. * | Spain | - | 100% |
| Barings Core Logroño PSF S.L. | Spain | 100% | 100% |
| Barings Core M50 S.L. | Spain | 100% | 100% |
| Barings Core Crossroad S.L. | Spain | 100% | 100% |
| Barings Core Algete S.L. | Spain | 100% | 100% |
| Barings Core Fund Sweden Holding A.B | Sweden | 100% | 100% |
| Barings Core Fund Malmö A.B. | Sweden | 100% | 100% |
| Barings Core Fund Stockholm 1 AB | Sweden | 100% | 100% |
| ECF Bromstenstaden 1 AB | Sweden | 100% | 100% |
| ECF Bromstenstaden 2 AB | Sweden | 100% | 100% |
| ECF Bromstenstaden 3 AB | Sweden | 100% | 100% |
| ECF Bromstenstaden 4 AB | Sweden | 100% | 100% |
| ECF Bromstenstaden 5 AB | Sweden | 100% | 100% |
| ECF Bromstenstaden 6 AB | Sweden | 100% | 100% |
| Barings Core Fund Norrköping Holding AB | Sweden | 100% | 100% |
| Barings Core Fund Kardinalmärket AB | Sweden | 100% | - |
| Barings Core Fund Sweden Pilängen AB | Sweden | 100% | - |
| Broadgate Holding AB | Sweden | 100% | - |
| Barings Core Fund Sörred MergCo AB | Sweden | 100% | - |
| Barings Core Fund Kardinalmärket 1 AB | Sweden | 100% | 100% |
| Barings Core Fund KB Svetern Holding AB | Sweden | 100% | 100% |
| KB Svetem | Sweden | 100% | 100% |
| Barings Core Fund Bromstenstaden Holding AB | Sweden | 100% | 100% |
| Barings Core Fund Keel Operating Limited | United Kingdom | 100% | 100% |
| Ellesmere Manchester Operations Limited | United Kingdom | 100% | - |
| Borgo Uno S.r.l. | Italy | 100% | 100% |
| Barings European Core Property Fund Italy | Italy | 100% | 100% |
| Stef S.r.l. | Italy | 100% | 100% |

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.4 Basis of Consolidation (continued)**

*(iv) Scope of consolidation (continued)*

*On 18 October 2021, these entities were sold under project "Sonic".

**The entity was converted from St. Martin Tower GmbH to St. Martin Tower S.à r.l. on 6 October 2021.

***The entities Barings Core Fund Schiphol A S.à r.l. changed name to City Hub S.à r.l. and similarly F10 Spree S.à r.l. changed its name to Scope Berlin S.à r.l. on 10 March 2022.

**2.5 Investment property**

An investment property is a property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). An investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, an investment property is measured at fair value. The fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee. Gains and losses arising from changes in the fair value of investment property are included in consolidated statement of comprehensive income in the period in which they arise.

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

**2.6 Investment property under construction**

An investment property under construction is measured initially at cost, including transaction costs. Subsequent to initial recognition, an investment property under construction is measured at fair value. Gains and losses arising from changes in the fair value of investment property under construction are included in consolidated statement of comprehensive income in the period in which they arise.

**2.7 Assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such an asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When Management is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for investment property held for sale which is measured at its fair value.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Financial instruments**

*(i) Recognition and initial measurement*

All financial assets and financial liabilities are initially recognised when the Partnership becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*(ii) Classification and measurement*

**Financial assets**

Under IFRS 9, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of the financial assets under IFRS 9 is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

The Partnership classifies its financial assets in the following categories:

- at fair value through profit or loss ("FVTPL"); and
- measured at amortised cost.

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

- its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- at initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes the Partnership's trade and other receivables, cash and cash equivalents.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 Financial instruments (continued)

*(ii) Classification and measurement (continued)*

**Financial assets (continued)**

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. The Partnership uses interest rate swaps and foreign exchange forward to hedge its risks associated with interest and foreign exchange rates.

Financial assets are not reclassified subsequent to their initial recognition unless the Partnership 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.

**Financial liabilities**

All financial liabilities are recognised initially at fair value. This includes directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

*(iii) Derecognition and modification*

The Partnership derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Partnership neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Partnership is recognised as a separate asset or liability. Realised gain is calculated based on proceeds realised on disposal of investments less its cost. The cost is based on an average cost.

In transactions in which the Partnership neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Partnership continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Partnership derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Partnership recalculates the gross carrying amount of financial assets and recognises a modification gain or loss in profit or loss when the contractual cash flows are renegotiated or otherwise modified, and the renegotiation or modification does not result in the derecognition of that financial asset.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.8 Financial instruments (continued)**

*(iii) Derecognition and modification (continued)*

The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate.

In the context of IBOR reform, the Partnership's assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform Phase 2. As per the amendments issued by the IASB, the Facility does not derecognise a financial instrument which contractual cash flows are modified as a direct consequence from the reform and the change is economically equivalent to the previous basis for determining the contractual cash flows (i.e., the basis immediately before the change).

A contractual modification is deemed substantial if the discounted present value of the cash flows under the revised terms (discounted using the original effective interest rate) is at least 10% different from the discounted present value of the remaining cash flows of the original financial asset. Qualitative factors such as a change in the currency on which the financial asset is denominated and conversion features are also considered.

The Partnership updates the effective interest rate, without modifying the carrying amount of the financial instrument if the basis for determining the contractual cash flows of the financial instrument, measured at amortised cost, changes as a direct consequence from the reform and if the change is economically equivalent to the previous basis (i.e., the basis immediately before the change).

*(iv) Derivative financial instruments*

The Partnership holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in statement of comprehensive income.

*(v) Impairment*

The Partnership recognises loss allowances for expected credit loss ("ECLs") on financial assets measured at amortised cost.

The Partnership measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Partnership considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Partnership's historical experience and informed credit assessment and including forward-looking information.

The Partnership assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

*(v) Impairment (continued)*

The Partnership considers a financial asset to be in default:

- when the borrower is unlikely to pay its credit obligations to the Partnership in full, without recourse by the Partnership to actions such as realising assets (if any is held); or
- the financial asset is more than 90 days past due.

The Partnership considers its cash at bank to have low credit risk based on the external credit ratings of the financial institution with which cash is held.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Partnership is exposed to credit risk.

**2.9 Trade and other receivables**

Trade and other receivables are amounts due from tenants in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Partnership holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

**2.10 Cash and cash equivalents**

Cash comprises deposits with banks. Cash equivalents are short-term highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment.

**2.11 Borrowings**

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

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

**2.12 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Partnership's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### 2.14 Partnership interests

Partnership interests consist of the General Partner interest and Limited Partnership interests. Limited Partnership and General Partner interests are considered to be financial liabilities of the Partnership in accordance with IAS 32 Financial Instruments: Presentation. Limited Partnership interests together with the General Partner interest are presented under net assets attributable to Partners of the Partnership.

Contributed capital consists of three categories: the General Partnership Interests, the Managing Limited Partnership Interests and the Limited Partnership Interests.

Distributions to Limited Partners are recognised in the consolidated statement of comprehensive income.

Translation reserves are composed of foreign exchange differences arising from the translation of the accounts from local currency to presentation currency. Translation reserves are calculated based on the difference between the average rate and the closing rate.

Retained earnings include the consolidated result for the current year and for prior periods.

### 2.15 Revenue recognition

Rental income from investment property is recognised in consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as a reduction of the total rental income on a straight-line basis over the term of the lease.

Revenue includes rental income and service charge income.

The Partnership has implemented the 5 step approach for revenue. The steps are described as follows:

Step 1 - The Partnership identifies the contract with the tenants;

Step 2 - The Partnership identifies the performance obligations in the rental contract that defines revenue. This performance obligation requires rental and related services charges cashflows to be distinct (they are distinct if the tenant can benefit from the service on its own). This means a rental contract for a rental service that is required to operate an asset should be accounted for as revenue from one contract (instead of revenue from sale of an asset and sales of service) and allocated to the appropriate period.

Step 3 - requires the identification of the transaction price, this price needs to be adjusted for the time value of money if the contract includes a significant financing component;

Step 4 - demands the allocation of the transaction price to the performance obligations based on the stand-alone components of the contract. If these prices are non-observable the entity will estimate it; and

Step 5 - the revenue is recognised when the Partnership has satisfied its performance obligation towards its tenants.

The Partnership acts as a principal for service charge income as it controls the provision of the services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.15 Revenue recognition (continued)**

The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where The Board of Managers of the General Partner ("Management") is reasonably certain that the tenant will exercise that option. Service charges recoverable from tenants are recognised in the period in which the compensation becomes receivable.

The Partnership is the lessor in operating leases.

**2.16 Operating expenses**

Expenses are recognised in the consolidated statement of comprehensive income in the year in which they are incurred and are mainly comprised of marketing expenses, leasing fees, professional fees, service charge expenses, legal fees, management fees, advisory fees and other operating expenses.

**2.17 Finance income and costs**

Finance income and costs comprise interest income and expenses and are recognised using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

Realised foreign exchange results on intercompany transactions are also shown in finance cost or finance income.

Foreign exchange results that are not part of the net investment in foreign operations are also shown in finance costs or finance income.

**2.18 Income tax expense**

The income tax expense comprises current and deferred tax expense and is recognised in the consolidated statement of comprehensive income.

*(i) Current income tax*

Current income tax assets and liabilities are measured at the reporting date at the amount expected to be recovered from or paid to taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the date of the consolidated statement of financial position. Certain subsidiaries are subject to foreign taxes in respect to their net income and capital gains in their country of operation.

*(ii) Deferred income tax*

Deferred income tax assets and liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, with the following exceptions:

(a) Where the temporary difference arises from the initial recognition of goodwill, or of an asset, or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable income or loss;

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.18 Income tax expense (continued)**

*(ii) Deferred income tax (continued)*

(b) In respect of taxable temporary differences associated with investments in subsidiaries, 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; and

(c) Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the related asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the consolidated statement of financial position date.

**2.19 Leases**

**(a) The Partnership as a lessee**

The Partnership assesses whether a contract is or contains a lease, at inception of the contract. The Partnership recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Partnership recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Partnership uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right of use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. Subsequent to initial recognition, right of use assets which meet the definition of investment property are measure at fair value in accordance with note 2.5.

Right of use assets which meet the definition of investment property are presented together with investment property in the consolidated statement of financial position.

(b) **The Partnership as a lessor**

The Partnership enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the Partnership is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.19 Leases (continued)**

(b) **The Partnership as a lessor (continued)**

All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Partnership's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Partnership's net investment outstanding in respect of the leases.

**2.20 Adoption of new and revised IFRS**

**Amendments to IFRS that is mandatorily effective for annual period beginning on or after 1 January 2021**

In the current year the Partnership has adopted all new and revised IFRS effective as from 1 January 2021 that are relevant to its operations and have been endorsed by the EU.

The adoption of the standards and the new accounting policies did not have any material effect on the consolidated financial statements or performance of the Partnership for the year ended 31 December 2021.

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments issued on 27 August 2020, concluded the IASB response to the ongoing reform of IBOR and other interest rate benchmarks.

The amendments focus on the effects on financial statements when a Partnership replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. They provide practical relief from certain requirements of the standards.

In particular, those reliefs relate to modification of financial instruments, lease contracts or hedge relationships when a benchmark interest rate in a contract is replaced with a new alternative benchmark rate.

When the change to contractual cash flow of a financial instrument is the direct consequence of the interest rate benchmark reform and this change is performed on an economically equivalent basis, the Phase 2 amendments provide a practical expedient to update the effective interest rate to reflect the change without derecognising or adjusting the carrying amount of the financial instrument, The amendments also provide an exception to use a revised discount rate that reflects the change in interest when remeasuring a lease liability rate because of a modification required by the reform.

Finally, the Phase 2 amendments provide a series of reliefs from the hedge accounting requirements when the change is a direct consequence of the reform and is performed on economically equivalent basis. In particular, a company will not have to discontinue its hedge accounting solely because it makes changes required by the reform.

The partnership has performed an assessment to check the impact of this amendment and concluded that there is no material impact on the consolidated financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.20 Adoption of new and revised IFRS (continued)**

**Amendments to IFRS 16 – COVID-19 – Related Rent Concessions beyond 30 June 2021**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The Partnership has applied practical expedient to a rent concession provided to a tenant in current financial year and concluded that overall impact of such concession is not material.

**2.21 Standards issued but not yet effective**

At the date of authorisation of these consolidated financial statements, the followings Standards and Interpretations which have not been applied in these consolidated financial statements were in issue but not yet effective:

| | | **Effective for periods beginning on or after** |
|---|---|---|
| Amendments to IFRS 9 Financial Instruments | Fees in the '10 per cent' test for derecognition of financial liabilities | 1 January 2022 |
| Amendments to IFRS 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to IAS 8 | Definition of Accounting Estimates | 1 January 2023 |

The Partnership anticipates that the adoption of the above standards will have no material impact on the consolidated financial statements.

## NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

### 3.1 Critical accounting estimates and assumptions

The General Partner makes estimates and assumptions about the development of future events. Those estimates and assumptions which entail a significant risk of substantive adjustments in the book value of assets and liabilities over the next 12 months pertain to the following:

*(i) Income tax*

During the normal operation of the business, many transactions and calculations take place, for which the accurate calculation is uncertain. In the case that the final taxes after audit are different than the amounts initially posted, these differences will affect income tax and provisions for deferred tax during the year when the determination of tax differences took place.

Management believes that income tax and deferred taxes for the financial year have been estimated correctly and deferred taxes have been recognised to the extent that differences between accounting and taxable profits were considered to be temporary.

*(ii) Fair value of financial and non-financial assets*

When the fair values of financial and non-financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of the discounted cash flow and sensitivity analysis.

Changes in assumptions about these factors could affect the reported fair value of financial instruments in the consolidated statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument when available. To assess the significance of a particular input to the entire measurement, the Partnership performs sensitivity analysis or stress testing techniques.

*(iii) Business combination and acquisition of assets*

Where property is acquired, via corporate acquisition or otherwise, Management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of judgement is set out below.

A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. Although businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business.

The three elements of a business are defined as follows:

Input: Any economic resource that creates outputs, or has the ability to contribute to the creation of outputs when one or more processes are applied to it. Examples include non-current assets (including intangible assets or rights to use non-current assets), intellectual property, the ability to obtain access to necessary materials or rights and employees.

**NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**3.1 Critical accounting estimates and assumptions (continued)**

*(iii) Business combination and acquisition of assets (continued)*

Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs. Examples include strategic management processes, operational processes and resource management processes. These processes typically are documented, but the intellectual capacity of an organised workforce having the necessary skills and experience following rules and conventions may provide the necessary processes that are capable of being applied to inputs to create outputs. (Accounting, billing, payroll and other administrative systems typically are not processes used to create outputs).

Output: The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income (such as dividends or interest) or generate other income from ordinary activities.

In determining whether a particular set of activities and assets is a business, the Partnership assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

When an integrated set of activities and assets does not have outputs, an acquired process is considered substantive only if:

- It is critical to the ability to develop or convert an acquired input or inputs into outputs, and
- The inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process (or group of processes) and other inputs that it could develop or convert into outputs.

When an integrated set of activities and assets has outputs, an acquired process is considered substantive only if, when applied to an acquired input or inputs, it

- Is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce that has the necessary skills, knowledge, or experience to perform that process (or group of processes); or
- Significantly contributes to the ability to continue producing outputs and is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue to produce outputs.

The Partnership has opted to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

In the process of applying the Partnership's accounting policies, which are described in note 2, the management has assessed that no corporate acquisition carried out by the Partnership met the definition of business combination, since inception of the Partnership.

**NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**3.2 Fair value measurement**

Some of the Partnership's accounting policies require the measurement of the fair value for both financial and non-financial assets and liabilities. The Partnership has established a control framework with respect to the measurement of the fair values. This includes:

- Valuation team at Partnership, this team that monitors all fair values including the level 3 fair valuation;
- CBRE Limited is the valuator engaged to perform independent valuations for the Partnership.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Partnership uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable input.

The Partnership uses the following hierarchy for determining and disclosing the fair value of financial and non-financial instruments by valuation technique:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Partnership recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

There were no transfers between the different levels of the fair value hierarchy during the year.

The carrying value of trade and other receivables, cash and cash equivalents, tenant deposits and trade and other payables are deemed to approximate their fair value, due to their respective short-term nature. The carrying amount of borrowings approximates to fair value as the loans are with the third parties and terms agreed as per prevalent market rates.

The fair value of net assets attributable to the Limited Partners is calculated based on the net difference between total assets and all other liabilities of the Partnership. The net assets attributable to the Limited Partners and shares disclosed on the statement of financial position represent net assets that would be distributed in accordance with the Limited Partner Agreement in a theoretical liquidation scenario, at values reflected in the separate financial statements. The carrying amounts of net assets attributable to holders of interests approximate their fair values.

**NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**3.2 Fair value measurement (continued)**

The following table presents the Partnership's assets and liabilities that are measured at fair value as at 31 December 2021:

| *in EUR* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Non-financial Assets** | | | | |
| Investment property | - | - | 2,431,912,302 | **2,431,912,302** |
| Investment property under construction | - | - | 75,577,825 | **75,577,825** |
| **Financial Assets** | | | | |
| **Financial derivative instruments** | | | | |
| Interest rate swaps | - | 422,666 | - | **422,666** |
| Foreign exchange forwards | - | 1,378,573 | - | **1,378,573** |
| **Financial Liabilities** | | | | |
| **Financial derivative instruments** | | | | |
| Interest rate swaps | - | (818,965) | - | **(818,965)** |
| Foreign exchange forwards | - | (4,395,082) | - | **(4,395,082)** |
| **Total** | **-** | **(3,412,808)** | **2,507,490,127** | **2,504,077,319** |

The following table presents the Partnership's assets and liabilities that are measured at fair value as at 31 December 2020:

| *in EUR* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Non-financial Assets** | | | | |
| Investment property | - | - | 1,739,851,386 | **1,739,851,386** |
| Investment property under construction | - | - | 68,901,885 | **68,901,885** |
| Investment property classified as asset held for sale | - | - | 69,000,000 | **69,000,000** |
| **Financial Assets** | | | | |
| **Financial derivative instruments** | | | | |
| Interest rate swaps | - | 1,634 | - | **1,634** |
| Foreign exchange forwards | - | 105,878 | - | **105,878** |
| **Financial Liabilities** | | | | |
| **Financial derivative instruments** | | | | |
| Interest rate swaps | - | (2,035,791) | - | **(2,035,791)** |
| Foreign exchange forwards | - | (6,998,330) | - | **(6,998,330)** |
| **Total** | **-** | **(8,926,609)** | **1,877,753,271** | **1,868,826,662** |

**NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**3.2 Fair value measurement (continued)**

Impact of Brexit on fair value of the Investment Property

Following Brexit, the General Partner have maximised the use of the market data, where available, at the reporting date in order to determine the fair value of investment property.

The following table presents the changes in level 2 and 3 items for the year ended 31 December 2021:

| *in EUR* | **Investment property** | **Investment property under construction** | **Investment property classified as assets held for sale** | **Derivative financial instruments (net)** | **Derivative financial instrument associated with assets classified as held for sale** | **Total** |
|---|---|---|---|---|---|---|
| **Non-financial Assets** | | | | | | |
| Balance at the beginning of the year | **1,739,851,386** | **68,901,885** | **69,000,000** | - | - | **1,877,753,271** |
| Acquisitions | 652,942,336 | 8,656,548 | - | - | - | **661,598,884** |
| Transaction costs | 18,443,902 | - | - | - | - | **18,443,902** |
| Capitalised costs | 34,608,678 | 25,481,299 | - | - | - | **60,089,977** |
| Reclassifications between classes of investment property | 36,248,525 | (36,248,525) | - | - | - | - |
| Disposals | (286,661,300) | - | (69,000,000) | - | - | **(355,661,300)** |
| Foreign exchange differences | (7,902,676) | 1,195,424 | - | - | - | **(6,707,252)** |
| **Financial Assets/(Liabilities)** | - | - | - | - | - | - |
| Balance at the beginning of the year | - | - | - | (8,926,609) | - | **(8,926,609)** |
| Foreign exchange differences | - | - | - | (1,082,616) | - | **(1,082,616)** |
| Settlements | - | - | - | 34,976 | - | **34,976** |
| **Gains for the year recognised in profit or loss:** | | | | | | |
| Net change in fair value of investment property* | 244,381,452 | 7,591,194 | - | - | - | **251,972,646** |
| Net change in fair value of derivative financial instruments | - | - | - | 6,561,441 | - | **6,561,441** |
| **Total gains for the year recognised in profit or loss** | 244,381,452 | 7,591,194 | - | 6,561,441 | - | **258,534,086** |
| **Closing balance at 31 December 2021** | **2,431,912,302** | **75,577,825** | - | **(3,412,808)** | - | **2,504,077,319** |

** Including lease incentives*

**NOTE 3 – CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**3.2 Fair value measurement (continued)**

The following table presents the changes in level 2 and 3 items for the year ended 31 December 2020:

| *in EUR* | **Investment property** | **Investment property under construction** | **Investment property held for sale** | **Derivative financial instruments (net)** | **Derivative financial instrument associated with assets classified as held for sale** | **Total** |
|---|---|---|---|---|---|---|
| **Non-financial Assets** | | | | | | |
| Balance at the beginning of the year | **1,424,427,420** | **33,390,000** | **195,650,000** | - | - | **1,653,467,420** |
| Acquisitions | 332,516,876 | 27,159,624 | - | - | - | **359,676,500** |
| Transaction costs | 24,225,710 | 1,264,666 | - | - | - | **25,490,376** |
| Capitalised costs | 4,033,881 | - | - | - | - | **4,033,881** |
| Reclassifications between classes of investment property | (69,000,000) | - | 69,000,000 | - | - | - |
| Disposals | - | - | (199,500,000) | - | - | **(199,500,000)** |
| Foreign exchange differences | 6,797,637 | 3,295,225 | - | - | - | **10,092,862** |
| **Financial Assets/(Liabilities)** | | | | | | |
| Balance at the beginning of the year | - | - | - | (5,015,521) | (1,191,807) | **(6,207,328)** |
| Foreign exchange differences | - | - | - | 40,571 | - | **40,571** |
| Settlements | - | - | - | 659,676 | - | **659,676** |
| Reclassification | - | - | - | - | - | - |
| Disposals | - | - | - | - | 1,191,807 | **1,191,807** |
| **Gains for the year recognised in profit or loss:** | | | | | | |
| Net change in fair value of investment property* | 16,849,862 | 3,792,370 | 3,850,000 | - | - | **24,492,232** |
| Net change in fair value of derivative financial instruments | - | - | - | (4,611,335) | - | **(4,611,335)** |
| **Total gains/ (losses) for the year recognised in profit or loss** | 16,849,862 | 3,792,370 | 3,850,000 | (4,611,335) | - | **19,880,897** |
| **Closing balance at 31 December 2020** | **1,739,851,386** | **68,901,885** | **69,000,000** | **(8,926,609)** | - | **1,868,826,662** |

* *Including lease incentives*

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques. The significant methods and assumptions used in estimating the fair value are set out in the Note 9.

The fair value of derivative financial instruments is determined by the banks. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

There were no significant inter-relationships between unobservable inputs that materially affect fair values. The sensitivity analysis of derivatives is set out in the Note 11.

## NOTE 4 - FINANCIAL RISK MANAGEMENT

The Partnership's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk, fair value interest rate risks and price risk), credit risk, foreign currency risk and liquidity risk.

Risk management is carried out by applied policies approved from the Management. The Management provided written principles for overall risk management as well as written policies covering specific areas such as interest rate risks, credit risk and investment of excess liquidity.

*(i) Market Risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Partnership's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(ii) Foreign currency risk*

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Partnership undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Partnership's foreign currency denominated financial assets and liabilities at the end of the reporting year are as follows:

| **31 December 2021** | **Balances in EUR** | **Balances in GBP** Converted to EUR | **Balances in SEK** Converted to EUR |
|---|---|---|---|
| **Assets** | | | |
| Trade and other receivables | 31,914,763 | 7,858,618 | 6,195,443 |
| Cash and cash equivalents | 218,156,342 | 9,550,232 | 13,370,747 |
| **Total** | **249,958,205** | **17,408,850** | **19,566,190** |
| | | | |
| **Liabilities** | | | |
| Trade and other payables | 29,070,865 | 14,855,179 | 9,210,249 |
| Borrowings | 290,380,407 | 124,634,634 | 114,050,337 |
| **Total** | **319,451,272** | **139,489,813** | **123,260,586** |

As at 31 December 2020 the Partnership's financial assets and liabilities are included in the table categorised by original currency at their carrying amount as follows:

| **31 December 2020** | **Balances in EUR** | **Balances in GBP** Converted to EUR | **Balances in SEK** Converted to EUR |
|---|---|---|---|
| **Assets** | | | |
| Trade and other receivables | 28,943,480 | 852,414 | 2,283,728 |
| Cash and cash equivalents | 77,519,714 | 20,345,688 | 19,492,131 |
| **Total** | **106,463,194** | **21,198,102** | **21,775,859** |

**NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)**

*(ii) Foreign currency risk (continued)*

| **31 December 2020** | **Balances in EUR** | **Balances in GBP** Converted to EUR | **Balances in SEK** Converted to EUR |
|---|---|---|---|
| **Liabilities** | | | |
| Trade and other payables | 63,249,258 | 719,406 | 4,894,300 |
| Borrowings | 244,763,222 | 60,954,406 | 105,263,882 |
| **Total** | **308,012,480** | **61,673,812** | **110,158,182** |

The Partnership manages foreign currency risk on a Partnership basis. Management has set up a policy to require the Partnership subsidiaries to manage their foreign exchange risk against their functional currency.

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

The functional currency of the Partnership is the EUR; the functional currencies of the Partnership's principal subsidiaries are the EUR, SEK and GBP. The following table presents sensitivities of Consolidated Statement of other comprehensive income to reasonably possible changes in exchange rates applied at the financial position date relative to the functional currency of the respective Partnership entities, with all other variables held constant.

The following table considers only the most significant balances in the consolidated statement of financial position:

| **2021** | Profit or loss account | | Net Assets | |
|---|---|---|---|---|
| **Effect in EUR** | **+10%** | **-10%** | **+10%** | **-10%** |
| GBP (10% movement) | 955,023 | (955,023) | 2,277,481 | (2,277,481) |
| SEK (10% movement) | 1,337,075 | (1,337,075) | 1,553,766 | (1,553,767) |

| **2020** | Profit or loss account | | Net Assets | |
|---|---|---|---|---|
| **Effect in EUR** | **+10%** | **-10%** | **+10%** | **-10%** |
| GBP (10% movement) | 2,034,569 | (2,034,569) | 6,261,718 | (6,261,718) |
| SEK (10% movement) | 1,949,213 | (1,949,213) | 11,267,464 | (11,267,465) |

*(iii) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of 31 December 2021, the Partnership has entered into interest rate swap agreements with banks for each of its loans with variable interest rate. Refer to Note 11. As a result, the Partnership is not exposed to interest rate risk.

**NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)**

*(iv) Credit risk*

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed by the Partnership on local level by assessing the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

| *in EUR* | **As at 31 December 2021** | **As at 31 December 2020** |
|---|---|---|
| Trade and other receivables (excluding prepayments) | 23,571,996 | 15,739,753 |
| Derivative financial instruments | 1,801,239 | 107,512 |
| Cash and cash equivalents | 241,077,321 | 117,357,533 |
| **Maximum exposure to credit risk** | **266,450,556** | **133,204,798** |

The financial assets above are not overdue, not impaired as at 31 December 2021 (2020: not overdue, not impaired). Prepayments, and tax advances are not classified as financial assets.

*(a) Trade and other receivables*

Trade and other receivables (excluding value added tax ("VAT") receivables) are composed of rent and service charge receivables. Management considers there to be low risk of non-recoverability due to the good credit history of the tenants and assessment of forward-looking information. The analysis is based on the Partnership's historical experience and informed credit assessment.

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) by geographic region was as follows:

| *in EUR* | **As at 31 December 2021** | **As at 31 December 2020** |
|---|---|---|
| Spain | 3,449,276 | 4,103,144 |
| Sweden | 1,319,317 | 27,558 |
| France | 267,118 | 154,524 |
| The Netherlands | 1,831,848 | 3,089,952 |
| United Kingdom | 4,677,094 | 453,527 |
| Italy | 2,066,139 | 1,408,865 |
| Germany | 7,038,281 | 4,515,768 |
| Luxembourg | 2,831,664 | 1,923,082 |
| Finland | 91,259 | 63,333 |
| **Maximum exposure to credit risk by geographic region** | **23,571,996** | **15,739,753** |

The Partnership allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from Standard & Poor's rating agency or any other rating agency as the case may be.

**NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)**

***(iv) Credit risk (continued)***

*(a) Trade and other receivables (continued)*

The Partnership uses an allowance matrix to measure the expected credit loss of trade receivables from individual tenants. Expected credit loss rates are calculated separately for exposures in different segments based on the common credit risk characteristics such as geographic region or age of tenant relationship. Impairment loss allowance was immaterial as at 31 December 2021 and 31 December 2020, respectively.

*(b) Cash and cash equivalents*

Credit risk with respect to cash and cash equivalent is limited as the cash and cash equivalents are placed with reputable financial institutions and have the following ratings as disclosed in the table below. Based on the assessment, the expected credit loss for cash and cash equivalents as indicated by the ratings is immaterial.

| Standard & Poor's ratings | **2021** | **2020** |
|---|---|---|
| *Cash and cash equivalents:* | | |
| BGL BNP Paribas | A+ | A+ |
| Barclays | A | A |
| Nordea Bank AB | AA- | AA |
| Skandinaviska Enskilda Banken AB | A+ | A+ |
| Royal bank of Scotland | BBB | BBB |
| CA-CIB Finance / Credit Agricole | AA- | AA- |
| ING Bank N.V. | A+ | A+ |
| Société générale | A | A |
| Bankinter | BBB+ | BBB+ |
| Banco Santander | A+ | A |
| Banco Sabadell | BBB- | BBB |
| State Street Bank International GmbH | AA- | AA- |
| UniCredit SpA | BBB | BBB |
| Commerz Bank | BBB+ | A- |
| Rabobank | A+ | A+ |
| Intesa Sanpaolo | BBB | BBB |
| Caixa Bank | A- | BBB+ |
| Helaba | A | A |
| Santander | A+ | A+ |

*(c) Derivative financial instruments*

Credit risk with respect to derivative financial instruments is limited because the instrument's counterparty's credit risk is guaranteed by CA-CIB Finance Credit Agricole, Skandinaviska Enskilda Banken AB and ING Bank N.V. which had the following rating:

| Standard & Poor's ratings | **2021** | **2020** |
|---|---|---|
| ING Bank N.V. | A+ | A+ |
| Skandinaviska Enskilda Banken AB | A+ | A+ |
| CA-CIB Finance / Credit Agricole | AA- | AA- |

**NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)**

***(v) Liquidity risk***

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Partnership's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Partnership's reputation.

The Partnership manages liquidity risk by maintaining adequate cash balances and banking facilities, loans granted by the shareholders, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual future interest payments, taking into consideration the interest rate swap to fixed rate:

**As at 31 December 2021**

| *in EUR* | **Total** | **On demand and less than 1 month** | **From 1 to 3 months** | **From 3 to 12 months** | **From 12 months to 2 years** | **From 2 to 5 years** | **Later than 5 years** |
|---|---|---|---|---|---|---|---|
| Borrowings | **561,089,785** | 1,338,696 | 4,153,453 | 62,905,181 | 107,397,429 | 383,939,708 | 1,355,319 |
| Derivative financial instruments | **5,214,047** | - | - | 4,720,401 | 493,646 | - | - |
| Trade and other payables | **52,307,551** | 38,337,667 | 2,398,869 | 11,571,015 | - | - | - |
| Tenant deposits | **7,268,779** | - | 197,469 | 400,657 | 389,268 | 4,409,091 | 1,872,294 |
| Performance fee payable | **828,742** | - | - | - | - | 828,742 | - |
| **Total** | **626,708,905** | **39,676,363** | **6,749,791** | **79,597,254** | **108,280,343** | **389,177,541** | **3,227,613** |

**As at 31 December 2020**

| *in EUR* | **Total** | **On demand and less than 1 month** | **From 1 to 3 months** | **From 3 to 12 months** | **From 12 months to 2 years** | **From 2 to 5 years** | **Later than 5 years** |
|---|---|---|---|---|---|---|---|
| Borrowings | **437,852,714** | 1,271,432 | 1,848,681 | 65,927,723 | 38,178,840 | 329,221,754 | 1,404,284 |
| Derivative financial instruments | **9,034,121** | - | - | 7,033,306 | 673,143 | 1,327,672 | - |
| Trade and other payables | **68,862,964** | 21,918,984 | 2,160,798 | 44,783,182 | - | - | - |
| Tenant deposits | **7,537,958** | - | - | 603,797 | 5,187,112 | - | 1,747,049 |
| **Total** | **523,287,757** | **23,190,416** | **4,009,479** | **118,348,008** | **44,039,095** | **330,549,426** | **3,151,333** |

**NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)**

***(v) Liquidity risk (continued)***

The total capital drawn as at 31 December 2021 amounted to EUR 1,875,338,534 (31 December 2020: EUR 1,347,111,181). As per the LPA, the Limited Partners can request the redemption on a notice of at least 60 business days.

***(vi) Capital management***

Management's objectives when managing the capital of the Partnership are to safeguard the Partnership's ability to continue as a going concern in order to provide returns for the Partners of the Partnership and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital for the Partnership.

The capital structure of the Partnership consists of net external debt and partnership interests of the Partnership as disclosed in Notes 14 and 15 respectively.

In order to maintain or adjust the capital structure, the General Partner may adjust the amount of distributions paid to the Partners of the Partnership, return capital to Partners of the Partnership, issue new Partnership Interests or sell assets to reduce debt.

***(vii) Categories of Financial instruments***

The table below provides reconciliation of the line items in the Partnership's consolidated statement of financial position to the categories of financial instruments.

| 2021 | Financial assets/ liabilities at fair value through profit or loss<br>EUR | Financial assets/ liabilities at amortised cost<br>EUR | Total carrying amount<br>EUR |
|---|---|---|---|
| ***Financial assets*** | | | |
| Derivative financial instruments | 1,801,239 | - | 1,801,239 |
| Trade and other receivables | - | 23,571,996 | 23,571,996 |
| Cash and cash equivalents | - | 241,077,321 | 241,077,321 |
| | | | |
| ***Financial liabilities*** | | | |
| Borrowings | - | 529,065,378 | 529,065,378 |
| Derivatives financial liabilities | 5,214,047 | - | 5,214,047 |
| Tenant deposit | - | 7,268,779 | 7,268,779 |
| Lease liability | - | 15,130,259 | 15,130,259 |
| Trade and other payables | - | 41,565,640 | 41,565,640 |
| Net assets attributable to the Partners of the Partnership and Non-controlling interests | - | 2,149,537,747 | 2,149,537,747 |

**NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)**

***(vii) Financial instruments (continued)***

| 2020 | Financial assets/ liabilities at fair value through profit or loss EUR | Financial assets/ liabilities at amortised cost EUR | Total carrying amount EUR |
|---|---|---|---|
| ***Financial assets*** | | | |
| Derivative financial instruments | 107,512 | - | 107,512 |
| Trade and other receivables | - | 15,739,753 | 15,739,753 |
| Cash and cash equivalents | - | 117,357,533 | 117,357,533 |
| ***Financial liabilities*** | | | |
| Borrowings | - | 410,981,510 | 410,981,510 |
| Derivatives financial liabilities | 9,034,121 | - | 9,034,121 |
| Tenant deposit | - | 7,537,958 | 7,537,958 |
| Lease liability | - | 15,323,982 | 15,323,982 |
| Trade and other payables | - | 57,086,584 | 57,086,584 |
| Net assets attributable to the Partners of the Partnership and Non-controlling interests | - | 1,506,452,478 | 1,506,452,478 |

**NOTE 5 – REVENUE**

Revenue is composed of the rental income and service charge income generated through leasing of its investment properties. The split of the revenue by category is as follows:

| *in EUR* | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|---|---|
| Rental income | 88,680,328 | 73,720,608 |
| Service charge income | 12,300,215 | 12,853,986 |
| **Total revenue** | **100,980,543** | **86,574,594** |

The split of the revenue by country is as follows:

| *in EUR* | For the year ended 31 December 2021 | For the year ended 31 December 2020 |
|---|---|---|
| Sweden | 13,667,424 | 9,621,578 |
| United Kingdom | 10,347,670 | 5,701,760 |
| Germany | 23,609,243 | 23,177,357 |
| Italy | 8,362,284 | 8,047,616 |
| Spain | 21,560,426 | 20,967,759 |
| France | 10,044,280 | 9,346,138 |
| Finland | 4,406,461 | 1,462,028 |
| The Netherlands | 8,982,755 | 8,250,358 |
| **Total revenue** | **100,980,543** | **86,574,594** |

For the disclosure of future minimum lease payments under non-cancellable leases, please also refer to Note 21.

## NOTE 6 – OPERATING EXPENSES

| *in EUR* | **For the year ended 31 December 2021** | **For the year ended 31 December 2020** |
|---|---|---|
| Professional fees | 9,220,440 | 7,552,449 |
| Property related expenses (refer to below note) | 10,918,316 | 9,221,853 |
| Audit fees | 1,054,556 | 981,376 |
| Advisory fees | 1,048,061 | 565,376 |
| Asset management fees (refer to Note 19) | 8,016,007 | 6,263,715 |
| Property management fees | 2,067,259 | 2,353,068 |
| Insurance expenses | 1,219,503 | 1,036,525 |
| Depositary fees | 468,835 | 338,592 |
| Property taxes | 4,436,161 | 3,197,945 |
| Bank charges | 1,510,645 | 1,161,385 |
| Other expenses | 6,749,298 | 3,445,275 |
| Fund management fees | 3,883,991 | - |
| **Total operating expenses** | **50,593,072** | **36,117,559** |

**Property related expenses**

| *in EUR* | **For the year ended 31 December 2021** | **For the year ended 31 December 2020** |
|---|---|---|
| Direct operating expenses (including repairs and maintenance) non recoverable | 1,782,674 | 1,249,739 |
| Direct operating expenses (including repairs and maintenance) recoverable | 9,135,642 | 7,972,114 |
| **Total operating expenses** | **10,918,316** | **9,221,853** |

As at 31 December 2021 and 31 December 2020, the Partnership did not employ any full time staff.

## NOTE 7 – FINANCE INCOME AND COSTS

| *in EUR* | **For the year ended 31 December 2021** | **For the year ended 31 December 2020** |
|---|---|---|
| Foreign currency exchange gains | 123,674 | 248,581 |
| Bank interest income | 86,917 | 924 |
| **Finance income** | **210,591** | **249,505** |
| Interest expense on bank borrowings | (6,533,806) | (5,975,484) |
| Foreign currency exchange losses | - | - |
| Other financial charges | (1,385,793) | (4,794,018) |
| **Finance costs** | **(7,919,599)** | **(10,769,502)** |
| **Net finance costs** | **(7,709,008)** | **(10,519,997)** |

The distribution to Limited Partners of EUR 65,068,134 for year ended 2021 (2020: EUR 41,700,000) is recognized under statement of comprehensive income.

## NOTE 8 – INCOME TAX EXPENSE

| *in EUR* | **For the year ended 31 December 2021** | **For the year ended 31 December 2020** |
|---|---|---|
| Current income tax expense in respect of the current year | (8,394,552) | (3,014,110) |
| Deferred tax expense | (25,797,601) | (9,774,436) |
| **Total income tax expense** | **(34,192,153)** | **(12,788,546)** |

Effective tax rate reconciliation:

The income tax expense for the year can be reconciled to the accounting profit as follows:

| *in EUR* | **For the year ended 31 December 2021** | **For the year ended 31 December 2020** |
|---|---|---|
| Applicable tax rate | 24.94% | 24.94% |
| Profit before tax: | 223,100,618 | 31,764,702 |
| **Theoretical tax expense** | **(55,641,294)** | **(7,922,117)** |
| | | |
| Deferred tax assets not recognised | (1,821,299) | (839,135) |
| Income tax/ Expenses considered under different tax jurisdictions | 20,700,616 | 800,888 |
| Effects of non-deductible expenses in determining taxable profit | (16,227,993) | (10,399,980) |
| Income not subject to tax | 24,916,891 | 5,640,479 |
| Minimum tax payable in Luxembourg | (6,559,619) | (105,119) |
| Other | 440,545 | 36,438 |
| **Income tax expense** | **(34,192,153)** | **(12,788,546)** |

Deferred taxes:

The total deferred tax assets not recognised by the Partnership for the year ended 31 December 2021 amounts to EUR 1,821,299 (2020: EUR 3,243,401) and mainly relate to losses carried forward.

Deferred taxes relate to the following:

| | **Consolidated statement of financial position** | | **Consolidated statement of profit or loss** | |
|---|---|---|---|---|
| *In EUR* | **2021** | **2020** | **2021** | **2020** |
| Fair value on derivative financial instruments | (104,123) | 228,611 | (332,734) | 41,282 |
| Fair value on investment property | (45,226,140) | (26,340,240) | (25,464,867) | (9,659,984) |
| Other items | - | - | - | (155,734) |
| **Net deferred tax liabilities** | | | | |
| **Deferred tax expense** | **(45,330,263)** | **(26,111,629)** | **(25,797,601)** | **(9,774,436)** |

**NOTE 8 – INCOME TAX EXPENSE (Continued)**

Reflected in the consolidated statement of financial position as follows:

| *In EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Deferred tax liabilities | (45,330,263) | (26,111,629) |
| **Deferred tax liabilities** | **(45,330,263)** | **(26,111,629)** |
| Liabilities associated with assets classified as held for sale | - | - |
| **Deferred tax liabilities, net** | **(45,330,263)** | **(26,111,629)** |

The reconciling difference between the deferred tax assets and liabilities between the consolidated statement of comprehensive income and the consolidated statement of financial position arises from currency translation.

The following table reflects the applicable tax rate as per jurisdiction of the subsidiaries:

| | **2021** | **2020** |
|---|---|---|
| United Kingdom | 25.00% | 19.00% |
| Sweden | 20.60% | 20.60% |
| Luxembourg | 24.94% | 24.94% |
| Spain | 25.00% | 25.00% |
| Italy | 27.90% | 27.90% |
| Germany | 15.83% | 15.83% |
| Finland | 20.00% | 20.00% |
| France | 26.50% | 31.00% |
| The Netherlands | 25.80% | 25.00% |

As per acquisition date, a temporary difference existed between the purchase price and acquisition costs of the following investment properties and its tax base, for which no deferred taxation has been provided because of the initial recognition exemption. The unrecognised deferred tax liabilities as at 31 December 2021 and 31 December 2020 are as follows:

| *In EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Malmo Property | 4,184,589 | 4,287,162 |
| Hamburg Property | - | 1,383,993 |
| Borgo Uno Property | 2,516,775 | 2,480,692 |
| Finland Property | - | 2,655,595 |
| Berceo Property | - | 10,241,499 |
| Keel Property | 5,785,720 | 4,125,235 |
| Stockholm Property | 15,595,134 | 15,977,405 |
| St.Martin Property | 10,089,054 | 10,089,054 |
| Bromsten Property | 5,798,442 | 5,940,574 |
| Kardinalmärket Property | 6,484,566 | 6,643,517 |
| KB Svetern Properties | 5,357,203 | 5,488,520 |
| Barings Core Fund Kiinteistö Oy | 2,655,595 | - |
| Barings Core Fund Sweden Pilängen AB | 3,890,419 | - |
| Barings Core Fund Sörred Mergeco AB | 2,618,531 | - |
| Niininskatu Property OY | 3,825,930 | - |
| MREF III Manchester Property s.à r.l. | 5,324,946 | - |
| Barings Core Fund Hub s.a.r.l | 7,332,146 | - |
| F10 Spree | 5,409,094 | - |
| **Total** | **86,868,144** | **69,313,246** |

## NOTE 9 – INVESTMENT PROPERTY

The Partnership holds different classes of investment property including office buildings, shopping centres, hotels, supermarket chains, residential, retail and logistic properties located in the United Kingdom, Sweden, Finland, Italy, Germany, France, Spain and the Netherlands. Investment property also includes properties that are held as a right of use asset.

The Partnership's investment properties are subsequently measured at fair value. The fair value of the Partnership's investment property as at 31 December 2021 and 31 December 2020 has been arrived at on the basis of a valuation carried out on the respective dates in accordance with IFRS 13 by CBRE Limited, an independent valuator, who hold the appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The outbreak of COVID-19, had an impact on the global economy, with some real estate markets having experienced lower levels of transactional activity and liquidity. As at 31 December 2021, transactions volumes returned to levels where an adequate quantum of markets evidence existed for the basis of valuation.

Stockholm, Sweden (Bromsten property: Incurred cost method) and Verona, Italy (Ex-Fonderie Verona: Residual method). The Incurred cost method is used to estimate the value of property that is going to be developed and/or redeveloped and its too early to take additional fair value gains as completion is not quite assured or measurable at this time is reasonable. The method calculates the property value, which is the current market value of the land, plus subsequent developing cost incurred till date. Residual approach combines the market approach for the stabilized value and the cost approach. The FV of under development properties is generally determined applying the residual approach. In very early stages of developments, given that land as well as construction have been purchased at market level, the incurred construction costs are applied as Fair value of the property.

In 2021 and 2020, the Partnership granted lease incentives of rent-free periods to its tenants. The lease incentives are amortised on a straight-line basis during the lease term and are recorded as an adjustment to the revenues to reflect the fair value of the rents earned during the respective period.

During the year ended 31 December 2021, the Partnership acquired the following properties:

- Pilängen Örebro (Sweden) the partnership completed the purchase of a logistics asset and an adjacent plot of land with development potential. The overall purchase price was EUR 25.5M.

- Sörred 7:22 Gothenburg (Sweden) newly built speculative logistics property of c. 20,100 sqm in a prime location with excellent accessibility. The purchase price was EUR 26.0M.

- Onninen Helsinki (Finland) existing logistics warehouse let on a 10-year lease to Onninen. There is further development potential in the future with unused building rights and low site coverage. The overall purchase price was EUR 86.0M.

- SG2 San Giorgio (Italy) new fully let Grade A warehouse of c. 18,100 sqm for EUR 11.1M. This was the forward purchase acquisition (agreed in July 2019 ). It follows on from the acquisition of SG1 in Q4 2020.

- 163 Rue Saint Maur Paris (France) a 2,500 sqm office property currently let to a single tenant at a low rent. The lease expires at the end of 2021, at which point the Fund will undertake a comprehensive refurbishment and reposition the property as a Grade A office. The purchase price was EUR 35.6M.

- Starstedt Hanover (Germany) forward purchase (agreed in Q3 2020) for EUR 24.7M of a speculative Grade A newly built logistics warehouse of c. 26,150 sqm. It is adjacent to the Fund's existing asset (let to Rossmann) bought in 2020 for EUR 21.2M.

**NOTE 9 – INVESTMENT PROPERTY (continued)**

- Capital House London (United Kingdom) multi let reversionary 11,700 sqm office building with a value-add profile in a prime CBD location, acquired for EUR 152.7M.

- Media Park 6 Cologne (Germany) under rented 19,240 sqm core multi let office building in a strong CBD location acquired at an attractive price level of EUR 81.9M.

- Trilogy Manchester (United Kingdom) acquisition for EUR 63.0M of a recently developed 232 unit operating residential PRS asset in central Manchester, a city where there is a structural supply / demand imbalance of residential accommodation.

- City Hub Portfolio (The Netherlands) acquisition in September 2021 of three newly constructed, fully let last mile logistics assets in prime locations for EUR 11.4m. Four remaining assets newly constructed, fully let, last mile logistics assets in strong locations were purchased in December 2021 for EUR 22.2M.

- Hub Düsseldorf (Germany) acquisition for EUR 82.3M of a reversionary office building of c. 15,716 sqm in one of the best submarkets in the city.

- Scope Berlin (prime, reversionary office asset of c. 3,700 sqm in a strong, central location in the CBD East of the city The purchase price was EUR 49.1M.

During the year ended 31 December 2021, the Partnership disposed of the following property:

- On 18 October 2021, the Partnership sold the shares of Barings Core Fund Bielefeld S.à r.l., Barings Core Fund Gotha S.à r.l. and Barings Core Plaza SL and thus disposed of the Property Mignè-Auxances, Property Nanteuil, Property Parco Fiore and Property Isola Rizza. The consideration received and net gain on disposal of investment properties amounting to EUR 195,385,657 and 864,657 respectively.

During the year ended 31 December 2020, the Partnership acquired the following properties:

- On 3 March 2020, the Partnership acquired a logistics asset for an amount of EUR 39,025,000 located in Spain (Algete, Madrid).
- On 5 March 2020, the Partnership completed the forward purchase of the asset: Schiphol Trade Park: Plot B for an amount of EUR 47,130,744 located in The Netherlands.
- On 5 August 2020, the Partnership acquired a logistics asset for an amount of EUR 21,190,000 located in Germany (Sarstedt, Hanover).
- On 1 July 2020, the Partnership acquired a logistics asset for an amount of EUR 45,013,157 located in Sweden (Kardinalmärket 1, Norrköping).
- On 1 July 2020, the Partnership acquired a portfolio of logistics assets for an amount of EUR 43,405,885 located in Sweden (Zinken 3, Sylten 3:5 & Sylten 4:10 and Händelö 2:34 , Norrköping).
- On 30 November 2020, the Partnership acquired an office building for an amount of EUR 107,250,000 located in Germany (Machtlfinger Höfe, Munich).
- On 2 December 2020, the Partnership acquired a development site which is under construction for an amount of EUR 17,717,345 located in United Kingdom (Wingates Industrial Estate, Bolton).
- On 28 December 2020, the Partnership acquired a development site which is under construction for an amount of EUR 7,000,000 located in Italy (Verona – Ex Fonderie, Verona).
- On 28 December 2020, the Partnership acquired a portfolio of logistics assets for an amount of EUR 28,242,670 located in Italy (SG1 San Giorgio, San Giorgio).

**NOTE 9 – INVESTMENT PROPERTY (continued)**

During the year ended 31 December 2020, the Partnership disposed of the following property:

- On 14 February 2020, the Partnership sold the shares of Barings Core Fund Berlin S.à r.l. and thus disposed of the Berlin Chausseestraße property. Please refer to Note 10. In the financial year 2020, a transaction cost of EUR 3,961,477 related to disposal of investment property in the financial year 2019 was recognized as loss on disposal of investment property.)

**Investment property under construction**

| *in EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Balance at the beginning of the year | **68,901,885** | **33,390,000** |
| Acquisitions of assets | 8,656,548 | 27,159,624 |
| Transaction costs | - | 1,264,666 |
| Subsequent expenditure | 25,481,299 | - |
| Net change in fair value of investment property under construction | 7,591,194 | 3,792,370 |
| Effect of foreign currency exchange differences | 1,195,424 | 3,295,225 |
| Transfer to Investment Property | (36,248,525) | - |
| **Balance at the end of the year** | **75,577,825** | **68,901,885** |

The investment property under construction at year end relates to the Bromsten residential development located in Sweden and Verona warehouse development located in Italy. During the year, a property Panattoni Park Bolton amounting to EUR 36,248,525 transferred from Investment property under construction to Investment property.

**NOTE 9 – INVESTMENT PROPERTY (continued)**

**As at 31 December 2021**

| *in EUR* | United Kingdom | Sweden | Italy | Germany | Spain | France | Finland | The Netherlands | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2021 | **121,430,249** | **264,578,537** | **122,196,000** | **463,310,600** | **315,636,000** | **216,520,000** | **38,300,000** | **197,880,000** | **1,739,851,386** |
| *Additions:* | | | | | | | | | |
| Acquisitions of assets | 215,213,297 | 50,293,962 | - | 230,477,266 | - | 35,550,000 | 87,807,810 | 33,600,000 | **652,942,336** |
| Transaction costs | 9,188,192 | - | - | 8,011,599 | - | 1,042,904 | - | 201,207 | **18,443,902** |
| Subsequent expenditure | 15,281,141 | 1,038,049 | 21,251,720 | 755,340 | 239,781 | 200,000 | 1,193,736 | (5,351,091) | **34,608,678** |
| Transfer from investment property under construction | 36,248,525 | - | - | - | - | - | - | - | **36,248,525** |
| Net unrealised change in fair value of investment property | 54,652,386 | 17,770,638 | 24,910,288 | 50,119,494 | 16,964,220 | 61,407,096 | 1,045,336 | 16,880,541 | **243,749,999** |
| Effect of foreign currency exchange differences | (14,853,624) | 6,950,947 | - | - | - | - | - | - | **(7,902,677)** |
| Tenant lease incentives | - | - | (26,007) | - | - | - | 1,053,118 | (395,657) | **631,454** |
| Disposal of Assets | - | - | (66,631,000) | (126,440,300) | (34,700,000) | (58,890,000) | - | - | **(286,661,300)** |
| **Fair value as at 31 December 2021** | **437,160,166** | **340,632,135** | **101,701,001** | **626,234,000** | **298,140,001** | **255,830,000** | **129,400,000** | **242,815,000** | **2,431,912,302** |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

**As at 31 December 2020**

| *in EUR* | United Kingdom | Sweden | Italy | Germany | Spain | France | Finland | The Netherlands | Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2020 | **134,250,920** | **156,551,400** | **99,746,999** | **375,819,402** | **288,631,999** | **199,411,700** | **35,900,000** | **134,115,000** | **1,424,427,420** |
| *Additions:* | | | | | | | | | |
| Acquisitions of assets | 3,815 | 88,947,799 | 28,244,091 | 128,617,075 | 39,471,728 | - | - | 47,232,368 | **332,516,876** |
| Transaction costs | - | - | 869,461 | 7,533,162 | 2,632,764 | - | - | 13,190,323 | **24,225,710** |
| Subsequent expenditure | 475,266 | 13,315 | - | 195,320 | - | - | 3,349,980 | - | **4,033,881** |
| Net unrealised change in fair value of investment property | (7,972,953) | 5,328,657 | (6,687,803) | 20,291,521 | (15,100,491) | 17,108,300 | (2,157,235) | 461,797 | **11,271,793** |
| Effect of foreign currency exchange differences | (5,294,489) | 12,092,126 | - | - | - | - | - | - | **6,797,637** |
| Tenant lease incentives | (32,310) | 1,645,240 | 23,252 | (145,880) | - | - | 1,207,255 | 2,880,512 | **5,578,069** |
| Reclassification to assets classified as held for sale (Note 10) | - | - | - | (69,000,000) | - | - | - | - | **(69,000,000)** |
| **Fair value as at 31 December 2020** | **121,430,249** | **264,578,537** | **122,196,000** | **463,310,600** | **315,636,000** | **216,520,000** | **38,300,000** | **197,880,000** | **1,739,851,386** |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

The following are the key variables and assumptions as at 31 December 2021:

| *In EUR* | Country | Currency | Average rental value per m² per annum | Equivalent yield | Initial yield | Reversionary yield |
|---|---|---|---|---|---|---|
| **Property** | | | | | | |
| Unioninkatu 14 Property | Finland | EUR | - | 4.75% | 4.38% | 0.00% |
| Onninen Logistics Property | Finland | EUR | 120 | 4.80% | 4.53% | 4.90% |
| Lesquin Property | France | EUR | 112 | 3.75% | 3.89% | 3.72% |
| Muret Property | France | EUR | 57 | 3.90% | 4.05% | 3.86% |
| Villeneuve-la-Garenne (PC obtenu) Property | France | EUR | 145 | 3.50% | 3.69% | 3.69% |
| Saint-Laurent-de-Mure Property | France | EUR | 80 | 3.95% | 3.47% | 4.12% |
| Saint Maur Property | France | EUR | 696 | 3.25% | 1.68% | 5.16% |
| Kunststrasse Property | Germany | EUR | 168 | 3.90% | 4.88% | 4.97% |
| Berlin - Montanstraße Property | Germany | EUR | 87 | 4.20% | 3.23% | 4.55% |
| St. Martin Tower Property | Germany | EUR | 253 | 3.40% | 2.18% | 3.97% |
| Sarstedt Property | Germany | EUR | 51 | 4.19% | 4.03% | 4.24% |
| Machtlfinger Höfe Property | Germany | EUR | 232 | 3.70% | 2.66% | 4.10% |
| MP6 Property | Germany | EUR | 204 | 3.22% | 2.78% | 3.76% |
| The Hub Property | Germany | EUR | 222 | 3.40% | 2.94% | 3.72% |
| Berlin - Scope - Leipziger Str. 124 Property | Germany | EUR | 450 | 2.00% | 1.80% | 2.04% |
| Il Nuovo Borgo Property | Italy | EUR | 233 | 7.20% | 7.04% | 7.40% |
| San Giorgio Property | Italy | EUR | 42 | 4.25% | 4.25% | 4.25% |
| Verona South Property | Italy | EUR | 47 | 4.15% | 0.00% | 0.00% |
| Amstelgebouw Property | The Netherlands | EUR | 341 | 4.64% | 2.65% | 5.41% |
| Schiphol Trade Park Property | The Netherlands | EUR | 93 | 3.27% | 3.35% | 3.27% |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

| *In EUR* | Country | Currency | Average rental value per m² per annum | Equivalent yield | Initial yield | Reversionary yield |
|---|---|---|---|---|---|---|
| Engelandlaan 11, Maastricht Airport Property | The Netherlands | EUR | 110 | 3.90% | 3.86% | 3.90% |
| Kluwerweg 6, Deventer Property | The Netherlands | EUR | 121 | 3.80% | 3.82% | 3.79% |
| Vulcanus 24, Heerenveen Property | The Netherlands | EUR | 92 | 4.00% | 4.06% | 3.97% |
| Kanaaldijk Noord 125, Eindhoven Property | The Netherlands | EUR | 141 | 3.80% | 4.08% | 4.10% |
| Heliotroopring 200, Dordrecht Property | The Netherlands | EUR | 147 | 3.80% | 4.14% | 4.09% |
| Nering Bogelweg 121, Deventer Property | The Netherlands | EUR | 105 | 3.80% | 4.35% | 4.12% |
| Bohemenstraat 35, Zwolle Property | The Netherlands | EUR | 123 | 3.80% | 4.23% | 4.06% |
| Velazquez 64 Property | Spain | EUR | 434 | 4.25% | -0.73% | 4.29% |
| Ontígola Property | Spain | EUR | 44 | 4.65% | 4.82% | 4.72% |
| El Berceo SC with PS Property | Spain | EUR | 203 | 6.50% | 5.35% | 6.93% |
| Carrefour Alcalá de Henares Property | Spain | EUR | 159 | 5.25% | 5.28% | 5.24% |
| Carrefour Aluche Property | Spain | EUR | 108 | 5.50% | 5.55% | 5.47% |
| Carrefour Igualada Property | Spain | EUR | 112 | 7.25% | 7.54% | 6.67% |
| Carrefour Olerdola Property | Spain | EUR | 108 | 7.50% | 7.99% | 7.37% |
| Carrefour Bilbao Property | Spain | EUR | 114 | 5.50% | 5.51% | 5.52% |
| Carrefour Salamanca Property | Spain | EUR | 139 | 5.00% | 4.57% | 5.59% |
| Carrefour Berga Property | Spain | EUR | 110 | 7.25% | 7.34% | 7.13% |
| Carrefour Viladecans Property | Spain | EUR | 144 | 6.00% | 6.01% | 6.03% |
| Carrefour Cádiz Property | Spain | EUR | 115 | 5.75% | 5.77% | 5.77% |
| Carrefour Almeria Property | Spain | EUR | 108 | 5.50% | 5.49% | 5.56% |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

| *In EUR* | Country | Currency | Average rental value per m² per annum | Equivalent yield | Initial yield | Reversionary yield |
|---|---|---|---|---|---|---|
| Conforama Majadahonda Property | Spain | EUR | 110 | 6.00% | 5.82% | 6.12% |
| Algete Property | Spain | EUR | 49 | 4.50% | 4.65% | 4.65% |
| Malmö Gyllenstjärna 36 Property | Sweden | SEK | 2,700 | 5.25% | 4.43% | 4.25% |
| Fleming 7 Property | Sweden | SEK | 5,681 | 3.75% | 3.33% | 3.77% |
| Bromsten Property | Sweden | SEK | - | 0.00% | 0.00% | 0.00% |
| Zinken 3 Property | Sweden | SEK | 351 | 5.10% | 5.06% | 5.14% |
| Kardinalmärket 1 Property | Sweden | SEK | 466 | 3.85% | 3.88% | 3.83% |
| Sylten 3:5 & Sylten 4:10 Property | Sweden | SEK | 351 | 5.25% | 5.22% | 5.25% |
| Händelö 2:34 Property | Sweden | SEK | 449 | 3.85% | 3.85% | 3.85% |
| Sörred 7:22 Property | Sweden | SEK | 791 | 4.77% | 0.83% | 4.92% |
| Chauffören 6 incl. land value Property | Sweden | SEK | 666 | 4.40% | 4.43% | 4.39% |
| Davidson Building Property | United Kingdom | GBP | 74 | 4.12% | 3.73% | 4.36% |
| The Keel Property | United Kingdom | GBP | - | 0.00% | 3.99% | 4.38% |
| Panattoni Park Bolton Property | United Kingdom | GBP | 8 | 4.16% | 3.16% | 4.17% |
| Capital House, 85 King William Street, London EC4 Property | United Kingdom | GBP | 63 | 4.68% | 0.68% | 5.61% |
| Trilogy Property | United Kingdom | GBP | 19 | 0.00% | 3.86% | 4.10% |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

The following are the key variables and assumptions as at 31 December 2020:

| *In EUR* | Country | Currency | Average rental value per m² per annum | Equivalent yield | Initial yield | Reversionary yield |
|---|---|---|---|---|---|---|
| **Property** | | | | | | |
| Unioninkatu Property | Finland | EUR | - | 4.60% | 3.34% | 0.00% |
| Lesquin Property | France | EUR | 112 | 4.25% | 4.34% | 4.22% |
| Migné-Auxances Property | France | EUR | 53 | 6.75% | 6.45% | 6.17% |
| Muret Property | France | EUR | 57 | 4.30% | 4.44% | 4.25% |
| Nanteuil Property | France | EUR | 51 | 4.10% | 2.13% | 4.23% |
| Saint-Laurent-de-Mure Property | France | EUR | 75 | 4.60% | 4.30% | 4.76% |
| Villeneuve-la-Garenne Property | France | EUR | 150 | 5.00% | -0.57% | 5.60% |
| Achim Uphusen Property | Germany | EUR | 82 | 4.75% | 4.86% | 4.86% |
| Altes Klöpperhaus* | Germany | EUR | 280 | 3.03% | 2.81% | 3.09% |
| Berlin - Montanstraße | Germany | EUR | 87 | 4.65% | 3.99% | 4.98% |
| Bielefeld Property | Germany | EUR | 60 | 5.35% | 5.14% | 5.36% |
| Bremen Property | Germany | EUR | 32 | 4.85% | 5.04% | 5.12% |
| Gotha Uelleben Property | Germany | EUR | 56 | 4.95% | 4.95% | 4.99% |
| Kehl Auenheim Property | Germany | EUR | 59 | 4.60% | 4.66% | 4.73% |
| Mannheim Property | Germany | EUR | 168 | 3.80% | 4.07% | 4.08% |
| St. Martin Tower | Germany | EUR | 253 | 3.38% | 3.85% | 3.94% |
| Bolton Property | Germany | EUR | 70 | 4.20% | 4.35% | 4.22% |
| Borgo Uno | Italy | EUR | 237 | 7.11% | 5.07% | 7.23% |
| Isola Rizza Property | Italy | EUR | 45 | 6.61% | 6.68% | 6.74% |
| Parco Fiore | Italy | EUR | 129 | 7.20% | 6.51% | 7.48% |

* This property is classified as held for sale as at 31 December 2020.

**NOTE 9 – INVESTMENT PROPERTY (continued)**

| *In EUR* | Country | Currency | Average rental value per m² per annum | Equivalent yield | Initial yield | Reversionary yield |
|---|---|---|---|---|---|---|
| Carrefour Alcalá de Henares | Spain | EUR | 77 | 5.50% | 5.53% | 5.49% |
| Carrefour Almeria | Spain | EUR | 108 | 5.50% | 5.49% | 5.56% |
| Carrefour Aluche | Spain | EUR | 108 | 5.75% | 5.80% | 5.71% |
| Carrefour Berga | Spain | EUR | 110 | 7.25% | 5.52% | 7.17% |
| Carrefour Bilbao | Spain | EUR | 114 | 5.50% | 5.51% | 5.52% |
| Carrefour Cádiz | Spain | EUR | 115 | 5.75% | 5.77% | 5.77% |
| Carrefour Igualada | Spain | EUR | 112 | 7.25% | 5.66% | 6.69% |
| Carrefour Olerdola | Spain | EUR | 108 | 7.50% | 5.99% | 7.39% |
| Carrefour Salamanca | Spain | EUR | 139 | 5.25% | 4.84% | 5.91% |
| Carrefour Viladecans | Spain | EUR | 144 | 6.25% | 4.71% | 6.32% |
| Conforama Majadaonda | Spain | EUR | 110 | 6.00% | 5.48% | 6.18% |
| Eroski Plaza | Spain | EUR | 48 | 5.70% | 6.08% | 5.50% |
| Logrono Property | Spain | EUR | 205 | 6.25% | 5.47% | 6.77% |
| Ontígola Property | Spain | EUR | 44 | 5.45% | 5.57% | 5.51% |
| Velasquez Property | Spain | EUR | 554 | 4.05% | 4.05% | 4.10% |
| Bromsten Property** | Sweden | SEK | - | 0.00% | 0.00% | 0.00% |
| Malmö Building | Sweden | SEK | 1,530 | 5.25% | 4.42% | 4.24% |
| Stockholm 1 AB | Sweden | SEK | 5,483 | 3.90% | 3.60% | 3.92% |
| Amstel Property | The Netherlands | EUR | 342 | 4.59% | 4.09% | 5.44% |
| Davidson Building | United Kingdom | GBP | 73 | 4.33% | 3.58% | 4.64% |
| Keel Property | United Kingdom | GBP | - | 4.60% | 3.41% | 4.60% |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

| *In EUR* | Country | Currency | Average rental value per m² per annum | Equivalent yield | Initial yield | Reversionary yield |
|---|---|---|---|---|---|---|
| Schiphol Trade Park | The Netherlands | EUR | 94 | 3.80% | 3.96% | 3.92% |
| Redur Algete | Spain | EUR | 49 | 5.40% | 5.61% | 5.61% |
| Sarstedt | Germany | EUR | 46 | 4.60% | 4.76% | 4.76% |
| Zinken 3 | Sweden | SEK | 350 | 5.90% | 5.86% | 5.95% |
| Kardinalmärket 1 | Sweden | SEK | 460 | 4.15% | 4.18% | 4.13% |
| Sylten 3:5 & Sylten 4:10 | Sweden | SEK | 350 | 6.15% | 6.35% | 6.09% |
| Händelö 2:34 | Sweden | SEK | 440 | 4.15% | 4.15% | 4.15% |
| SG1 San Giorrgio | Italy | EUR | 41 | 5.65% | 5.80% | 5.80% |
| Verona South** | Italy | EUR | - | 0.00% | 0.00% | 0.00% |
| Machtlfinger Höfe | Germany | EUR | 232 | 3.70% | 2.62% | 4.15% |
| Bolton** | United Kingdom | GBP | - | 0.00% | 0.00% | 0.00% |

*** Different valuation techniques were used for the properties of Verona South (Italy), Wingates (United Kingdom) and Bromsten (Sweden). Main valuation inputs were exit yield and discount rate and sale price and construction costs respectively.*

**NOTE 9 – INVESTMENT PROPERTY (continued)**

**Right of use asset**

The Partnership holds leaseholds ownership of lands on which its investment properties are built. The leasehold give rise to lease liability and corresponding right of use asset being recognised on the consolidated statement of financial position.

The right of use asset is recognized as follows:

| *in EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Balance at the beginning of the year | 15,323,982 | 15,326,165 |
| Additions | - | - |
| Change in fair value | (193,723) | (2,183) |
| **Balance at the end of the year** | **15,130,259** | **15,323,982** |

**Lease liability**

The corresponding finance lease liability are as follows:

**As at 31 December 2021**

| *in EUR* | **Future minimum lease payments** | **Interest** | **Present value of minimum lease payments** |
|---|---|---|---|
| Less than one year | 765,998 | 216,759 | 549,239 |
| Between one and five years | 1,914,995 | 167,980 | 1,747,015 |
| More than five years | 24,894,932 | 12,060,927 | 12,834,005 |
| **Total** | **27,575,925** | **12,445,666** | **15,130,259** |

**As at 31 December 2020**

| *in EUR* | **Future minimum lease payments** | **Interest** | **Present value of minimum lease payments** |
|---|---|---|---|
| Less than one year | 382,999 | 9,177 | 373,822 |
| Between one and five years | 1,531,996 | 95,393 | 1,436,603 |
| More than five years | 26,426,928 | 12,913,371 | 13,513,557 |
| **Total** | **28,341,923** | **13,017,941** | **15,323,982** |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

***Sensitivity analysis***

The impact of changes in current equivalent yield by 0.5% (50 basis points - "bps") on the fair value of the investment property* as at 31 December 2021 is as follows:

| *in EUR* | Property type | Current equivalent yield ("EY") | 50 bps increase in EY | 50 bps decrease in EY |
|---|---|---|---|---|
| **Property** | | | | |
| Onninen Logistics Property | Logistics | 4.80% | (8,696,000) | 10,729,000 |
| Lesquin Property | Logistics | 3.75% | (3,540,000) | 4,631,000 |
| Muret Property | Logistics | 3.90% | (6,057,000) | 7,839,000 |
| Villeneuve-la-Garenne (PC obtenu) Property | Logistics | 3.50% | (10,966,000) | 14,643,000 |
| Saint-Laurent-de-Mure Property | Logistics | 3.95% | (5,754,000) | 7,432,000 |
| Saint Maur Property | Offices | 3.25% | (8,230,000) | 11,244,000 |
| Kunststrasse Property | Retail | 3.90% | (6,619,000) | 8,569,000 |
| Berlin - Montanstraße Property | Logistics | 4.20% | (3,987,000) | 5,072,000 |
| St. Martin Tower Property | Offices | 3.40% | (15,952,000) | 19,225,000 |
| Sarstedt Property | Logistics | 4.19% | (7,156,000) | 9,126,000 |
| Machtlfinger Höfe Property | Offices | 3.70% | (14,702,000) | 19,333,000 |
| MP6 Property | Offices | 3.22% | (14,182,000) | 19,422,000 |
| The Hub Property | Commercial | 3.40% | (11,456,000) | 15,419,000 |
| Berlin - Scope - Leipziger Str. 124 Property | Offices | 2.00% | (10,390,000) | 17,310,000 |
| Il Nuovo Borgo Property | Retail | 7.20% | (3,081,000) | 3,543,000 |
| San Giorgio Property | Logistics | 4.25% | (5,809,000) | 7,359,000 |
| Amstelgebouw Property | Office | 4.64% | (8,081,000) | 10,249,000 |
| Schiphol Trade Park Property | Logistics | 3.27% | (12,078,000) | 16,458,000 |
| Engelandlaan 11, Maastricht Airport Property | Logistics | 3.90% | (437,000) | 566,000 |
| Kluwerweg 6, Deventer Property | Logistics | 3.80% | (518,000) | 675,000 |
| Vulcanus 24, Heerenveen Property | Logistics | 4.00% | (361,000) | 465,000 |
| Kanaaldijk Noord 125, Eindhoven Property | Logistics | 3.80% | (649,000) | 845,000 |
| Heliotroopring 200, Dordrecht Property | Logistics | 3.80% | (687,000) | 895,000 |
| Nering Bogelweg 121, Deventer Property | Logistics | 3.80% | (930,000) | 1,212,000 |
| Bohemenstraat 35, Zwolle Property | Logistics | 3.80% | (587,000) | 766,000 |
| Velazquez 64 Property | Retail | 4.25% | (1,623,000) | 2,065,000 |
| Ontigola Property | Logistics | 4.65% | (4,845,000) | 6,014,000 |
| El Berceo SC with PS Property | Retail | 6.50% | (6,823,000) | 7,969,000 |
| Carrefour Alcalá de Henares Property | Retail | 5.25% | (1,066,000) | 1,291,000 |
| Carrefour Aluche Property | Retail | 5.50% | (788,000) | 997,000 |
| Carrefour Igualada Property | Retail | 7.25% | (589,000) | 729,000 |
| Carrefour Olerdola Property | Retail | 7.50% | (354,000) | 406,000 |
| Carrefour Bilbao Property | Retail | 5.50% | (624,000) | 749,000 |
| Carrefour Salamanca Property | Retail | 5.00% | (902,000) | 1,158,000 |
| Carrefour Berga Property | Retail | 7.25% | (268,000) | 307,000 |
| Carrefour Viladecans Property | Retail | 6.00% | (527,000) | 624,000 |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

***Sensitivity analysis (continued)***

| *in EUR* | Property type | Current equivalent yield ("EY") | 50 bps increase in EY | 50 bps decrease in EY |
|---|---|---|---|---|
| **Property** | | | | |
| Carrefour Cádiz Property | Retail | 5.75% | (479,000) | 571,000 |
| Carrefour Almeria Property | Retail | 5.50% | (392,000) | 496,000 |
| Conforama Majadahonda Property | Retail | 6.00% | (1,379,000) | 1,632,000 |
| Algete Property | Logistics | 4.50% | (5,016,000) | 6,404,000 |
| Malmö Gyllenstjärna 36 Property | Retail | 5.25% | (2,425,000) | 2,935,000 |
| Fleming 7 Property | Office | 3.75% | (16,582,000) | 21,688,000 |
| Zinken 3 Property | Logistics | 5.10% | (1,291,000) | 1,571,000 |
| Kardinalmärket 1 Property | Logistics | 3.85% | (6,239,000) | 8,101,000 |
| Sylten 3:5 & Sylten 4:10 Property | Logistics | 5.25% | (1,047,000) | 1,268,000 |
| Händelö 2:34 Property | Logistics | 3.85% | (3,686,000) | 4,786,000 |
| Sörred 7:22 Property | Logistics | 4.77% | (3,122,000) | 3,895,000 |
| Chauffören 6 incl. land value Property | Logistics | 4.40% | (2,778,000) | 3,490,000 |
| Davidson Building Property | Offices | 4.12% | (8,583,000) | 10,970,000 |
| Panattoni Park Bolton Property | Logistics | 4.16% | (7,969,000) | 10,171,000 |
| Capital House, 85 K W Street, London EC4 Property | Offices | 4.68% | (18,318,000) | 21,818,000 |

| *in EUR* | Property type | Inputs | 5% increase | 5% decrease |
|---|---|---|---|---|
| **Property** | | | | |
| The Keel Property | Residential | Sales Rate | (1,612,000) | 1,612,000 |
| Trilogy Property | Residential | Rental Value | 2,600,000 | (2,600,000) |
| Unioninkatu 14 Property | Hotel | Exit Yield and discount rate | (1,737,000) | 1,737,000 |
| Verona South | Logistics | Construction costs | (923,354) | 923,354 |

*The property under development (Bromsten) have been valued as per incurred cost method which does not use unobservable inputs in fair valuations other than current market value of the Land and actual costs incurred till date. Hence there is no sensitivity disclosure on unobservable inputs used in the Fair Valuation of these properties.

**NOTE 9 – INVESTMENT PROPERTY (continued)**

***Sensitivity analysis (continued)***

The impact of changes in current equivalent yield by 0.5% (50 basis points - "bps") on the fair value of the investment property* as at 31 December 2020 is as follows:

| *in EUR* | **Property type** | **Current equivalent yield ("EY")** | **50 bps increase in EY** | **50 bps decrease in EY** |
|---|---|---|---|---|
| **Property** | | | | |
| Lesquin Property | Logistics | 4.25% | (2,800,000) | 3,540,000 |
| Migné-Auxances Property | Logistics | 6.75% | (1,010,000) | 1,170,000 |
| Muret Property | Logistics | 4.30% | (5,240,000) | 6,620,000 |
| Nanteuil Property | Logistics | 4.10% | (3,000,000) | 3,850,000 |
| Saint-Laurent-de-Mure Property | Logistics | 4.60% | (4,030,000) | 5,040,000 |
| Villeneuve-la-Garenne Property | Logistics | 5.00% | (5,700,000) | 6,970,000 |
| Achim Uphusen Property | Logistics | 4.75% | (2,433,000) | 3,006,000 |
| Altes Klöpperhaus* | Office | 3.03% | (9,950,000) | 13,890,000 |
| Berlin - Montanstraße | Logistics | 4.65% | (3,297,000) | 4,095,000 |
| Bielefeld Property | Logistics | 5.35% | (1,076,000) | 1,298,000 |
| Bremen Property | Logistics | 4.85% | (150,500) | 185,200 |
| Gotha Uelleben Property | Logistics | 4.95% | (2,446,000) | 2,997,000 |
| Kehl Auenheim Property | Logistics | 4.60% | (1,437,000) | 1,788,000 |
| Mannheim Property | Retail | 3.80% | (6,524,000) | 8,507,000 |
| St. Martin Tower | Office | 3.38% | (16,200,000) | 19,500,000 |
| Bolton Property | Logistics | 4.20% | (1,749,000) | 2,222,000 |
| Borgo Uno | Retail | 7.11% | (3,080,000) | 3,550,000 |
| Isola Rizza Property | Logistics | 6.61% | (986,000) | 1,149,000 |
| Parco Fiore | Retail | 7.20% | (2,240,000) | 2,590,000 |
| Carrefour Alcalá de Henares | Retail | 5.50% | (900,000) | 1,200,000 |
| Carrefour Almería | Retail | 5.50% | (400,000) | 500,000 |
| Carrefour Aluche | Retail | 5.75% | (700,000) | 900,000 |
| Carrefour Berga | Retail | 7.25% | (300,000) | 300,000 |
| Carrefour Bilbao | Retail | 5.50% | (700,000) | 700,000 |
| Carrefour Cádiz | Retail | 5.75% | (500,000) | 500,000 |
| Carrefour Igualada | Retail | 7.25% | (600,000) | 800,000 |
| Carrefour Olerdola | Retail | 7.50% | (400,000) | 400,000 |
| Carrefour Salamanca | Retail | 5.25% | (800,000) | 1,000,000 |
| Carrefour Viladecans | Retail | 6.25% | (500,000) | 600,000 |
| Conforama Majadaonda | Retail | 6.00% | (1,400,000) | 1,600,000 |

**NOTE 9 – INVESTMENT PROPERTY (continued)**

***Sensitivity analysis (continued)***

| *in EUR* | Property type | Current equivalent yield ("EY") | 50 bps increase in EY | 50 bps decrease in EY |
|---|---|---|---|---|
| **Property** | | | | |
| Eroski Plaza | Logistics | 5.70% | (1,880,000) | 2,250,000 |
| Logrono Property | Retail | 6.25% | (7,610,000) | 8,940,000 |
| Ontigola Property | Logistics | 5.45% | (3,675,000) | 4,420,000 |
| Velasquez Property | Retail | 4.05% | (2,200,000) | 3,300,000 |
| Malmö Building | Retail | 5.25% | 290,555,904 | 344,918,904 |
| Stockholm 1 AB | Office | 3.90% | 998,970,160 | 1,341,770,160 |
| Amstel Property | Office | 4.59% | (14,035,000) | 17,485,000 |
| Davidson Building | Office | 4.33% | (13,704,300) | 1,345,700 |
| Schiphol Trade Park | Logistics | 3.80% | (9,245,000) | 12,050,000 |
| Redur Algete | Logistics | 5.40% | (3,500,000) | 4,300,000 |
| Sarstedt | Logistics | 4.60% | (2,475,000) | 3,150,000 |
| Zinken 3 | Logistics | 5.90% | 103,000,200 | 124,500,200 |
| Kardinalmärket 1 | Logistics | 4.15% | 400,652,200 | 523,652,200 |
| Sylten 3:5 & Sylten 4:10 | Logistics | 6.15% | 86,542,000 | 103,542,000 |
| Händelö 2:34 | Logistics | 4.15% | 234,118,000 | 306,118,000 |
| SG1 San Giorrgio | Logistics | 5.65% | (2,375,000) | 2,837,000 |
| Machtlfinger Höfe | Office | 3.70% | (14,600,000) | 19,500,000 |
| Bolton | Logistics | 0.00% | (3,676,785) | (281,785) |

| *in EUR* | Property type | Inputs | 0.25% increase | 0.25% decrease |
|---|---|---|---|---|
| **Property** | | | | |
| Unioninkatu Property | Hotel | Exit yield and discount rate | (2,000,000) | 2,200,000 |
| Keel Property | Residential | Exit yield and discount rate | (10,325,950) | 1,874,050 |
| Verona South | Logistics | Construction costs | 425,000 | (425,000) |

*The property under development (Bromsten) have been valued as per incurred cost method which does not use unobservable inputs in fair valuations other than current market value of the Land and actual costs incurred till date. Hence there is no sensitivity disclosure on unobservable inputs used in the Fair Valuation of these properties.

## NOTE 10 – ASSETS HELD FOR SALE AND DISPOSAL GROUP

As at 31 December 2021, there were no assets classified as held for sale.

As at 31 December 2020, the asset classified as held for sale relates to its Hamburg property fair valued at EUR 69,000,000 located in Germany which was sold in March 2021.

## NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS

| *in EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Opening balance | (8,926,609) | (5,015,521) |
| Net change in fair value of derivative financial instruments | 6,561,441 | (4,611,335) |
| Settlement of derivative financial instruments | 34,976 | 659,676 |
| Effect of foreign currency exchange differences | (1,082,616) | 40,571 |
| Reclassification to liabilities associated with assets classified as held for sale | - | - |
| **Total current and non-current net (liability)** | **(3,412,808)** | **(8,926,609)** |

The table below shows the details of the derivatives as at 31 December 2021:

| | | | | | | **31 December 2021** | |
|---|---|---|---|---|---|---|---|
| *in EUR* | | **Notional amount** | **Maturity** | **Fixed rate** | **Floating rate** | **Assets** | **Liabilities** |
| Interest rate swap | GBP | 33,500,000 | 02/06/2023 | 0.26% | LIBOR 3M | 408,686 | - |
| Interest rate swap | EUR | 18,000,000 | 10/04/2024 | 2.5% CAP | EURIBOR 3M | 13,980 | - |
| Interest rate swap | EUR | 31,740,000 | 29/12/2022 | 0.50% | EURIBOR 3M | - | 325,319 |
| Interest rate swap | SEK | 560,000,000 | 25/09/2023 | 0.66% | EURIBOR 3M | - | 493,646 |
| Foreign exchange option | GBP | 26,750,000 | 25/02/2022 | N/A | N/A | - | 337,411 |
| Foreign exchange option | GBP | 19,000,000 | 25/02/2022 | N/A | N/A | - | 239,657 |
| Foreign exchange option | GBP | 13,375,000 | 15/06/2022 | N/A | N/A | - | 239,558 |
| Foreign exchange option | GBP | 29,500,000 | 15/06/2022 | N/A | N/A | - | 757,911 |
| Foreign exchange option | GBP | 12,875,000 | 15/06/2022 | N/A | N/A | - | 425,699 |
| Foreign exchange option | GBP | 21,600,000 | 15/06/2022 | N/A | N/A | - | 714,183 |
| Foreign exchange option | SEK | 229,064,500 | 17/06/2022 | N/A | N/A | 361,463 | - |
| Foreign exchange option | SEK | 248,250,000 | 17/06/2022 | N/A | N/A | 391,738 | - |
| Foreign exchange option | GBP | 15,000,000 | 14/12/2022 | N/A | N/A | - | 250,142 |
| Foreign exchange option | SEK | 262,000,000 | 14/12/2022 | N/A | N/A | 102,602 | - |
| Foreign exchange option | SEK | 47,000,000 | 14/12/2022 | N/A | N/A | 18,406 | - |
| Foreign exchange option | SEK | 100,000,000 | 14/12/2022 | N/A | N/A | 39,161 | - |
| Foreign exchange option | SEK | 153,890,000 | 14/12/2022 | N/A | N/A | 60,265 | - |
| Foreign exchange option | GBP | 29,500,000 | 15/12/2022 | N/A | N/A | - | 492,650 |
| Foreign exchange option | GBP | 30,000,000 | 15/12/2022 | N/A | N/A | - | 501,000 |
| Foreign exchange option | SEK | 229,064,500 | 15/12/2022 | N/A | N/A | 89,455 | - |
| Foreign exchange option | GBP | 13,375,000 | 16/12/2022 | N/A | N/A | - | 222,596 |
| Foreign exchange option | GBP | 12,875,000 | 16/12/2022 | N/A | N/A | - | 214,275 |
| Foreign exchange option | SEK | 153,890,000 | 16/12/2022 | N/A | N/A | 60,076 | - |
| Foreign exchange option | SEK | 248,250,000 | 16/12/2022 | N/A | N/A | 96,912 | - |
| Foreign exchange option | SEK | 52,000,000 | 16/12/2022 | N/A | N/A | 20,300 | - |
| Foreign exchange option | SEK | 47,000,000 | 16/12/2022 | N/A | N/A | 18,348 | - |
| Foreign exchange option | SEK | 107,000,000 | 16/12/2022 | N/A | N/A | 41,771 | - |
| Foreign exchange option | SEK | 200,000,000 | 16/12/2022 | N/A | N/A | 78,076 | - |
| **Total** | | | | | | **1,801,239** | **5,214,047** |

**NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The table below shows the details of the derivatives as at 31 December 2020:

| | | | | | | **31 December 2020** | |
|---|---|---|---|---|---|---|---|
| *in EUR* | | **Notional amount** | **Maturity** | **Fixed rate** | **Floating rate** | **Assets** | **Liabilities** |
| Interest rate swap | GBP | 33,500,000 | 02/06/2023 | 0.26% | LIBOR 3M | - | 243,519 |
| Interest rate swap | EUR | 22,000,000 | 30/06/2021 | -0.23% | EURIBOR 3M | - | 34,976 |
| Interest rate swap | EUR | 18,000,000 | 10/04/2024 | 0.00% | EURIBOR 3M | 1,634 | |
| Interest rate swap | EUR | 31,740,000 | 29/12/2022 | 0.50% | EURIBOR 3M | - | 673,143 |
| Interest rate swap | SEK | 560,000,000 | 25/09/2023 | 0.66% | EURIBOR 3M | - | 1,084,153 |
| Foreign exchange forwards | GBP | 34,475,000 | 15/06/2021 | N/A | N/A | 1,635 | |
| Foreign exchange forwards | GBP | 12,875,000 | 16/12/2021 | N/A | N/A | - | 359,005 |
| Foreign exchange forwards | GBP | 30,000,000 | 15/12/2021 | N/A | N/A | 104,243 | |
| Foreign exchange forwards | SEK | 248,250,000 | 17/06/2021 | N/A | N/A | - | 1,187,389 |
| Foreign exchange forwards | SEK | 248,250,000 | 16/12/2021 | N/A | N/A | - | 623,924 |
| Foreign exchange forwards | SEK | 229,064,500 | 15/12/2021 | N/A | N/A | - | 575,969 |
| Foreign exchange forwards | SEK | 512,890,000 | 16/06/2021 | N/A | N/A | - | 2,453408 |
| Foreign exchange forwards | SEK | 276,064,500 | 17/06/2021 | N/A | N/A | - | 1,293,971 |
| Foreign exchange forwards | SEK | 200,890,000 | 17/12/2021 | N/A | N/A | - | 504,664 |
| **Total** | | | | | | **107,512** | **9,034,121** |

The derivative financial instruments are classified as follows:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| **Assets – Derivative financial instruments** | | |
| Non-current assets | 422,666 | 1,634 |
| Current assets | 1,378,573 | 105,878 |
| **Total** | **1,801,239** | **107,512** |
| | | |
| **Liabilities - Derivative financial instruments** | | |
| Non-current liabilities | 493,646 | 2,000,815 |
| Current liabilities | 4,720,401 | 7,033,306 |
| **Total** | **5,214,047** | **9,034,121** |

**NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

The Partnership does not apply hedge accounting in accordance with IFRS 9. Nevertheless, interest rates swaps and forward exchange contracts are part of economic hedge relationships. Interest rate swaps are used to fix the interest payments of variable debt instruments. Foreign exchange contracts are used to hedge forecast transactions and foreign currency borrowings against foreign currency risks.

Valuation inputs and relationship to fair value as at 31 December 2021:

| 2021 | Decrease by 1bp | | Fair value as per 31 December 2021 | | Increase by 1bp | |
|---|---|---|---|---|---|---|
| | GBP | EUR | GBP | EUR | GBP | EUR |
| Derivative financial instruments- Swap | 337,976 | 402,259 | 343,376 | 408,686 | 348,776 | 415,113 |
| Impact in the consolidated statement of comprehensive income | (5,400) | (6,427) | - | - | 5,400 | 6,427 |

| Description | Fair value at 31 December 2021 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | 408,686 | Discount rate | Price value of a base point (GBP 5,400) and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

| 2021 | Decrease by 1bp | | Fair value as per 31 December 2021 | | Increase by 1bp | |
|---|---|---|---|---|---|---|
| | SEK | EUR | SEK | EUR | SEK | EUR |
| Derivative financial instruments- Swap | (5,172,564) | (502,861) | (5,077,775) | (493,646) | (4,982,986) | (484,431) |
| Impact in the consolidated statement of comprehensive income | (94,789) | (9,215) | - | - | 94,789 | 9,215 |

| Description | Fair value at 31 December 2021 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | (493,646) | Discount rate | Price value of a base point (SEK 94,789) and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

| 2021 | Decrease by 1bp | Fair value as per 31 December 2021 | Increase by 1bp |
|---|---|---|---|
| | EUR | EUR | EUR |
| Derivative financial instruments- Swap | 966 | 13,979 | 3,085 |
| Impact in the consolidated statement of comprehensive income | (13,013) | - | (10,894) |

| Description | Fair value at 31 December 2021 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | 13,979 | Discount rate | Price value of a base point and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

| 2021 | Decrease by 1bp | Fair value as per 31 December 2021 | Increase by 1bp |
|---|---|---|---|
| | EUR | EUR | EUR |
| Derivative financial instruments- Swap | (327,734) | (325,319) | (322,904) |
| Impact in the consolidated statement of comprehensive income | (2,415) | - | 2,415 |

| Description | Fair value at 31 December 2021 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | (325,319) | Discount rate | Price value of a base point and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

Valuation inputs and relationship to fair value as at 31 December 2020:

| 2020 | Decrease by 1bp | | Fair value as per 31 December 2020 | | Increase by 1bp | |
|---|---|---|---|---|---|---|
| | GBP | EUR | GBP | EUR | GBP | EUR |
| Derivative financial instruments- Swap | (225,990) | (252,340) | (218,090) | (243,519) | (210,190) | (234,698) |
| Impact in the consolidated statement of comprehensive income | (7,900) | (8,821) | - | - | 7,900 | 8,821 |

| Description | Fair value at 31 December 2020 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | (243,519) | Discount rate | Price value of a base point (GBP 7,900) and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

| 2020 | Decrease by 1bp | | Fair value as per 31 December 2020 | | Increase by 1bp | |
|---|---|---|---|---|---|---|
| | SEK | EUR | SEK | EUR | SEK | EUR |
| Derivative financial instruments- Swap | (11,052,406) | (1,100,820) | (10,885,070) | (1,084,153) | (10,717,734) | (1,067,486) |
| Impact in the consolidated statement of comprehensive income | (167,336) | (16,667) | - | - | 167,336 | 16,667 |

| Description | Fair value at 31 December 2020 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | (1,084,153) | Discount rate | Price value of a base point (SEK 167,336) and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

**NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

| 2020 | Decrease by 1bp | Fair value as per 31 December 2020 | Increase by 1bp |
|---|---|---|---|
| | EUR | EUR | EUR |
| Derivative financial instruments- Swap | (35,325) | (34,976) | (34,627) |
| Impact in the consolidated statement of comprehensive income | (349) | - | 349 |

| Description | Fair value at 31 December 2020 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | (34,976) | Discount rate | Price value of a base point (EUR 349) and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

| 2020 | Decrease by 1bp | Fair value as per 31 December 2020 | Increase by 1bp |
|---|---|---|---|
| | EUR | EUR | EUR |
| Derivative financial instruments- Swap | 966 | 1,634 | 3,085 |
| Impact in the consolidated statement of comprehensive income | (668) | - | 1,451 |

| Description | Fair value at 31 December 2020 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | 1,634 | Discount rate | Price value of a base point and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

| 2020 | Decrease by 1bp | Fair value as per 31 December 2020 | Increase by 1bp |
|---|---|---|---|
| | EUR | EUR | EUR |
| Derivative financial instruments- Swap | (678,718) | (673,143) | (667,568) |
| Impact in the consolidated statement of comprehensive income | (5,575) | - | 5,575 |

| Description | Fair value at 31 December 2020 EUR | Unobservable inputs * | Range of inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| Derivative financial instruments- Swap | (673,143) | Discount rate | Price value of a base point and variation of +1bp/-1bp | If the discount rate decreases, the fair value decreases, if the discount rate increases, the fair value increases |

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

## NOTE 12 – TRADE AND OTHER RECEIVABLES

| *in EUR* | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Current** | | |
| VAT receivable | 17,074,933 | 11,555,309 |
| Rent and service charge receivables | 19,763,396 | 13,389,039 |
| Other receivables* | 10,303,508 | 14,513,958 |
| **Total** | **47,141,837** | **39,458,306** |

* Other receivables include prepayments, taxes paid in advance and amount due from related party amounting to EUR 1,173,013, EUR 2,170,051 and EUR 6,960,444 respectively (2020: EUR 7,378,684, EUR 5,746,417 and EUR 1,388,857 respectively).

## NOTE 13 - CASH AND CASH EQUIVALENTS

| *in EUR* | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Bank accounts in SEK | 13,370,747 | 19,492,131 |
| Bank accounts in EUR | 218,156,342 | 77,519,714 |
| Bank account in GBP | 9,550,232 | 20,345,688 |
| **Total** | **241,077,321** | **117,357,533** |

The cash and cash equivalents are not restricted.

## NOTE 14 – PARTNERSHIP INTERESTS

| | Number of interests | Average price Per unit EUR | Nominal value Total EUR |
|---|---|---|---|
| **Partnership interests as at 31 December 2019** | **1,209,989** | **971** | **1,174,611,233** |
| Subscription for Partnership Interests | 196,369 | 1,086 | 213,210,365 |
| Redemption to the Limited Partners | (32,188) | 1,087 | (35,000,000) |
| **Partnership interests as at 31 December 2020** | **1,374,170** | **984** | **1,352,821,598** |
| Subscription for Partnership Interests | 432,537 | 1,127 | 487,517,813 |
| Redemption to the Limited Partners | (27,167) | 1,104 | (30,001,000) |
| **Partnership interests as at 31 December 2021** | **1,779,541** | **1,017** | **1,810,338,411** |

The total commitments of the Investors amount to EUR 2,473,262,861 (2020: EUR 1,938,249,539) of which EUR 1,875,338,534 (including redemption to date) was drawn as at 31 December 2021 (2020: EUR 1,387,821,720) and EUR 62,250,593 (2020: EUR 40,610,342) was reinvested into the Partnership.

During the year 2021, the distributions paid to Limited Partners amounted to EUR 65,068,134 (2020: EUR 41,700,000) out of which EUR 21,640,251 (2020: EUR 9,609,127) have been reinvested in the Partnership in accordance with the provisions of the Limited Partnership Agreement. Distributions are recognised in the consolidated statement of comprehensive income.

During the financial year, the LP investor redeemed EUR 1,000 from the partnership effective 21 December 2021 and one external investor redeemed EUR 30,000,000 from the Partnership effective 12 January 2021 (2020: EUR 35,000,000 effective 1 October 2020).

As of 31 December 2021, the undrawn commitments amounted to EUR 597,924,327 (2020: EUR 591,038,358).

## NOTE 15 – BORROWINGS

All the Partnership's borrowings are carried at amortised cost; the difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance costs over the period of the borrowings using the effective interest method. The borrowings are stated net of transaction cost.

*in EUR*

| Lender | Maturity | Interest rate as at 31 December 2021 | 31 December 2021 | 31 December 2020 |
|---|---|---|---|---|
| **Non-current** | | | | |
| Crédit Agricole CIB* | 02/06/2023 | 1.5% + LIBOR 6M | 39,815,060 | 37,370,062 |
| Bankinter | 04/08/2023 | 1.30% | 6,454,015 | 6,437,979 |
| ING Bank N.V., Sucursal en España | 29/12/2022 | 1.35% + EURIBOR 3M | - | 31,620,544 |
| Commerzbank | 10/04/2024 | 0.57% + EURIBOR 3M | 18,000,000 | 18,000,000 |
| Skandinaviska Enskilda Banken | 30/07/2023 | 1.45% + STIBOR 3M | 54,347,306 | 55,588,722 |
| Caixa Bank | 30/12/2024 | 1.15% | 17,913,600 | 17,884,800 |
| Helaba | 30/11/2025 | 1.86% | 83,189,688 | 83,189,688 |
| Coreo AG | 12/12/2034 | 5.00% | 965,881 | 965,881 |
| PBB Deutsche Pfandbriefbank AG | 30/11/2025 | 0.76% | 49,382,466 | 49,352,466 |
| PBB Deutsche Pfandbriefbank AG | 06/07/2025 | 1.99% | 26,192,850 | 26,751,190 |
| PBB Deutsche Pfandbriefbank AG | 06/07/2025 | 1.99% | 21,651,107 | 11,181,248 |
| PBB Deutsche Pfandbriefbank AG | 06/07/2025 | 1.99% | - | 10,908,623 |
| AAREAL BANK AG | 02/06/2025 | 2.61% | 84,513,315 | - |
| La Banque Postale | 01/04/2026 | 1.40% | 17,909,942 | - |
| PBB | 20/05/2026 | 2.18% | 11,509,677 | - |
| Münchener Hypo | 31/05/2025 | 0.78% | 39,920,850 | - |
| **Total non-current borrowings** | | | **471,765,757** | **349,251,203** |
| **Current** | | | | |
| Crédit Agricole CIB | 02/06/2023 | 1.5% + LIBOR 6M | 137,472 | 123,592 |
| ING Bank NV | 30/06/2021 | 0.7% + EURIBOR 3M | - | 21,982,200 |
| ING Bank NV - Milan Branch | 23/12/2021 | 0.103% + 1.5% | - | 15,130,218 |
| ING Bank N.V., Sucursal en España | 29/12/2022 | 1.35% + EURIBOR 3M | 31,713,030 | 46,937 |
| Commerzbank | 10/04/2024 | 0.57% + EURIBOR 3M | 1,242 | 71,831 |
| Skandinaviska Enskilda Banken | 30/07/2023 | 1.45% + STIBOR 3M | 253,891 | 326,952 |
| Deutsch Hypothekenbank AG | 06/12/2021 | 2.43% | - | 23,460,752 |
| Caixa Bank | 30/12/2024 | 1.15% | 575 | 575 |
| Coreo AG | 12/12/2034 | 5.00% | 398,906 | 50,843 |
| PBB Deutsche Pfandbriefbank AG | 30/11/2025 | 0.76% | 97,095 | 29,260 |
| PBB Deutsche Pfandbriefbank AG | 06/07/2025 | 1.99% | 51,621 | 264,306 |
| PBB Deutsche Pfandbriefbank AG | 06/07/2025 | 1.99% | 43,885 | 127,982 |
| PBB Deutsche Pfandbriefbank AG | 06/07/2025 | 1.99% | - | 114,859 |
| La Banque Postale | 01/04/2026 | 1.40% | 66,260 | - |
| AAREAL BANK AG | 02/06/2025 | 2.61% | 168,787 | - |
| Deutsche Hypo AG | 29/12/2022 | 1.68% | 24,810,000 | - |
| Münchener Hypo | 31/05/2025 | 0.78% | 78,000 | - |
| SCSp (Financing fee) | - | - | (521,143) | - |
| **Total current borrowings** | | | **57,299,621** | **61,730,307** |
| **Total Borrowings** | | | **529,065,378** | **410,981,510** |

**NOTE 15 – BORROWINGS (continued)**

Movements during the year ended 31 December 2021 and 2020 are as follows:

| *in EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| **Non-current** | | |
| **Opening balance, at 1 January** | 349,251,203 | 272,357,178 |
| Cash flows during year | | |
| Movement of capitalised financing costs | (809,298) | (971,348) |
| Reclassification from non-current to current liability | (31,167,251) | (60,458,877) |
| Reclassification from current to non-current liability | - | 39,526,650 |
| Acquisitions through subsidiaries other than through business combinations | 153,454,146 | 99,104,881 |
| Loan repayment | - | (1,442,312) |
| Foreign exchange revaluation impact | 1,036,957 | 1,135,031 |
| **Closing balance, at 31 December** | **471,765,757** | **349,251,203** |
| | | |
| **Current** | | |
| **Opening balance, at 1 January** | 61,730,307 | 50,601,030 |
| Interest expenses accrued during the year | 6,165,646 | 5,194,052 |
| Acquisitions through subsidiaries other than through business combinations | 24,810,000 | - |
| Interest paid during the year | (5,753,874) | (5,110,420) |
| Reclassification from non-current to current liability | 31,167,251 | 60,458,877 |
| Reclassification from current to non-current liability | - | (39,526,650) |
| Reclassification to liabilities associated with assets classified as held for sale | - | - |
| Loan repayment | (61,619,200) | (9,790,500) |
| Foreign exchange revaluation impact | 874,783 | (96,082) |
| Reclassification other | (75,292) | - |
| **Closing balance, at 31 December** | **57,299,621** | **61,730,307** |

As at 31 December 2021 and 31 December 2020, the Partnership was in compliance with the financial covenants under the terms and conditions of the loan contracts.

**NOTE 16 – TRADE AND OTHER PAYABLES**

| *in EUR* | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Trade payables | 29,493,335 | 13,722,680 |
| Accruals | 11,233,486 | 10,160,824 |
| VAT and other taxes | 11,570,653 | 11,776,380 |
| Performance fee payable | 828,742 | - |
| Contribution received in advance | - | 33,002,760 |
| Other payables | 10,077 | 200,320 |
| **Total** | **53,136,293** | **68,862,964** |

The fair value of trade and other payables, which are due within one year, approximate to their carrying amount as at the date of financial position.

The allocation of the carrying amount of the Partnership's trade and other payables by foreign currency is presented in Note 4 (ii).

## NOTE 17 – DEFERRED INCOME

Deferred income amounted to EUR 7,958,017 (2020: EUR 5,695,962) and refers mainly to cash received from tenants for rental periods starting after 31 December 2021.

## NOTE 18 – GUARANTEES AND COMMITMENTS

The borrowings (Note 15) are secured on:

- Investment property to the value of:
  - the Davidson Building
  - the Logrono Building
  - the Mannheim property
  - the Stockholm property
  - the Carrefour Alcalá de Henares, Aluche, Bilbao, Salamanca, Cádiz and Almería properties
  - the St.Martin Building
  - the Machtlfinger Höfe property
  - the Kardinalmärket 1 property
  - the Händelö 2:34 , Zinken 3 and Sylten 3:5 & 4:10 properties
  - the Capital House property
  - the Saint Maur property
  - the Chauffören 6 & Sörred properties
  - the Hub property
  - the Mediapark 6 property

- The following shares are pledged in favour of the respective banks:
  - Barings Core Fund Davidson S.à r.l.
  - Barings Core Fund Malmö A.B.
  - Barings Core Fund MFH S.à.r.l.
  - Kardinalmärket 1 AB
  - KB Sveterm
  - Barings Core Fund Capital House S.à r.l.
  - Barings Core Fund Hub S.à r.l.
  - Barings Core Fund Mediapark 6 S.à r.l.
  - Barings Core Fund Saint-Maur SCI
  - Barings Core Fund Sweden Pilängen AB
  - Barings Core Fund Sörred MergCo AB

- Bank accounts, receivables and rental receivables of following entities are pledged to the banks:
  - Barings Logrono S.L.
  - Stef S.r.l.
  - St. Martin Tower S.à r.l.
  - Barings Core Fund MFH S.à.r.l.
  - Kardinalmärket 1 AB
  - KB Sveterm
  - Barings Core Fund Capital House S.à r.l.
  - Barings Core Fund Hub S.à r.l.
  - Barings Core Fund Mediapark 6 S.à r.l.
  - Barings Core Fund Saint-Maur SCI
  - Barings Core Fund Sweden Pilängen AB
  - Barings Core Fund Sörred MergCo AB

As at 31 December 2021, the insured value of the investment property is EUR 2,142,567,007 (2020: EUR 2,306,783,168).

No guarantees were granted as per year end.

## NOTE 19 – RELATED PARTY TRANSACTIONS

As at 31 December 2021 and 31 December 2020, the Partnership was managed by the General Partner and the Managing Limited Partner each of which owns less than 0.01% of the Partnership's interests. The remaining Partnership's interests of 99.9 % belongs to several other investors where none of them has more than 50% of ownership in the Partnership.

The performance fee expense and performance fee payable as at 31 December 2021 amounts to and EUR 3,883,991 and EUR 828,742 respectively.

There were no other transactions carried out or balances outstanding with related parties except for the distributions (Note 14) and the following:

| *in EUR* | **Relationship** | **Transaction values for the year ended 31 December 2021** | **Balance outstanding as at 31 December 2021 Asset/(liability)** |
|---|---|---|---|
| **Asset management fees** | | | |
| Baring International Fund Managers (Ireland) Limited | Asset Management Company | 8,016,007 | (2,398,869) |
| **Accrued recharged expenses** | | | |
| Barings European Core Property Fund GP S.à r.l.* | General Partner | 8,932,758 | 1,751,450 |
| Barings European Core Property Fund LP S.à r.l. | Limited Partner | 21,769 | - |
| **Management fee withheld from the Limited Partners** | | | |
| Barings European Core Property Fund GP S.à r.l. | General Partner | N/A | - |
| **Total** | | **16,970,534** | **(647,419)** |

| *in EUR* | **Relationship** | **Transaction values for the year ended 31 December 2020** | **Balance outstanding as at 31 December 2020 Asset/(liability)** |
|---|---|---|---|
| **Asset management fees** | | | |
| Baring International Fund Managers (Ireland) Limited | Asset Management Company | 6,040,713 | (1,960,478) |
| Barings Real Estate Advisers Europe LLP | Associated Company | 223,002 | |
| **Accrued recharged expenses** | | | |
| Barings European Core Property Fund GP S.à r.l.* | General Partner | 4,153,423 | 1,032,157 |
| Barings European Core Property Fund LP S.à r.l. | Limited Partner | 34,308 | 156,392 |
| **Management fee withheld from the Limited Partners** | | | |
| Barings European Core Property Fund GP S.à r.l. | General Partner | N/A | - |
| **Total** | | **10,451,446** | **(771,929)** |

* Includes an amount related to management fees retained out of the distribution to Limited Partners and to be paid to the General Partner in accordance with clause 7.5.2 of the LPA. During the year, the Partnership had an expense of EUR 3,883,991 (Note 6) and as at 31 December 2021, the Partnership had an amount of EUR 2,398,869 (2020: EUR 3,249,958) payable to the General Partner in relation to the management fees.

## NOTE 20 – RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in liabilities arising from financing activities as at 31 December 2021 are as follows:

| | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| *In EUR* | 1 January 2021 | Financing cash flows | Net change in fair value of derivative financial instruments | Effect of foreign currency exchange differences | Acquisitions of subsidiaries | Other changes | 31 December 2021 |
| Derivative financial instruments | 8,926,609 | (34,976) | (6,561,441) | 1,082,616 | - | - | 3,412,808 |
| Borrowings | 410,981,510 | 116,644,946 | - | 1,836,448 | - | (397,526) | 529,065,378 |
| **Total** | **419,908,119** | **116,609,970** | **(6,561,441)** | **2,919,064** | **-** | **(397,526)** | **532,478,186** |

The changes in liabilities arising from financing activities as at 31 December 2020 are as follows:

| | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| *In EUR* | 1 January 2020 | Financing cash flows | Net change in fair value of derivative financial instruments | Effect of foreign currency exchange differences | Acquisitions through subsidiaries | Other changes | 31 December 2020 |
| Derivative financial instruments | 5,015,521 | (659,676) | 4,611,335 | (40,571) | - | - | 8,926,609 |
| Borrowings | 369,761,478 | 41,068,799 | - | 1,038,949 | - | (887,716) | 410,981,510 |
| **Total** | **374,776,999** | **40,409,123** | **4,611,335** | **998,378** | **-** | **(887,716)** | **419,908,119** |

## NOTE 21 – OPERATING LEASES AS LESSOR

The Partnership leases out its investment property (Note 9).

The Partnership earned rental income of EUR 88,680,328 during the year 2021 (Note 5).

The future minimum lease payments under non-cancellable leases are receivable as follows:

| *in EUR* | **As at 31 December 2021** | **As at 31 December 2020** |
|---|---|---|
| Less than one year | 86,383,268 | 78,106,685 |
| Between one and two years | 72,849,872 | 66,684,216 |
| Between two and three years | 61,582,698 | 56,800,675 |
| Between three and four years | 53,714,699 | 47,891,851 |
| Between four and five years | 45,335,392 | 41,976,933 |
| More than five years | 142,983,088 | 138,645,199 |
| **Total** | **462,849,017** | **430,105,559** |

## NOTE 22 - EVENTS AFTER THE DATE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Acquisition of Asset**

On 29 March 2022, the Partnership signed on Project Albatross, which is an off-market speculative forward purchase for SEK 560m (EUR 54.0m) of a new Grade A, 'BREEAM Excellent' logistics warehouse of c. 33,200 sqm in a strong location near the port of Gothenburg, Sweden. Completion is expected to take place in Q1 2024.

**Sale of Assets**

On 1 April 2022, the Partnership concluded the sale of four Spanish properties under Barings Core Crossroads, S.L.U. namely Igualada, Berga, Olerdorla, and Viladecans for a total consideration of EUR 27,500,000.

**Investors**

Post year end, the Partnership has received further commitments of EUR 234,600,000 from new investors taking the total commitments at Q1 2022 to EUR 2,717,700,000.

On 21 February 2022, the Partnership made a net distribution of EUR 12,126,223 of which EUR 4,560,928 was reinvested.

In Q1 2022 and Q2 2022, the Partnership issued a capital call from existing investors for a total amount of EUR 25,160,598, which was received in April and May.

On 1 April 2022, the Partnership had a capital redemption for an amount of EUR 40,000,000.

**Financing**

On 21 March 2022, the Partnership extended existing loan facility of Barings Core Fund Hub S.à r.l. from EUR 24,810,000 to EUR 36,210,000 and the maturity date has been extended from 29 December 2022 to 30 March 2027.

On February 24, 2022, the Russian Federation began a full-scale invasion of Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia. The Partnership has no direct exposure to either Russia or Ukraine, however the wider impact of these events on the global financial markets may impact the Partnership subsequent to year end. The situation is continuously evolving and as market conditions remain volatile, the General Partner does not at present consider it meaningful to formally quantify the impact on the Partnership as at the date of the signing of these financial statements. The Partnership continues to consistently apply valuation policies reflective of prevailing market conditions.

## NOTE 23 – RECONCILIATION FROM NAV CALCULATED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION ("IFRS") TO PARTNERSHIP NAV

As per Amended and Restated LPA dated 17 December 2019 the Partnership NAV is defined as the gross assets of the Partnership less the gross liabilities of the Partnership as of 31 December 2021 and is calculated in accordance with IFRS adjusted in accordance with the INREV Guidelines but subject to adjustments for Organisational Expenses specified in the LPA paragraph 6.1.1:

Organisational Expenses are capitalised and amortised on a straight-line basis over the first five years of the Partnership from the first closing date (i.e. meaning the first date at which subscriptions of "third party" investors have been received). Organisational expenses are (i) all expenses incurred by the General Partner in relation to the establishment of the Partnership such as accounting fees, tax and legal advisory fees, marketing and promotional fees up to EUR 1.5m and (ii) all expenses relating to the acquisitions of any Real Estate assets by the Partnership prior to the first closing date (LPA paragraph 6.1.1/ 7.6.1).

The table below shows the reconciliation from the IFRS NAV to the Partnership NAV as at 31 December 2021, 31 December 2020 and 31 December 2019:

| *in EUR* | **As at 31 December 2021** | **As at 31 December 2020** | **As at 31 December 2019** |
|---|---|---|---|
| **IFRS NAV (excluding non-controlling interests)** | 2,143,093,245 | 1,499,386,699 | 1,300,908,222 |
| **Fair value of assets and liabilities** | | | |
| Revaluation to fair value of financial assets and liabilities | - | - | - |
| Fund set-up costs | - | 809,421 | 779,007 |
| Acquisition expenses | 43,003,135 | 30,232,626 | 26,026,338 |
| **Effects of the expected manner of settlement of sales/vehicle unwinding** | | | |
| Revaluation to fair value of savings of purchaser's cost such as transfer tax | - | - | - |
| Revaluation to fair value of deferred taxes and tax effect of fund adjustments | (22,062,136) | (13,120,871) | (1,165,438) |
| **Adjustment for non-controlling interests** | | | |
| Non-controlling interests on Barings Core Fund Hamburg S.à r.l. | - | 70,584 | (43,602) |
| Non-controlling interests on St. Martin Tower S.à r.l. | 147,018 | 147,018 | - |
| **Partnership NAV** | **2,164,181,262** | **1,517,525,477** | **1,326,504,527** |
| **Partnership NAV per interest** | **1,216.15** | **1,104.32** | **1,096.30** |

## NOTE 24 – RECONCILIATION FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION ("IFRS") TO US - GENERALLY ACCEPTED ACCOUNTING PRINICPLES ("US-GAAP")

The consolidated financial statements of the Partnership are prepared in accordance with IFRS which, in certain aspects, differs from US-GAAP.

Definitions of investment companies under US-GAAP are similar to IFRS. However, US-GAAP also defines a company as "investment company" if it is regulated under the Investment Company Act of 1940. The Partnership has concluded that it meets the definition of an investment company under US-GAAP. Additional guidance issued by the National Council of Real Estate Investment Fiduciaries and Pension Real Estate Association ("NCREIF PREA") provides support for the consolidated presentation in compliance with US-GAAP.

The tables below show a line by line reconciliation starting from the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of comprehensive income for the year from 1 January 2021 to 31 December 2021 under IFRS to US-GAAP.

## NOTE 24 – RECONCILIATION FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION ("IFRS") TO US - GENERALLY ACCEPTED ACCOUNTING PRINICPLES ("US-GAAP") (continued)

### 24.1 Consolidated statement of financial position

| *in EUR* | | IFRS 31 December 2021 | US GAAP Adjustments | US GAAP 31 December 2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Investment property | | | | |
| Investment property | | 2,431,912,302 | | 2,431,912,302 |
| Investment property under construction | | 75,577,825 | | 75,577,825 |
| Right of use asset | | 15,130,259 | | 15,130,259 |
| Derivative financial instruments | | 422,666 | | 422,666 |
| | | **2,523,043,052** | - | **2,523,043,052** |
| **Current assets** | | | | |
| Trade and other receivables | | 47,141,837 | | 47,141,837 |
| Derivative financial instruments | | 1,378,573 | | 1,378,573 |
| Cash and cash equivalents | | 241,077,321 | | 241,077,321 |
| | | **289,597,731** | | **289,597,731** |
| **Total assets** | | **2,812,640,783** | - | **2,812,640,783** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Borrowings | (i) | 471,765,757 | (7,943,293) | 463,822,464 |
| Derivative financial instruments | | 493,646 | | 493,646 |
| Performance fee payable | | 828,742 | | 828,742 |
| Tenant deposits | | 7,268,779 | | 7,268,779 |
| Lease liability | | 14,218,621 | | 14,218,621 |
| Deferred tax liabilities | (ii) | 45,330,263 | 86,868,144 | 132,198,407 |
| | | **539,905,808** | **78,924,851** | **618,830,659** |
| **Current liabilities** | | | | |
| Borrowings | | 57,299,621 | | 57,299,621 |
| Derivative financial instruments | | 4,720,401 | | 4,720,401 |
| Liabilities associated with assets classified as held for sale | | - | | - |
| Trade and other payables | | 52,307,551 | | 52,307,551 |
| Lease liability | | 911,638 | | 911,638 |
| Deferred income | | 7,958,017 | | 7,958,017 |
| | | **123,197,228** | - | **123,197,228** |
| **Total liabilities** | | **663,103,036** | **78,924,851** | **742,027,887** |
| Net assets attributable to the Partners of the Partnership | | 2,143,093,245 | (77,942,565) | 2,065,150,680 |
| Non-controlling interests | | 6,444,502 | (982,286) | 5,462,216 |
| **Total net assets** | | **2,149,537,747** | **(78,924,851)** | **2,070,612,896** |

## NOTE 24 – RECONCILIATION FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION ("IFRS") TO US - GENERALLY ACCEPTED ACCOUNTING PRINICPLES ("US-GAAP") (continued)

### 24.2. Consolidated statement of comprehensive income

| *in EUR* | | IFRS<br>For the year ended 31 December 2021 | US GAAP Adjustments | US GAAP<br>For the year ended 31 December 2021 |
|---|---|---|---|---|
| Revenue | (iii) | 100,980,543 | (6,053,598) | 94,926,945 |
| Other operating income | | 892,233 | | 892,233 |
| Operating expenses | | (50,784,572) | | (50,784,572) |
| **Operating result** | | **51,088,204** | **(6,053,598)** | **45,034,606** |
| Net change in fair value of investment property | (iii) | 244,631,717 | 6,053,598 | 250,685,315 |
| Realised on disposal of investment property | | 864,657 | | 864,657 |
| Realised gain on disposal of subsidiaries | | 5,854,623 | | 5,854,623 |
| Net change in fair value of derivative financial instruments | | (6,561,441) | | (6,561,441) |
| Net change in fair value of borrowings | (i) | - | 5,387,805 | 5,387,805 |
| Finance income | | 210,591 | | 210,591 |
| Distributions to Limited Partners | | (65,068,134) | | (65,068,134) |
| Finance costs | (i) | (7,919,599) | 2,555,488 | (5,364,111) |
| **Profit before income tax** | | **223,100,618** | **13,996,891** | **231,043,911** |
| Income tax expense | (ii) | (34,192,153) | (17,554,899) | (51,747,052) |
| **Profit for the year** | | **188,908,465** | **(9,611,606)** | **179,296,859** |
| **Other comprehensive loss** | | | | |
| **Items that may be subsequently reclassified to profit/(loss)** | | | | |
| Foreign currency translation | | (1,810,008) | | (1,810,008) |
| **Other comprehensive income/(loss) for the year** | | **(1,810,008)** | **-** | **(1,810,008)** |
| **Total comprehensive income/(loss) for the year** | | **187,098,457** | **(9,611,606)** | **177,486,851** |
| **Profit attributable to:** | | | | |
| - Partners of the Partnership | | 187,999,741 | (8,629,320) | 179,370,421 |
| - Non-controlling interests | | 908,724 | (982,286) | (73,562) |
| **Total comprehensive income attributable to:** | | | | |
| - Partners of the Partnership | | 186,189,733 | (8,629,320) | 177,560,413 |
| - Non-controlling interests | | 908,724 | (982,286) | (73,562) |

## NOTE 24 – RECONCILIATION FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION ("IFRS") TO US - GENERALLY ACCEPTED ACCOUNTING PRINICPLES ("US-GAAP") (continued)

### 24.3. Notes to the US-GAAP reconciliation

*(i) Borrowings*

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

**Treatment under US-GAAP (applying the NCREIF PREA guidance)**
US-GAAP requires loans and borrowings to be accounted for at fair value with any loan arrangement fees to be expensed when they arise.

The adjusting item between US-GAAP and IFRS are the loan arrangement fees recorded and amortised under IFRS. These fees have been expensed in full under US-GAAP. The fair value of fixed interest rate loan impact is computed and recorded under Net change in fair value of borrowings.

*(ii) Deferred tax liabilities*

**Treatment under IFRS**
IAS 12 allows for an initial recognition exemption of a deferred tax if this deferred tax arises from the initial recognition of an asset or liability and affects neither accounting profit nor taxable profit at the date of transaction.

**Treatment under US-GAAP**
Under US-GAAP a deferred tax liability should be recognised upon initial recognition of an asset or liability even if at the time of transaction neither accounting profit nor taxable profits are impacted.

**Reconciliation IFRS to US-GAAP**
The reconciliation item between both accounting standards is the recognition of the initially unrecognised deferred tax liability related to the property the Partnership acquired in Malmö, Hamburg, Borgo Uno, Berlin, Logrono and Unioninkatu. For Malmö, the deferred tax liability has been translated from SEK at the applicable closing rate, the expense has been recorded with the average rate and an additional adjustment to the currency translation reserve has been made. For Hamburg, the deferred tax impact has been adjusted for the non-controlling interest's impact.

*(iii) Rental income*

**Treatment under IFRS**
Under IFRS, rental income, including lease incentives, is recognised on a straight-line basis over the term of the lease.

**Treatment under US-GAAP (applying the NCREIF PREA guidance)**
Rental revenue is recognised when it is contractually billable to tenants (i.e. straight-lining of rents is not applicable when real estate is reported at fair value).

**Reconciliation IFRS to US-GAAP**
The reconciliation item between both standards is the reversal of lease incentives under IFRS.

## NOTE 25 - APPROVAL BY THE GENERAL PARTNER

The consolidated financial statements were approved and authorised for issue by the General Partner on 10 June 2022.

# BARINGS