

**PAN-EUROPEAN LOGISTICS PROPERTY
HOLDINGS LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023**

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT

The directors are pleased to present their report and the audited financial statements of **PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED** (the “Company”), for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding. The Company holds an interest in a Company located in Luxembourg, which has exposure to industrial and logistics properties in Europe. On 14 August 2020, the directors approved the listing of the Company’s shares on the Bermuda Stock Exchange.

RESULTS AND DIVIDENDS

The results for the period are shown in the statement of profit or loss and other comprehensive income and related notes.

The directors have paid dividend of **EUR 1,423,550** (2022: EUR 1,395,881) for the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have confirmed that they have complied with the above requirements in preparing the financial statements. The directors have made an assessment of the Company’s ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

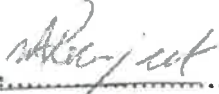
AUDITOR

The auditor, PricewaterhouseCoopers, has been appointed as the auditor of the Company. The fees payable (exclusive of VAT) to the auditor of the Company for audit services for the year ended 31 March 2023 are **EUR 55,487** (2022: EUR 40,250). A resolution concerning the re-appointment will be proposed in the next Annual meeting of the shareholders in accordance with Section 200 of the Mauritian Companies Act 2001.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

SECRETARY'S CERTIFICATE UNDER SECTION 166 (D) OF THE COMPANIES ACT 2001

We certify to the best of our knowledge and belief that PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED (the "Company") has filed with the Registrar of Companies, all such returns as are required of the Company under Section 166 (d) of the Companies Act 2001 for the year ended 31 March 2023, except for the financial statements for the year ended 31 March 2023.


.....
Intercontinental Trust Limited
Company Secretary

Date: 20 DEC 2023

Level 3
Alexander House
35 Cybercity
Ebène 72201
Republic of Mauritius



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED (the "Company") as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED set out on pages 12 to 37 comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Business Registration Number : F07000530

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investments in equity and debt instruments at fair value through profit or loss</p> <p>As at 31 March 2023, the Company had investments in equity instruments of EUR 25.0m and Profit Participating Loans ("PPLs") of EUR 19.0m issued to IPF Lux 2 S.a.r.l. These financial assets have been measured at fair value through profit or loss and make up 54% and 41% of total assets, at 31 March 2023, respectively.</p> <p>The value of the equity investment in IPF Lux 2 S.a.r.l. is based on the net assets value of the investee. The net assets value IPF Lux 2 S.a.r.l. itself hinges on the net assets value of its investment in Hexagon Holdco S.à.r.l. Hexagon Holdco S.à.r.l. holds a property portfolio which operates within the European industrial and logistics property market. The underlying properties have been measured at fair value.</p> <p>The valuation of these properties is carried out for management by external valuers.</p>	<p>Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts to assist us in our audit of this area.</p> <p><i>Assessing the external valuers' expertise and objectivity</i></p> <p>We assessed the external valuers' qualifications and expertise and read their terms of engagement with Hexagon Holdco S.à.r.l. to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered fees and other contractual arrangements that might exist between Hexagon Holdco S.à.r.l. and the external valuers.</p> <p><i>Assumptions and estimates used by the external valuers</i></p> <p>Our internal valuation experts read the valuation report for the properties to ensure that the valuation approach was in accordance with RICS standards.</p>



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter (Continued)	How our audit addressed the key audit matter (Continued)
<p>Valuation of investments in equity and debt instruments at fair value through profit or loss (Continued)</p> <p>The external valuers were engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ("RICS") Valuation - Professional Standards and the requirements of IAS 40 'Investment Property'.</p> <p>The valuation of the underlying property portfolio is an area of significance due to the subjective nature of the valuations of the underlying properties which are dependent on certain key valuation assumptions.</p> <p>These key assumptions include:</p> <ul style="list-style-type: none">• The expected rental value;• The equivalent yield; and• Long-term vacancy rates. <p>The valuation of investment properties is inherently judgmental.</p>	<p><i>Assumptions and estimates used by the external valuers (Continued)</i></p> <p>Our internal valuation experts assessed the appropriateness of the methodologies used and key assumptions used across the portfolio, corroborating yields, estimated rental values and other assumptions to comparable information where available.</p> <p>Other significant inputs to the model such as current rents, expenses, existence of original title deeds have been agreed back to supporting documentation.</p> <p><i>Fair value of unquoted equity investments and PPLs</i></p> <p>We have assessed the reasonableness of the methodology used by the directors in arriving at the fair values of the Company's equity investment and PPL's in IPF Lux 2 S.à r.l.</p> <p>We independently recomputed the fair value of the investments with the assistance of our internal valuation experts.</p>



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter (Continued)	How our audit addressed the key audit matter (Continued)
<p>Valuation of investments in equity and debt instruments at fair value through profit or loss (Continued)</p> <p>The PPL's value is contingent on the cash flows derived from the underlying adjusted net profits of the industrial and logistics assets, where the PPL funds have been deployed. The significant assumptions used in deriving the fair value of the PPLs comprise:</p> <ul style="list-style-type: none">• The forecasted adjusted net profits; and• The discount rate <p>This is considered to be a Key Audit Matter.</p> <p>The disclosures are set out in the financial statements in note 4(d) in accordance IFRS 9, Financial with instruments and IFRS 13, Fair Value Measurement.</p>	<p><i>Fair value of unquoted equity investments and PPLs (Continued)</i></p> <p>With the assistance of our internal valuation experts, we independently recomputed the fair the PPLs using the discounted cashflow method.</p> <p>We have performed sensitivities on the significant assumptions to determine the impact of a change in significant assumption of the fair values in equity investment and PPLs.</p> <p>We assessed whether appropriate disclosures were made by management in the financial statements, including critical accounting estimates.</p>



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on the Audit of the Financial Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the Company information, the directors' report and the secretary's certificate but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent Auditor's Report

To the Shareholders of
PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
(Continued)

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) we have no relationship with or interests in the Company other than in our capacity as auditor;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

DocuSigned by:

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PricewaterhouseCoopers

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20 December 2023

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 EUR	2022 EUR
INCOME			
Net change in financial assets at fair value through profit or loss	6	(5,008,229)	4,945,647
Interest income	7	619,439	474,436
Distribution income		593,100	673,976
Guaranteed fee income		280,000	280,000
Other income		40,877	-
Realised exchange gain		63	-
Total income		<u>(3,474,750)</u>	<u>6,374,059</u>
EXPENSES			
Administration expenses		(11,143)	(10,153)
Licence fees		(2,295)	(2,155)
Directors' fees		(2,757)	(2,440)
Organisational expenses		(2,500)	(3,700)
Professional fees		(626,357)	(455,389)
Audit fees		(87,342)	(57,730)
Performance fees		1,073,360	(401,582)
Bank charges		(1,750)	(3,478)
Interest expense		(17,079)	-
Penalty fees		(890)	-
Total expenses		<u>321,247</u>	<u>(936,627)</u>
(Loss)/profit before tax		(3,153,503)	5,437,432
Income tax expense	11	(69,217)	(69,349)
Net (loss)/profit for the year		<u>(3,222,720)</u>	<u>5,368,083</u>
Other comprehensive income		-	-
Total comprehensive (loss)/ income for the year		<u>(3,222,720)</u>	<u>5,368,083</u>

The notes set out on pages 16 to 37 are an integral part of these financial statements.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 EUR	2022 EUR
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	6	<u>44,026,551</u>	<u>49,034,780</u>
Total non-current assets		<u>44,026,551</u>	<u>49,034,780</u>
Current assets			
Other receivables and prepayments	8	622,864	3,073
Current tax asset	11	151,719	106,547
Cash and cash equivalents	5	<u>106,221</u>	<u>85,745</u>
Total current assets		<u>880,804</u>	<u>195,365</u>
Total assets		<u>44,907,355</u>	<u>49,230,145</u>
EQUITY			
Share capital	9	40,100,000	40,100,000
Accumulated profits		<u>3,029,600</u>	<u>7,675,870</u>
Total equity		<u>43,129,600</u>	<u>47,775,870</u>
LIABILITIES			
Non-current liabilities			
Accrual for performance fees	12	-	1,073,360
Loan from Investec Property Fund Offshore	14	<u>1,054,403</u>	-
Total non-current liabilities		<u>1,054,403</u>	<u>1,073,360</u>
Current liabilities			
Accruals and payables	10	<u>723,352</u>	<u>380,915</u>
Total current liabilities		<u>723,352</u>	<u>380,915</u>
Total liabilities		<u>1,777,755</u>	<u>1,454,275</u>
Total equity and liabilities		<u>44,907,355</u>	<u>49,230,145</u>

Approved and authorised for issue by the Board of directors on **20 DEC 2023**
and signed on its behalf by:



} Marie Sarah-Jane Karene Figaro



} Smitha Algoo-Bissonauth

The notes set out on pages 16 to 37 are an integral part of these financial statements.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Note	Share capital EUR	Accumulated profits EUR	Total equity EUR
At 1 April 2022		40,100,000	7,675,870	47,775,870
<i>Transactions with owners:</i>				
Dividend paid	15	-	(1,423,550)	(1,423,550)
<i>Comprehensive income:</i>				
Loss for the year		-	(3,222,720)	(3,222,720)
At 31 March 2023		<u>40,100,000</u>	<u>3,029,600</u>	<u>43,129,600</u>

	Note	Share capital EUR	Accumulated profits EUR	Total equity EUR
At 1 April 2021		40,100,000	3,703,668	43,803,668
<i>Transactions with owners:</i>				
Dividend paid	15	-	(1,395,881)	(1,395,881)
<i>Comprehensive income:</i>				
Profit for the year		-	5,368,083	5,368,083
At 31 March 2022		<u>40,100,000</u>	<u>7,675,870</u>	<u>47,775,870</u>

The notes set out on pages 16 to 37 are an integral part of these financial statements.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 EUR	2022 EUR
Cash flows from operating activities			
(Loss)/profit before income tax		(3,153,503)	5,437,432
Adjustment for:			
Interest income	7	(619,439)	(474,436)
Net change in financial assets at fair value through profit or loss	6	5,008,229	(4,945,647)
Accrual for performance fees	12	(1,073,360)	401,582
Interest expense		17,079	-
Tax paid		(114,389)	(185,394)
		<u>64,617</u>	<u>233,537</u>
<i>Working capital adjustments:</i>			
Increase in other receivables and prepayments		(352)	(2,438)
Increase in accruals and payables		342,437	271,647
Cash generated generated from operations		<u>406,702</u>	<u>502,746</u>
Interest received		-	474,436
Net cash flows generated in operating activities		<u>406,702</u>	<u>977,182</u>
Cash flows from financing activities			
Borrowings		1,037,324	-
Dividend paid		(1,423,550)	(1,395,881)
Net cash flows used in financing activities		<u>(386,226)</u>	<u>(1,395,881)</u>
Net increase/(decrease) in cash and cash equivalents		20,476	(418,699)
Cash and cash equivalents at beginning of the year		85,745	504,444
Cash and cash equivalents at end of the year	5	<u>106,221</u>	<u>85,745</u>

The notes set out on pages 16 to 37 are an integral part of these financial statements.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 GENERAL INFORMATION

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED (the “Company”) was registered as a public company limited by shares and domiciled in the Republic of Mauritius on 24 February 2020. The Company was granted a Category 1 Global Business Licence on 24 February 2020. The Company has its registered office at Level 3, Alexander House, 35 Cybercity, Ebène 72201, Republic of Mauritius.

The principal activity of the Company is that of investment holding. The Company holds an interest in a Company located in Luxembourg, which has exposure to industrial and logistics properties in Europe. On 14 August 2020, the directors approved the listing of the Company’s shares on the Bermuda Stock Exchange.

Since the Company operates in an international environment and conducts most of its transactions in foreign currencies, it has chosen to retain the Euro (“EUR”) as its reporting currency.

These financial statements were authorised for issue by the directors on 20 December 2023.

2 BASIS OF PREPARATION

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared under the historical cost convention, as modified by the fair valuation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company’s accounting policies, as disclosed in note 2.2 (a).

The financial statements are presented in EUR and all values are rounded to the nearest euro, except when otherwise indicated.

Going concern

At 31 March 2023, the Company has a net loss of **EUR 3,222,720** (2022: net profit of EUR 5,368,083) and net current asset position of **EUR 157,452** (2022: net current liability position EUR 185,550) and a total equity of **EUR 43,129,600** (2022: EUR 47,775,870). After the year under review, the company has received funds relating to distribution fees, thus was in a net asset position. Hence, the financial statements have been prepared on a going concern basis, which assumes that the Company will remain in operational existence for the foreseeable future.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Foreign currency translation

Functional and presentation currency

The primary objective of the Company is to generate returns and capital growth in EUR for the benefit of its shareholders. The assets and liabilities of the Company and the cash flows are predominantly Euro denominated. The Company's performance is evaluated in Euro. Therefore, the Board of Directors considers the Euro as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. Therefore, the Company's functional and presentation currency is the EUR.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities expressed in foreign currencies are translated into EUR at the market rate ruling at the end of the reporting period.

(b) Revenue recognition

Dividend and investment income are recognised when the rights to receive payments are established. Interest is recognised on a time-proportionate basis using the effective interest method. Realised and unrealised gains and losses on investments are recognised in profit or loss. Realised gains and losses on investments sold are determined on the basis of specific identification of the cost of investments sold. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

(c) Cash and cash equivalents

Cash equivalents are short-term (maturity of three months or less), highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of cash at bank.

(d) Share capital

Ordinary shares are classified as equity.

(e) Expense recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Present value of provisions

As per IAS 37, Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation. Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting period are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted. The unwinding of the discount is recognised as finance cost. Present value measurement techniques are often used in measuring assets or liabilities for the purpose of financial reporting. These techniques require two main sets of inputs:

- an estimate of the amount, timing and uncertainty of future cash flows; and
- discount rates to translate those cash flows to an equivalent amount of cash held at the measurement date.

(g) Current and deferred income tax

The tax expense for the period is recognised in the statement of profit or loss and other comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Current and deferred income tax (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(h) Related Party Transaction

A related party transaction is a transfer of resources, services, or obligations between related parties (including the Company Secretary), regardless of whether a price is charged. The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. If there have been transactions between related parties, the Company is required to disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. These disclosures would be made separately for each category of related parties and would include:

- the amount of the transactions;
- the amount of outstanding balances, including terms and conditions and guarantees;
- provisions for doubtful debts related to the amount of outstanding balances; and
- expense recognized during the period in respect of bad or doubtful debts in respect of amounts due from related parties

(i) Financial instruments

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or;
- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or; and
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Financial assets – Debt instruments

The Company classifies its debt instruments as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- the entity's business model for managing the financial assets and;
- the contractual cash flow characteristics of the financial asset.

A debt instrument is measured at FVPL if:

- 1) 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;
- 2) 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;
- 3) at initial recognition, it is designated as measured at FVPL 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.

Contractual cash flows are considered to be SPPI if the contractual terms of the financial asset only give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates (i.e., the contractual cash flows are consistent with a basic lending arrangement). A debt instrument that meets the cash flow characteristics test and is not designated at FVTPL under the fair value option must be measured at FVTOCI if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets. Since the contractual cash flows are linked to changes in equity \ commodity prices, they did not pass the SPPI test because they introduced exposure to risks or volatility that are unrelated to a basic lending arrangement. The Company's debt instrument comprises of profit participating loan.

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (rather than to sell the assets prior to their contractual maturity to realise changes in fair value) and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. The Company includes in this category cash and cash equivalents and other receivables.

Financial assets – Equity instruments

All equity investments in scope of IFRS 9 are measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in other comprehensive income. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognised in profit or loss. The Company includes in this category investment in equity shares in IPF LUX 2 S.à.r.l.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Classification and measurement

The Company classifies its financial assets on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise. Dividend/ distribution income from financial assets at fair value through profit or loss is recognised in profit or loss within dividend/ distribution income when the Company's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in profit or loss.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category its accruals and payables, and accrual of performance fees.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Financial instruments (continued)*

Impairment of financial assets

Cash and cash equivalents comprise of cash at bank. Cash equivalents are short-term, highly liquid investments with original maturities of 3 months or less and which are subject to an insignificant risk of change in value.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amounts reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The interest receivable from profit participating loans is net off against the advance from related party given that it fulfils the above criteria.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts at the end of the reporting period. However, uncertainty about these accompanying disclosures, the assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

(a) **Judgements**

In the process of applying the Company's accounting policies, the directors made the following judgements, which have the most significant effect in the amounts recognised in the financial statements:

Determination of functional currency

The determination of the functional currency is critical since the way in which every transaction is recorded and whether exchange differences arising are dependent on the functional currency selected. In making this judgement, the directors have considered the currency of the country whose competitive forces and regulations matter, the currencies in which the Company generates and expends cash. The directors have determined that the functional currency of the Company as being the Euro ("EUR").

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Estimates and assumptions

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

Fair value of financial assets not quoted in an active market

At 31 March 2023, the Company had unquoted investments in IPF LUX 2 S.à.r.l. The aim is to provide an opportunity for investors to gain exposure to the industrial and logistics property sector in Europe through an indirect investment in the Hexagon Group via a subscription of shares in the Company. Hexagon Group is a group of companies that has been established to house a portfolio of industrial and logistics property assets across major European geographies within recognised logistics nodes.

The Hexagon Group comprises of Hexagon HoldCo S.à.r.l and Hexagon HoldCo 2 S.à.r.l (collectively “Hexagon Group”) including any subsidiaries, joint ventures, associates and related affiliates that holds the assets of the existing portfolio of European industrial and logistics assets currently owned by the Hexagon Group. The existing portfolio currently comprises 47 properties (including land plots and development assets) across 7 geographies (Germany, France, Netherlands, Italy, Spain, Poland and Belgium) with a current asset value of € 1,089 million (including costs) and a GLA of 1,135,626m². The intention is to build this into a platform of meaningful scale in the short to medium term.

The Company has 10% indirect interest in the Hexagon Group, following the Company’s acquisition of a 13% interest in the form of equity and debt in IPF Lux 2 S.à.r.l, a Luxembourg private company incorporated in Luxembourg. IPF Lux 2 S.à.r.l is used as a holding company in the structure, which acquired 75% interest in the Hexagon Group, alongside the Equity Partner, which holds 25% interest. IPF Lux 2 S.à.r.l’s interest in Hexagon Group is also through a combination of equity and debt.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Estimates and assumptions (Continued)

The valuation of investment properties is inherently judgmental which is further compounded by the uncertain market conditions. The lack of observable liquid market inputs makes determining the appropriate valuations highly judgmental due to the uncertainty relating to the key assumptions noted above further compounded by the uncertain market conditions. The disclosures are set out in note 6, in accordance with IFRS 9, Financial Instruments and IFRS 13, Fair Value Measurement.

3 ACCOUNTING POLICIES

In the current period, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that were relevant to its operations and effective for accounting periods beginning on 01 April 2022.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 01 January 2022 and 2023 which have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the Company’s financial statements.

The directors of the Company have evaluated the possible effect of these new standards and amendments. None of these is expected to have a material impact on the financial statements of the Company.

4 FINANCIAL RISK MANAGEMENT

Risk management objectives and policies

The Company’s activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company’s risk management is carried out under policies approved by the Board of directors and focuses on securing the Company’s short to medium term cash flows by minimizing the exposure to financial risks.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (Continued)

(a) *Market risk*

Market risk is risk that the fair value of future cash flows fluctuates because of changes in market prices. Market risk comprises three types of risks: foreign currency risk, fair value interest rate risk and price risk.

(i) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not affected significantly by foreign currency risk as almost all of the transactions are held in its functional currency only.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. Interest rate risk primarily results from exposure to the volatility of interest rates. As at 31 March 2023, the Company had profit participating loan of **EUR 18,698,118** (2022: EUR 25,044,016) which bear interest at a fixed rate and provide variable returns to the Company based on the underlying profits from the investment properties of Hexagon Group.

As at 31 March 2023, the Company is exposed to variable interest rate risk on the loan from Investec Property Fund Offshore **EUR 1,054,403** which bear EURIBOR interest +2.5% amounting to **EUR 17,079** over a principle amount of **EUR 1,037,324**. If the interest rate changed by 1% higher/ lower, the profit/ loss for the year would have been **EUR 10,373** lower/ higher and **EUR 10,373** higher/ lower respectively.

(iii) *Other price risk*

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting the instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified as financial assets at fair value through profit or loss, for which prices in the future are uncertain. The relevant investments are those classified at level 3 (see note 4 (d) for details). The appropriateness of the valuation model inputs is considered by the directors, as well as the valuation result, using various valuation methods and techniques generally recognised as standard within the industry.

If the price of equity securities not traded in an active market by the Company at 31 March 2023 increased/decreased by **5%** (2022: 5%) with all other variables held constant and including the impact of changes in foreign exchange, this would increase/decrease the net assets respectively by **EUR 1,266,422** (2022: EUR 1,199,538).

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (continued)

(b) Credit risk

Credit risk is the risk that one party will be unable to pay amounts in full when due. At 31 March 2023, the Company's exposure to credit risk was:

	2023	2022
	EUR	EUR
Cash and cash equivalents (Note 5)	106,221	85,745
Other receivables	619,439	-
	<u>725,660</u>	<u>85,745</u>

There is no significant credit risk associated with the cash and cash equivalents since the Company maintains its bank accounts with a reputable financial institution. The Company's banker is Investec Bank (Mauritius) Limited and the credit rating of Investec Bank (Mauritius) Limited by Moody's in 2023 is **Ba2**.

The receivables of **USD 619,439** is yet to be received after year end from IPF Lux 2 S.à.r.l, which is a related party. Given there is no history of default and based on the positive financial performance of the latter, same is not subject to any impairment.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations, associated with its financial liabilities when they fall due. At 31 March 2023, the Company was exposed to liquidity risk in respect of its financial liabilities. The following table analyses the Company's financial liabilities and financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

At 31 March 2023		No stated maturity	1-3 months	3-12 months	More than 1 year	Total
Financial liabilities		EUR	EUR	EUR	EUR	EUR
Accruals and payables	10	-	(723,352)	-	-	(723,352)
Loan from Investec Property Fund Offshore		-	(17,079)	(44,211)	(1,186,187)	(1,247,477)
		-	<u>(740,431)</u>	<u>(44,211)</u>	<u>(1,186,187)</u>	<u>(1,970,829)</u>
Financial assets						
Financial assets at fair value through profit or loss	6	-	-	-	44,026,551	44,026,551
Other receivables		-	619,439	-	-	619,439
Cash and cash equivalents	5	106,221	-	-	-	106,221
		<u>106,221</u>	<u>619,439</u>	<u>-</u>	<u>44,026,551</u>	<u>44,752,211</u>
		<u>106,221</u>	<u>(120,992)</u>	<u>(44,211)</u>	<u>42,840,364</u>	<u>42,781,382</u>

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (continued)

(c) Liquidity risk (continued)

At 31 March 2022		No stated maturity EUR	1-3 months EUR	3-12 months EUR	More than 1 year EUR	Total EUR
Financial liabilities						
Accruals and payables	10	-	(380,915)	-	-	(380,915)
Accrual for Performance fee	12	-	-	-	(1,073,360)	(1,073,360)
		-	(380,915)	-	(1,073,360)	(1,454,275)
Financial assets						
Financial assets at fair value through profit or loss	6	-	-	-	49,034,780	49,034,780
Cash and cash equivalents	5	85,745	-	-	-	85,745
		85,745	-	-	49,034,780	49,120,525
		85,745	(380,915)	-	47,961,420	47,666,250

Liquidity risk is managed by having enough cash at bank. The liquidity risk of the Company is considered to be low.

(d) Fair value estimation

The carrying value of all the financial assets and financial liabilities of the Company approximate their fair values.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation on technique:

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

Financial assets held at fair value

This note explains the judgements and estimates made in determining the fair values of the financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the of the inputs used in determining fair value, the Company has classified its financial assets into the three levels prescribed under the accounting standards.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (continued)

(d) Fair value estimation (continued)

Assets	Level 1	Level 2	Level 3	Total
Year ended 31 March 2023	EUR	EUR	EUR	EUR
Financial assets at fair value through profit or loss	-	-	44,026,551	44,026,551
	-	-	44,026,551	44,026,551

Assets	Level 1	Level 2	Level 3	Total
Year ended 31 March 2022	EUR	EUR	EUR	EUR
Financial assets at fair value through profit or loss	-	-	49,034,780	49,034,780
	-	-	49,034,780	49,034,780

Valuation techniques used to derive level 3 fair value

Following the Company's acquisition of a 13% interest in the form of equity and debt in IPF Lux 2 S.á.r.l, the Company also acquired 10% indirect interest in the Hexagon Group. IPF Lux 2 S.á.r.l is used as a holding company in the structure, which holds 75% interest in the Hexagon Group, alongside the Equity Partner, which holds 25% interest. The value of the investments is based on the fair value of the underlying properties within the Hexagon Group, which operates within the European industrial and logistics properties market. The significant unobservable inputs used to derive the fair value measurements under income approach are those relating to the valuation of underlying investment properties include the expected rental value, equivalent yield, capitalisation rate and long-term vacancy rate.

i. Equity Shares

The Company estimated the fair value of its investment in IPF Lux 2 S.a.r.l. using its net asset value at the reporting date. At 31 March 2023, the underlying investment of IPF Lux 2 S.a.r.l. is in Hexagon Group which holds the underlying properties. Hexagon Group has appointed an independent external valuer to value its underlying properties. IPF Lux 2 S.a.r.l. was valued using the adjusted net assets method. The fair value of the equity instruments were derived by computing the share of the net assets value of IPF Lux 2 S.a.r.l. after adjusting its the carrying amount of its investment in Hexagon Group to its share of net assets of the latter. The directors consider the share of Net Asset Value IPF Lux 2 S.a.r.l at 31 March 2023 to approximate its fair value.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (continued)

(d) Fair value estimation (continued)

Reconciliation of recurring fair value measurements of Level 3 financial instruments

The Company carries financial assets at fair value through profit or loss. A reconciliation of the beginning and closing balances including movements of investment in equity classified as Level 3 within the fair value hierarchy is summarised below:

	2023	2022
	EUR	EUR
Financial assets at fair value through profit or loss		
At beginning of the year	23,990,764	12,793,410
Net change in financial assets at fair value through profit or loss (Note 6)	<u>1,337,669</u>	<u>11,197,354</u>
At end of year	<u>25,328,433</u>	<u>23,990,764</u>

Sensitivity to change in unobservable inputs

Any significant change in the fair values of the underlying investments described above will have a direct impact on the IPF Lux 2 S.a.r.l.'s fair value. The following sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The table below summarises the sensitivity of the Company's net assets to equity price movements as at 31 March 2023:

Description	Fair value at 31 Mar 2023 (EUR'000)	Valuation technique	Unobservable inputs	Reasonable possible shift	Change in valuation (EUR'000)
Ordinary shares and alphabet shares	25,328	Net Asset Value	Net Asset Value	+/-1%	2,532/ (2,532)

Description	Fair value at 31 Mar 2022 (EUR'000)	Valuation technique	Unobservable inputs	Reasonable possible shift	Change in valuation (EUR'000)
Ordinary shares and alphabet shares	23,991	Net Asset Value	Net Asset Value	+/-1%	2,399/ (2,399)

ii. Profit participating loans

The significant unobservable inputs used to derive the fair value measurements are the future cashflows and discount rate in determining the present value of the profit participating loans. The table below includes the following definitions and relationship between the unobservable inputs and fair value measurement.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (continued)

(d) *Fair value estimation (continued)*

iii. *Profit participating loans (continued)*

Discount rate	A discount rate based on the Cost of capital for Real Estate (General/Diversified) for Europe is applied to compute the present value of the future cashflows.
Annual growth rate	The net cashflows are expected to grow annual based on the long-term inflation rate in Europe
Terminal growth rate	The Autumn Forecast projects GDP growth in 2023 at 0.6% in Europe.

Reconciliation of recurring fair value measurements of Level 3 financial instruments

The Company carries financial assets at fair value through profit or loss. A reconciliation of the beginning and closing balances including movements of investment in profit participating loans classified as Level 3 within the fair value hierarchy is summarised below:

	2023	2022
	EUR	EUR
Financial assets at fair value through profit or loss		
At beginning of the year	25,044,016	31,295,723
Net change in financial assets at fair value through profit or loss (Note 6)	(6,345,898)	(6,251,707)
At end of year	18,698,118	25,044,016

The following sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the valuation of the profit participating loans to changes in the principal assumptions is as follows:

Description	Fair value at 31 Mar 2023 (EUR'000)	Valuation technique	Unobservable inputs	Inputs	Reasonable possible shift	Change in valuation (EUR'000)
Profit participating loans ("PPL")	18,698	Discounted cash flows	Discount rate	6.92%	+/-1%	(1,144)/ 1,065
			Annual growth rate	2%	+/-1%	106/ (110)

Description	Fair value at 31 Mar 2022 (EUR'000)	Valuation technique	Unobservable inputs	Inputs	Reasonable possible shift	Change in valuation (EUR'000)
Profit participating loans ("PPL")	25,044	Discounted cash flows	Discount rate	1.68%	+/-1%	(1,757)/ 1,914
			Annual growth rate	1.87%	+/-1%	110/ (105)

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk management objectives and policies (continued)

(d) *Fair value estimation (continued)*

ii. *Profit participating loans (continued)*

Changes in the discount rates (100 basis points) and in the annual growth rates (100 basis points), each in isolation, would hypothetically change the fair value of the PPL as noted in the table above. Generally, an increase (decrease) in the annual growth rates, or a decrease (increase) in the discount rates would result in a higher (lower) fair value of the PPL.

The fair value of the Profit Participating Loans has been determined using the discounted cash flow model based the adjusted accounting profits derived from the investments made through the instrument.

(e) *Financial instruments by category*

<i>Categories of financial instruments</i>	2023	2022
	EUR	EUR
Financial assets		
<i>Financial assets at fair value through profit or loss:</i>		
Financial assets at fair value through profit or loss (Note 6)	44,026,551	49,034,780
<i>Financial assets at amortised cost:</i>		
Other receivables	619,439	-
Cash and cash equivalents (Note 5)	106,221	85,745
	44,752,211	49,120,525
Financial liabilities		
<i>Financial liabilities at amortised cost:</i>		
Accruals and payables (Note 10)	723,352	380,915
Accrual for performance fees (Note 12)	-	1,073,360
Loan from Investec Property Fund Offshore	1,054,403	-
	1,777,755	1,454,275

(f) *Capital risk management*

The capital of the Company is currently represented by the total equity. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. The Company's objectives when managing capital are to safeguard the Company's ability to pay its debt as they fall due in order to continue as a going concern and to provide returns for the shareholders.

5 CASH AND CASH EQUIVALENTS

	2023	2022
	EUR	EUR
Cash at bank	106,221	85,745

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2023, the following financial assets were carried at fair value in the statement of financial position:

Investment	Principal place of business/ Nature of activity	% holding	Instruments held	2023		2023
				Cost (EUR)	Fair value adjustment (EUR)	Fair value (EUR)
IPF Lux 2 S.à.r.l.	Luxembourg (Real Estate)	13.33%	Ordinary Shares, alphabet shares and profit participating loan	40,000,000	4,026,551	44,026,551
				40,000,000	4,026,551	44,026,551
				2022		2022
Investment	Principal place of business/ Nature of activity	% holding	Instruments held	Cost (EUR)	Fair value adjustment (EUR)	Fair value (EUR)
IPF Lux 2 S.à.r.l.	Luxembourg (Real Estate)	13.33%	Ordinary Shares, alphabet shares and profit participating loan	40,000,000	9,034,780	49,034,780
				40,000,000	9,034,780	49,034,780
Movement in financial asset				-	(5,008,229)	(5,008,229)

The Company's investment in IPF Lux 2 S.à.r.l. comprises of investments in ordinary and alphabet shares of **EUR 25,328,433** (2022: EUR 23,990,764) and an interest-bearing profit participating loan of **EUR 18,698,118** (2022: EUR 25,044,016). The gain on the equity investment at fair value through profit or loss is **EUR 1,337,669** (2022: EUR 11,197,354) and the loss on the profit participating loan at fair value through profit or loss is **EUR 6,345,898** (2022: EUR 6,251,707). The interest income from the PPL for the year is **EUR 619,439** (2022: EUR 474,436).

7 INTEREST INCOME

	2023	2022
	EUR	EUR
Interest income from profit participating loan	619,439	474,436
	619,439	474,436

Interest income is derived from the PPL. The PPL consists of two Tranches, namely Tranche A and Tranche B. The Tranche A and Tranche B of the PPL bear a mandatory fixed interest rate of 0.5% per annum on the nominal amount invested, calculated based on the actual number of days elapsed.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

7 INTEREST INCOME (CONTINUED)

In addition, the Tranche A of the PPL bears a variable interest equal to the lower rate of, 85% of the Tranche A adjusted net accounting profit or an arm's length return determined by a transfer study, after deduction of the Tranche A's fixed interest.

For the Tranche B of the PPL, it bears a variable interest equal to the Tranche B adjusted net accounting profit after deduction of the Tranche B's fixed interest and remuneration relating to the economic activities of the Company pertaining to the Tranche B Investments, as determined by a transfer pricing expert.

8 OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	EUR	EUR
Prepaid expenses	3,425	3,073
Receivable from IPF Lux 2 S.à.r.l.	<u>619,439</u>	<u>-</u>
	<u>622,864</u>	<u>3,073</u>

The receivable from IPF Lux 2 S.à.r.l. amounting to EUR 619,439 relates to interest income on the profit participating loan yet to be received during the year under review.

9 SHARE CAPITAL

Ordinary shares of EUR 1,000 each	2023		2022	
	Number of shares	EUR	Number of shares	EUR
Issued and fully paid:				
At start of year	40,100	40,100,000	40,100	40,100,000
Issue of shares during the year	-	-	-	-
At end of year	<u>40,100</u>	<u>40,100,000</u>	<u>40,100</u>	<u>40,100,000</u>

The Company's share capital is made up of ordinary shares, with each ordinary share having one vote per share and having equal rights on distribution of income and capital.

10 ACCRUALS AND PAYABLES

	2023	2022
	EUR	EUR
Payable to related parties (Note 12 (i))	645,654	339,965
Audit fees payable	<u>77,698</u>	<u>40,950</u>
	<u>723,352</u>	<u>380,915</u>

The amounts due are interest free, unsecured and repayable within one year.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

11 INCOME TAX

The Company is liable to pay income tax on its net income at the rate of 15%.

The Company holds a Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime.

Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities.

In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of shares.

Being incorporated post 16 October 2017, under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the FSC, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

A numerical reconciliation between the profit for the year and the income tax charge is as follows:

	2023	2022
	EUR	EUR
(Loss)/profit before tax	<u>(3,153,503)</u>	<u>5,437,432</u>
Applicable income tax at tax rate of 15%	(473,026)	815,615
<i>Impact of:</i>		
Non-taxable income	(80,464)	(741,847)
Exempt income	(232,176)	(137,809)
Non-allowable expenses	854,883	133,390
Income tax charge	<u>69,217</u>	<u>69,349</u>

At 31 March 2023, the current tax asset of the Company is as follows:

	2023	2022
	EUR	EUR
Beginning of the year	(106,547)	9,498
Tax paid during the year	(114,389)	(185,394)
Tax charge for the year	69,217	69,349
Net tax asset for the year	<u>(151,719)</u>	<u>(106,547)</u>

As at 31 March 2023, the Company has a tax asset of **EUR 151,719** (2022: EUR 106,547).

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12 RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The following transactions were carried out with related parties during the year ended 31 March 2023.

	2023	2022
	EUR	EUR
Payable to Administrator and Company Secretary (Intercontinental Trust Limited)		
Balance at beginning of the year	14,022	4,317
Fees attributable for the year	20,391	18,770
Fees paid during the year	<u>(27,812)</u>	<u>(9,065)</u>
Balance payable at 31 March	<u>6,601</u>	<u>14,022</u>
(Receivable from)/Payable to Investee (IPF Lux 2 S.à.r.l)		
Balance at beginning of the year	-	47,660
Interest income	(619,439)	(474,436)
Distribution income	(593,100)	(673,976)
Guaranteed fee income	(280,000)	(280,000)
Interest, distribution and guaranteed fee income received during the year	<u>873,100</u>	<u>1,380,752</u>
Balance receivable at 31 March	<u>(619,439)</u>	<u>-</u>
Payable to the Real Estate Service Provider (Investec Property Proprietary Limited)		
Balance at beginning of the year	882,188	541,267
Annual fees attributable for the year	38,831	43,160
Annual fees paid during the year	(49,411)	(23,505)
Reversal of over-accrual in prior year	<u>(858,688)</u>	<u>(537,422)</u>
Balance payable at 31 March	<u>12,920</u>	<u>23,500</u>
Share of performance fees attributable during the year	-	858,688
Total balance payable at 31 March	<u>12,920</u>	<u>882,188</u>
Payable to the Distributor (Investec Wealth & Investment)		
Balance at beginning of the year	517,115	153,302
Annual fees attributable for the year	570,746	400,992
Annual fees paid during the year	(247,056)	(117,495)
Reversal of over-accrual in prior year	<u>(214,672)</u>	<u>(134,356)</u>
Balance payable at 31 March	<u>626,133</u>	<u>302,443</u>
Share of performance fees attributable during the year	-	214,672
Total balance payable at 31 March	<u>626,133</u>	<u>517,115</u>
(i) Total payable to related parties at 31 March	<u>645,654</u>	<u>339,965</u>
(ii) Total payable to related parties including performance fees at 31 March	<u>645,654</u>	<u>1,413,325</u>

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12 RELATED PARTY DISCLOSURES (CONTINUED)

	2023	2022
	EUR	EUR
Loan payable to Real Estate Service Provider (Investec Property Proprietary Limited)		
Loan during the year	1,037,324	-
Interest accrued	17,079	-
Balance payable at 31 March	<u>1,054,403</u>	<u>-</u>

Administration, Secretarial and Directors fees

The Company has engaged the services of Intercontinental Trust Limited to provide administrative services for a fee. The total fees for administrative, secretarial and director services for the year amounted to **EUR 20,391** (2022: 18,770), of which **EUR 6,601** (2022: EUR 14,022) was outstanding as at 31 March 2023. The Company's directors Marie Sarah-Jane Karene Figaro and Smitha Algoo-Bissonauth are officers of Intercontinental Trust Limited, the Company's Secretary. Therefore, the directors are deemed to have beneficial interests in the above arrangements.

Cash from IPF Lux 2 S.a.r.l.

During the year, the Company received cash of **EUR 873,100** (2022: EUR 1,380,752) from IPF Lux 2 S.a.r.l. The Company had interest accrued from IPF Lux 2 S.a.r.l. amounting to **EUR 619,439** (2022: EUR 474,436).

Real Estate Service Provider and Distributor Agreements

The Company entered into a Real Estate Service Provider Agreement and a Distributor Agreement on 27 August 2020. The Real Estate Service Provider and the Distributor shall perform duties and obligations as per clause 4 and clause 6 of the respective agreements against an annual fee structured as follows:

- An annual fee (inclusive of value added tax, if applicable) of 0.6% per annum on the total capital raised (less any portion of the capital used to settle once-off Company structure costs as disclosed in the PPM) by the Company, split 16.67% to the Real Estate Service Provider and 83.33% to the Distributor; and
- A performance fee (inclusive of value added tax, if applicable), of 20.0% over an 8.0% hurdle. The 20.0% performance fees is applied over the aggregate returns comprising the fair value gain in excess of the original amount invested, including any interest income and distribution income, when this aggregate return is in excess of an 8.0% hurdle rate. The performance fee is split into 80% to the Real Estate Service Provider and 20% to the Distributor.

PAN-EUROPEAN LOGISTICS PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12 RELATED PARTY DISCLOSURES (CONTINUED)

Real Estate Service Provider and Distributor Agreements (continued)

- The performance fee of **EUR Nil** (2022: EUR 1,073,360) is based on the underlying performance of the Hexagon Group. The performance fees are due and payable at the end of the lifetime of the investment, which is more than 12 months.
- An annual fee of 0.5% (inclusive of VAT, if applicable) of the aggregate subscription proceeds received by the Distributor from its clients (less any portion of the capital used to settle once-off Mauritius Company structure costs as disclosed in the PPM) which have been drawn down and invested until the termination date of the Shares (as detailed in the PPM) occurs.

Loan payable to Real Estate Service Provider

On 11 November 2022, the Company received Loan from Investec Property Fund Offshore of **EUR 1,037,324** which bears EURIBOR interest +2.5% amounting to **EUR 17,079** during the year under review. The loan will mature earlier of the date falling 5 years after 30 September 2020.

13 PARENT COMPANY AND ULTIMATE BENEFICIAL OWNER

The parent and ultimate holding company of the Company is Spring Nominees Limited, a company incorporated as private limited by shares and having its registered office situated in England.

14 LOAN FROM INVESTEC PROPERTY FUND OFFSHORE

On 11 November 2022, the Company received Loan from Investec Property Fund Offshore of **EUR 1,037,324** which bears EURIBOR interest +2.5% amounting to **EUR 17,079** during the year under review. The loan will mature earlier of the date falling 5 years after 30 September 2020.

15 DIVIDEND PER SHARE

The directors have paid dividend of **EUR 1,423,550** (2022: EUR 1,395,881) for the year under review equivalent to **€35.50** per share (2022: €34.81).

16 EVENTS AFTER THE REPORTING PERIOD

On 11 August 2023, the Company has distributed dividend to the shareholders amounting to **EUR 1,053,232**.