

Prologis European Logistics Fund, FCP-FIS

# Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

With the Report of the *Réviseur d'Entreprises Agréé* thereon

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# Report on activities for the year ended 2021

- Registered a 22.9% increase in IFRS NAV per Unit; property values increased 20.5% on a like-for-like basis
- Issued PELF's fifth Green Eurobond and second benchmark-sized bond (€500.0 million) and closed the recast and upsize of its Revolving Credit Facility ("RCF") to €800 million (+€500 million accordion)
- Received record new equity commitments of €1.3 billion and called €1.2 billion of equity, bringing the equity queue to €1.6 billion at year-end
- Closed on €2.0 billion of acquisitions, including a €1.0 billion portfolio deal in the United Kingdom following the early wind-down of a Prologis Managed Fund
- Displayed strong operational performance; registered net effective rent ("NER") change on leases started during the year of 9.1%; improved total portfolio and operating occupancy by 190 bps and 130 bps to 98.1% and 98.3%, respectively

## Financial results

The Fund registered a 22.9% increase in IFRS NAV per Unit during the year to €13.10 from €10.66 at the end of 2020. This increase was primarily driven by positive changes in the Fund's real estate valuations.

## Outsized real estate appreciation

100% of the Fund's investment properties were re-valued at each quarter-end during the year involving third-party independent appraisers. Capital values experienced a strong growth during 2021. The value increase was mainly driven by cap rate compression and, to a lesser extent, sustained rental growth. Property values grew 20.5% on a like-for-like basis (excluding the effect of currency movements) during the year.

## Capital structure

During the year, the Fund issued its fifth Green Eurobond, which was its second benchmark-sized €500.0 million issuance, with a 12-year tenor and an all-in coupon rate of 0.75%, under PELF's EMTN program. Proceeds were used in line with Prologis Green Bond Framework. In 2021, the Fund also acquired a term loan amounting to £315.0 million with a one-year term as part of a portfolio transaction in the United Kingdom. Additionally, PELF closed the recast and upsize of its RCF. With this, the facility increased from €600 million to €800 million (+€500 million accordion) with a maturity in 2026 (+ two six-month extensions). €538.2 million of the RCF remains undrawn at year-end. Lastly, in 2021 the PELF repaid €606.1 million of debt, consisting of the early repayment of the Fund's 2022 Guaranteed Euro Medium Term Notes, two secured packages denominated in GBP and a term loan denominated in EUR. As a result of these activities, the Fund's weighted average interest rate decreased from 1.9% to 1.4% and the weighted average maturity increased from 6.2 to 6.5 years (1.5% average interest rate and 7.6 years average maturity excluding the short-term bridge financing). The Fund's LTV decreased by 280 bps during the year to 16.8% at year-end.

In 2021, the Fund received record new equity commitments from new and existing investors totalling €1.3 billion, bringing the outstanding balance of existing commitments to €1.6 billion at year-end.

During the year, PELF received a redemption request for an amount of 2,080,000.00 Class C Units, which were offered and absorbed by existing Fund investors.

PELF remains very well capitalised with total liquidity standing at €2.2 billion (including cash over target, undrawn RCF and uncalled equity commitments).

During the year, the Fund continued its progress on forward currency hedging programme, adding an incremental €905 million of hedges, bringing the annual average EUR net equity exposure to 85%.

# Report on activities for the year ended 2021

## Strategic deployment

PELF's investment strategy continues to focus on accretive, core acquisitions, complimented by value-add and covered land play deals in the Fund's high-barrier, consumption-driven target markets. In 2021, the Fund closed €2.0 billion of acquisitions across key target markets. This included:

- The closing of a €1.0 billion portfolio in Q4 '21 comprising 22 assets located in the United Kingdom. This opportunity arose following the early wind-down of a Prologis Managed Fund, which was approaching the end of its set life
- €620.9 million from Prologis and €402.5 million acquired from third parties, located in Belgium, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Sweden and the United Kingdom

At 31 December 2021, the total portfolio included 598 assets, covering 13.1 million SQM in 12 European countries (2020: 537 assets, covering 11.8 million SQM), with a total market value of €18.5 billion (2020: €13.4 billion). The equivalent yield of the total portfolio stood at 4.0% at 31 December 2021 (2020: 4.7%).

## Operational performance

In 2021, the Fund displayed very solid operational performance. Leasing activity totalled over 2.3 million SQM, registering a NER change of 9.1% on average, on leases started during the year. Same store NOI grew by 3.2% on an adjusted cash basis compared to 2020. Additionally, the Fund improved its total portfolio and operating occupancy by 190 bps and 130 bps to 98.1% and 98.3%, respectively (2020: 96.2% and 97.0%, respectively).

## Distributable cash flow

€408.3 million of distributable cash flow was declared to Unitholders in 2021 (2020: €376.7 million). The average distribution per Unit for the year remained stable at €0.48 (2020: €0.48).

## Outlook for 2022

2022 is expected to continue delivering strong performance, albeit more modest than that seen in 2021, with real estate appreciation once again being the main driver. Rent growth is nascent but expected to gain momentum as a driver of returns moving through the year. Going forwards, PELF is in a pole position to capitalise on its operational excellence and capture the rental upside going forward.

## Financial risk management

The Management Company is monitoring the various financial risks the Fund is exposed to, including the COVID-19, as described in note 17 of the Consolidated Financial Statements of the Fund.

## ESG

In 2021, PELF again earned a Global Real Estate Sustainability Benchmark ("GRESB") Green Star for the eighth consecutive year with an overall score of 86. PELF ranked sixth within the Europe, Industrial Distribution Warehouse, Core, Tenant Controlled peer group (out of 25 peers). The Fund's peer group saw an increase in competitor participation, especially among smaller funds, with PELF's Gross Market Value ("GMV") equalling nearly nine times the average GMV of the peer group. PELF increased performance scores in like-for-like energy, emissions and water consumption, as well as for renewable energy, green building certifications and energy ratings.

During the year, PELF's German asset, Datteln DC1, received the Logix Award in Germany for innovation in design recognising the building for its innovative building features, including those that led to it achieving WELL Gold certification. Additionally, 2021 marked the launch of PELF's Community Workforce Initiative, in the United Kingdom, with the launch of the Prologis Warehousing and Logistics Training Programme. This represents part of the Fund's continued effort to support its customers in sourcing and upskilling logistics talent.

# Report on activities for the year ended 2021

## Alternative Investment Fund Managers Directive

The Fund is an alternative investment fund in scope of the Luxembourg law of 12 July 2013 (“AIFM Law”) and has appointed the Management Company as its Alternative Investment Fund Manager (“AIFM”). The Management Company is authorised and regulated as an AIFM by the Luxembourg Commission de Surveillance du Secteur Financier, having obtained such authorisation in 2014.

For the purpose of Article 20 of the AIFM Law, the Management Company confirms that there have been no material changes in the information listed in Article 21 during the reporting period. The Management Company further confirms that the information prescribed by Article 21 of the AIFM Law will be made available to investors and regulators upon request. Remuneration information per Article 20.2 (e) and (f) of the AIFM Law is presented below:

	Number of Beneficiaries	Total remuneration paid €000s	Fixed remuneration €000s	Variable remuneration €000s	Carried interest paid by the AIF €000s
Total remuneration paid by the AIFM during the financial year.	14	2,460.9	1,420.6	1,040.3	-
Remuneration paid to employees of the AIFM who have a material impact on the risk profile of the AIF.	4	1,497.1	626.8	870.3	-
Allocation of total remuneration of the employees of the AIFM to the AIF.	14	2,229.7	1,244.0	985.6	-



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Grand Duchy of Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

### ***Opinion***

We have audited the consolidated financial statements of Prologis European Logistics Fund FCP-SIF (the "Fund") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 Prologis European Logistics Fund FCP-SIF 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.

### ***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.

### ***Other information***

The Board of Managers of the Fund's Management Company is responsible for the other information. The other information comprises the information stated in the consolidated annual report including report on activities 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 Fund's Management Company for the consolidated financial statements***

The Board of Managers of the Fund's Management Company 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 Fund's Management Company 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 Fund's Management Company is responsible for assessing the Fund's/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 Fund's Management Company either intends to liquidate the Fund/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 Fund's Management Company.
- Conclude on the appropriateness of the Board of Managers of the Fund's Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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, 9 February 2022

KPMG Luxembourg  
Société anonyme  
Cabinet de révision agréé

Muhammad Tahir Khan  
Associate Partner



# Consolidated financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2021 €000s	As at 31 December 2020 €000s
<b>ASSETS</b>			
Non-current assets			
Investment property		18,501,548	13,375,471
Investment property right of use asset	4	200,549	176,828
Total investment property		18,702,097	13,552,299
Deferred tax asset	11	29,296	27,565
Due from related parties	11, 15.12	39,281	39,270
		18,770,674	13,619,134
Current assets			
Trade and other receivables	5	125,719	106,694
Derivative financial instruments	18	4,662	369
Other current assets		112,449	67,776
Cash and cash equivalents	6	135,408	124,648
Assets held for sale	21	32,872	—
		411,110	299,487
<b>Total assets</b>		<b>19,181,784</b>	<b>13,918,621</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to unitholders			
Unitholders' capital	7, 8	9,238,231	7,618,436
Translation reserve		(5,443)	(124,591)
Retained earnings		4,387,400	2,178,437
		13,620,188	9,672,282
Non-controlling interests		81,332	59,731
<b>Total equity</b>		<b>13,701,520</b>	<b>9,732,013</b>
Non-current liabilities			
Interest bearing borrowings, net of current portion	10	2,861,478	2,454,136
Lease liability, net of current portion	4	188,737	166,921
Deferred tax liability	11	1,455,234	827,673
Derivative financial instruments, net of current portion	18	11,541	9,914
		4,516,990	3,458,644
Current liabilities			
Interest bearing borrowings, current portion	10	435,502	306,084
Lease liability, current portion	4	11,812	9,907
Derivative financial instruments, current portion	18	33,867	18,741
Due to related parties	15	46,503	30,397
Accounts payable		14,123	13,560
Income and other taxes payables	11	53,873	49,456
Accrued expenses and other current liabilities	12	237,330	187,941
Deferred income		130,264	111,878
		963,274	727,964
<b>Total liabilities</b>		<b>5,480,264</b>	<b>4,186,608</b>
<b>Total equity and liabilities</b>		<b>19,181,784</b>	<b>13,918,621</b>

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

# Consolidated financial statements

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December	
		2021 €000s	2020 €000s
Rental income	13	673,109	611,836
Property management fees	13, 15	(12,056)	(11,068)
Other property operating expenses	13	(12,586)	(11,499)
Cost of rental activities		(24,642)	(22,567)
Gross profit		648,467	589,269
Asset and other management fees	15	(66,661)	(51,515)
Depository fees		(992)	(860)
Other fund expenses		(9,810)	(9,541)
Fund expenses		(77,463)	(61,916)
Gain on disposal of investment property		—	19,816
Realised (loss)/gain on currency forward contracts	18	(41,180)	10,065
Net change in fair value of investment property		2,856,081	715,394
Net change in fair value of investment property right of use asset	4	(4,009)	(3,809)
Net change in fair value of derivative financial instruments	18	(12,459)	(2,831)
Profit before finance costs and tax		3,369,437	1,265,988
Finance cost	14	(65,517)	(61,848)
Profit before tax		3,303,920	1,204,140
Income tax expense	11	(665,446)	(230,358)
<b>Profit for the year</b>		<b>2,638,474</b>	<b>973,782</b>
Profit attributable to:			
Unitholders		2,617,257	962,086
Non-controlling interests		21,217	11,696
<b>Profit for the year</b>		<b>2,638,474</b>	<b>973,782</b>
<b>Other comprehensive income:</b>			
<b>Items that are or may be subsequently reclassified to profit or loss</b>			
Exchange differences on translating foreign operations		119,148	(56,207)
Other comprehensive (loss)/ income		119,148	(56,207)
<b>Total comprehensive income for the year</b>		<b>2,757,622</b>	<b>917,575</b>
Total comprehensive income attributable to:			
Unitholders		2,736,405	905,879
Non-controlling interests		21,217	11,696
<b>Total comprehensive income for the year</b>		<b>2,757,622</b>	<b>917,575</b>

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

# Consolidated financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021	Attributable to unitholders' of the fund					
	Unitholders' capital	Retained earnings	Translation reserve	Total	Non- controlling interests	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s
<b>Balance at 1 January 2021</b>	<b>7,618,436</b>	<b>2,178,437</b>	<b>(124,591)</b>	<b>9,672,282</b>	<b>59,731</b>	<b>9,732,013</b>
<b>Other comprehensive income</b>						
Other comprehensive income	—	—	119,148	119,148	—	119,148
Profit for the year	—	2,617,257	—	2,617,257	21,217	2,638,474
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>2,617,257</b>	<b>119,148</b>	<b>2,736,405</b>	<b>21,217</b>	<b>2,757,622</b>
<b>Transactions with Unitholders</b>						
Contributions (note 7)	1,619,795	—	—	1,619,795	—	1,619,795
Transactions with non-controlling interests	—	—	—	—	384	384
Distributions for the year (note 9)	—	(408,294)	—	(408,294)	—	(408,294)
<b>Total transactions with Unitholders</b>	<b>1,619,795</b>	<b>(408,294)</b>	<b>—</b>	<b>1,211,501</b>	<b>384</b>	<b>1,211,885</b>
<b>Balance at 31 December 2021</b>	<b>9,238,231</b>	<b>4,387,400</b>	<b>(5,443)</b>	<b>13,620,188</b>	<b>81,332</b>	<b>13,701,520</b>

For the year ended 31 December 2020	Attributable to unitholders' of the fund					
	Unitholders' capital	Retained earnings	Translation reserve	Total	Non- controlling interests	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s
<b>Balance at 1 January 2020</b>	<b>7,088,865</b>	<b>1,593,010</b>	<b>(68,384)</b>	<b>8,613,491</b>	<b>48,035</b>	<b>8,661,526</b>
<b>Other comprehensive income</b>						
Other comprehensive income	—	—	(56,207)	(56,207)	—	(56,207)
Profit for the year	—	962,086	—	962,086	11,696	973,782
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>962,086</b>	<b>(56,207)</b>	<b>905,879</b>	<b>11,696</b>	<b>917,575</b>
<b>Transactions with Unitholders</b>						
Contributions (note 7)	529,571	—	—	529,571	—	529,571
Distributions for the year (note 9)	—	(376,659)	—	(376,659)	—	(376,659)
<b>Total transactions with Unitholders</b>	<b>529,571</b>	<b>(376,659)</b>	<b>—</b>	<b>152,912</b>	<b>—</b>	<b>152,912</b>
<b>Balance at 31 December 2020</b>	<b>7,618,436</b>	<b>2,178,437</b>	<b>(124,591)</b>	<b>9,672,282</b>	<b>59,731</b>	<b>9,732,013</b>

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

# Consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the year ended 31 December	
		2021	2020
		€000s	€000s
<b>Cash flows from operating activities</b>			
Profit before tax		3,303,920	1,204,140
Adjustments for:			
Net change in fair value of investment property		(2,856,081)	(715,394)
Net change in fair value of investment property right of use asset		4,009	3,809
Net change in fair value of derivative financial instruments	18	12,459	2,831
Reversal of rent levelling adjustment	13.1	(17,884)	(6,751)
Net gain from investment property disposals		—	(19,816)
Reversal of finance cost	14	65,517	61,848
Change in:			
Working capital		1,060	19,370
Taxes paid		(37,959)	(29,781)
Interest, breakage costs and other finance costs paid	14	(67,132)	(53,217)
<b>Net cash generated from operating activities</b>		<b>407,909</b>	<b>467,039</b>
<b>Cash flows used in investing activities</b>			
Acquisition of properties from related parties, excluding contributions-in-kind		(1,236,483)	(401,989)
Acquisition of properties from third parties		(401,506)	(496,918)
Investment property under construction		(46,774)	(17,375)
Capital expenditure on completed investment property		(111,376)	(76,870)
Proceeds from disposal of investment property		—	236,985
<b>Net cash used in investing activities</b>		<b>(1,796,139)</b>	<b>(756,167)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issuance of Unitholders' capital, excluding contributions-in-kind	7	1,273,892	385,670
Net proceeds from borrowings	10	1,130,674	620,048
Repayment of borrowings	10	(607,023)	(290,657)
Payments of lease liability		(4,009)	(3,809)
Distributions to Unitholders	9	(398,001)	(372,515)
Transactions with non-controlling interest		384	—
<b>Net cash generated from financing activities</b>		<b>1,395,917</b>	<b>338,737</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>7,687</b>	<b>49,609</b>
Cash and cash equivalents at 1 January		124,648	77,503
Effect of exchange rate movements on cash and cash equivalents held		3,073	(2,464)
<b>Cash and cash equivalents at 31 December</b>	6	<b>135,408</b>	<b>124,648</b>

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

# Consolidated financial statements

## CONSOLIDATED STATEMENT OF INVESTMENT PROPERTY

	Notes	For the year ended 31 December	
		2021 €000s	2020 €000s
<b>Historic cost</b>			
Cost at 1 January		10,255,977	9,363,564
Acquisition of properties from related parties		1,582,386	545,890
Acquisition of properties from third parties		401,506	496,918
Investment property under construction		46,774	17,375
Tax indemnification adjustment		(11)	(72)
Capital expenditure on completed investment property		111,376	76,870
Rent levelling adjustment	13.1	17,884	6,751
Disposals		—	(188,516)
Effect of unrealised currency movements		112,653	(62,803)
Cost at 31 December		<b>12,528,545</b>	<b>10,255,977</b>
<b>Net unrealised gains related to investment property</b>			
Net unrealised gains at 1 January		3,119,494	2,446,477
Reversal of fair value adjustment on disposals		—	(31,187)
Investment property fair value movements		2,856,081	715,394
Effect of unrealised currency movements		30,300	(11,190)
Net unrealised gains at 31 December		<b>6,005,875</b>	<b>3,119,494</b>
<b>Fair value</b>		<b>18,534,420</b>	<b>13,375,471</b>
Less: classified as held for sale		(32,872)	—
<b>Fair value excluding asset classified as held for sale</b>	21	<b>18,501,548</b>	<b>13,375,471</b>
<b>Fair value excluding right-of-use asset</b>		<b>18,534,420</b>	<b>13,375,471</b>
Right-of-use asset recognised at 1 January		176,828	165,764
Addition		27,730	14,873
Right of use fair value movements		(4,009)	(3,809)
<b>Right-of-use asset</b>	4	<b>200,549</b>	<b>176,828</b>
<b>Total fair value</b>		<b>18,734,969</b>	<b>13,552,299</b>
<b>Fair value of investment property subject to secured bank loans</b>		<b>949,776</b>	<b>1,263,680</b>

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

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information on the Fund

#### The Fund

Prologis European Logistics Fund, FCP-FIS (the “Fund” or “PELF” and together with its subsidiaries, the “Group”) is organised as a Luxembourg fonds commun de placement-fonds d’investissement spécialisé (‘FCP-FIS’) under the Luxembourg law dated 13 February 2007 on specialised investment funds, as subsequently amended. The Fund is managed by Prologis Management II S.à r.l. (the “Management Company”) in accordance with its Management Regulations, as amended.

#### The Management Company

Prologis Management II S.à r.l., a société à responsabilité limitée, which is a wholly owned indirect subsidiary of Prologis Inc., a US entity (individually or with its subsidiaries “Prologis”), has complete authority to manage the Fund and conduct the affairs of the Fund, subject to Advisory Council (“AC”) approval on items expressly defined in the Management Regulations.

Registered Office and Number of the Management Company

34-38 Avenue de la Liberté

L-1930 Luxembourg

B131417

Managers of the Management Company (together the “Managers” or “Management”)

Antoaneta Todorova

Gerrit J. Meerkerk

Simon N. J. Nelson

The Management Company has engaged several parties that are directly or indirectly controlled, managed or owned by Prologis (the “Related Parties”) to act as Investment Managers in different countries and with respect to different aspects of the investment portfolio of the Fund. The Investment Managers operate properties, arrange financing and provide other services on behalf of the Management Company. The Investment Managers also provide services to other Prologis businesses.

#### Investment Strategy

The Fund is an investment vehicle that may acquire European logistics real estate assets, or a portfolio of such assets (or any portion thereof or interest therein), either from a Prologis party, from a fund managed by Prologis, or from a third party. Such assets are presented to the Fund by a Prologis party and must individually (or, if part of a portfolio of such assets, when assessed as a portfolio as a whole) meet the Investment Guidelines of the Fund. Any assets acquired from Prologis or any of its affiliates are subject to the Acquisition Framework Agreement (the “AFA”). The Fund can acquire assets for as long as the Fund has available capital, either through recourse to Uncalled Subscription Commitments or additional debt capacity, subject to the Fund’s leverage policy.

#### Going Concern Assessment

Management is not aware of any material uncertainties that may cast significant doubt on the Fund’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Alternative Investment Fund Managers Directive

The Fund is an alternative investment fund in scope of the Luxembourg law of 12 July 2013 (“AIFM Law”) as amended, and has appointed the Management Company as its Alternative Investment Fund Manager (“AIFM”). The Management Company is authorised and regulated as an AIFM by the Luxembourg Commission de Surveillance du Secteur Financier, having obtained such authorisation in 2014.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. Summary of significant accounting policies

#### 2.1 Statement of Compliance

The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The preparation of the consolidated financial statements in accordance with IFRS requires management to make use of the estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Critical accounting estimates and assumptions are described in note 3.

#### 2.2 Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and are presented on a historical cost basis, except for the measurement of investment property and derivative financial instruments at their fair values. The consolidated financial statements are presented in euro and all values are rounded to the nearest thousand (€000), except where otherwise indicated.

The significant accounting policies/principles applied at Group and Fund level for the preparation of these consolidated financial statements are regularly re-evaluated by the Management Company to ensure their continued quality and reasonableness. They are as follows:

#### 2.3 Basis of consolidation

The consolidated financial statements include all activities of the Fund and its subsidiaries.

##### *Subsidiary companies*

Subsidiaries are entities controlled by the Fund. The Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Fund and are deconsolidated from the date on which control ceases. The accounting principles of the Fund may differ from those applied in other countries. Where necessary, the accounts of the underlying entities are adjusted or reclassified on consolidation in order that their results may be consistent with the accounting principles of the Fund. Acquired companies are included in the consolidated financial statements using the acquisition method of accounting when, and only when the transaction can be identified as a business combination. When determining if an acquisition qualifies as a business combination or not, the Management Company considers if the transaction includes the acquisition of supporting infrastructure, employees, service provider agreements and major input and output processes, as well as active lease agreements.

For business combinations, the consolidated income or loss and consolidated statement of cash flows include the results and cash flows of acquired companies for the period from the date when control is transferred to the Fund to the period end. The cost of acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of non-controlling interest in the acquiree. Transaction costs are expensed as incurred.

When the transaction has not been identified as a business combination, it is accounted for as an acquisition of individual assets and liabilities with the initial purchase consideration allocated to the separable assets and liabilities acquired based on their relative fair values. Such transactions or events do not give rise to goodwill.

The cost of investment in a subsidiary is eliminated against the Fund's share in the net assets of that subsidiary at the date of acquisition or contribution. All intercompany receivables, payables, income and expenses are eliminated.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Where the Fund, either directly or indirectly, holds a controlling interest in a subsidiary but does not have complete control of that subsidiary, the value of the interest not held by the Fund is recorded as non-controlling interest in the consolidated statement of financial position.

When the Fund loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *Related Parties*

Related parties are defined as parties either directly or indirectly controlled, managed or owned by Prologis, which indirectly, through one or more wholly-owned subsidiaries, owns the Management Company and 23.78% (2020: 24.29%) of the Units of the Fund. Key personnel of the Management Company and subsidiaries of the Fund are also considered as related parties.

### *2.4 Foreign currency transactions and operations*

The presentation and functional currency of the Fund is the euro.

The functional currency is assessed for each of the Fund's subsidiaries and items in the consolidated financial statements are measured using that functional currency. This may be different to the local currency of the country of incorporation or the country where the subsidiary conducts its operations.

Subsidiaries with operations in all jurisdictions, except for the UK and Sweden, use the euro as their functional currency.

Transactions in currencies other than the functional currency of an entity are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rate of exchange ruling at the consolidated statement of financial position date. All differences are recognised in profit or loss under "Finance cost".

The cumulative effect of exchange differences on cash transactions are classified as realised gains and losses in the consolidated statement of comprehensive income in the period in which they are settled. Exchange differences on transactions not yet settled in cash are classified as unrealised gains and losses under "Finance cost".

The assets and liabilities of subsidiaries are determined in accordance with the accounting principles of the Fund. Where the functional currency is different from the presentation currency of the Fund, those assets and liabilities are translated at the rate of exchange ruling at the date of the consolidated statement of financial position. The profit or loss statements of such subsidiaries are translated at the average exchange rate for the period. The exchange differences arising on the currency translation are recorded as a separate component of other comprehensive income ("OCI") under the heading of "Exchange differences on translating foreign operations". On the disposal of such a subsidiary, accumulated exchange differences are recognised in the consolidated statement of profit or loss as a component of the gain or loss on disposal, including any tax effects. Exchange differences arising on monetary items, which in substance form part of the Fund's net investment in a foreign entity, are recorded as a separate component of OCI under the caption of "translation reserve".

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquired company and are recorded at the opening exchange rate of the date of the transaction.

### *2.5 Investment property*

Investment property mainly comprises the investment in land and buildings in the form of distribution facilities which are not occupied substantially for use by, or in the operations of, the Fund, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation by leasing to third-parties under long-term operating leases.

Investment property is measured initially at cost including related transaction costs and where applicable borrowing costs. Expenditure on renovation and development of investment properties and leasing commissions are initially capitalised at cost.



# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

After initial recognition, investment properties are measured at fair value as determined by third party independent appraisers (the “Independent Appraisers”, see note 3.1). The gain or loss arising from a change in the fair value of the investment property is included in profit or loss in the period in which it arises.

Gains on the disposal of investment property are recorded at the time title is transferred which corresponds to the time when significant risks and rewards of ownership are passed on to the buyer. Realised gains and losses on the disposal of investment property is determined as a difference between disposal proceeds and carrying value at the prior quarter end and is included in profit or loss in the period in which it arises.

### 2.6 *Investment property right of use asset and lease liability*

At initial recognition, the lease liability is measured as the present value of lease payments that have not been paid at that date, discounted at the Fund’s incremental borrowing rate. In calculating the present value of lease payments, the Fund uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The corresponding accrued interest is recognised in finance cost.

The right-of-use asset is initially measured at cost, which mainly includes the amount of initial lease liability and indirect costs. The right of use (“ROU”) asset meets the definition of investment property and is recognised as such in the consolidated statement of financial position. Investment property is subsequently measured at fair value. The valuation determined by the Independent Appraisers is net of all payments expected to be made for ground leases, therefore in accordance with *IAS 40 Investment Property*, any lease liability recognised in the statement of financial position is added back to arrive at the carrying amount of the investment property using the fair value model. The carrying amount of the right-of-use asset mirrors the lease liability and any difference between the carrying amount of the right-of-use asset and the lease liability is recognised in profit or loss as net change in fair value on investment property right of use asset.

### 2.7 *Financial Instruments*

#### *Non-derivative financial assets initial recognition*

Financial assets are classified, at initial recognition, either at amortised cost, fair value through OCI, or fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost, two conditions must be met:

- the objective of the entity's business model is to hold the financial asset to collect the contractual cash flows.
- the financial asset gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund’s non-derivatives financial assets at amortised cost mainly include trade and other receivables.

The Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

Financial assets and liabilities at fair value through profit or loss are recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Amounts due from related parties (note 15) are measured at amortised cost.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Non-derivatives financial assets subsequent measurement*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

### *Non-derivatives financial assets derecognition*

A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's consolidated statement of financial position) when: 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the Fund is recognised as a separate asset or liability.

### *Impairment of financial assets*

The Fund recognises a loss allowance for expected credit losses for financial assets at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

Financial instruments subject to impairment are mainly trade and other receivables.

The Fund recognises an allowance for expected credit losses for trade and other receivables. Historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment, are used in calculating expected credit losses. The Management considers a financial asset in default when contractual payments are 90 days past due. The Management Company may also consider a financial asset to be in default where there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation proceedings, and default or delinquency in payments are considered indicators that the trade and other receivables are impaired. The amount of the loss is the difference between the asset's carrying amount and the present value of future estimated cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'Other property operating expenses'. When a trade or other receivable is uncollectable, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'Other property operating expenses' in profit or loss.

IFRS 9 requires the Fund to record expected credit losses on all of its trade and other receivables, either on a 12-month or lifetime basis. The Fund applies the simplified approach and records lifetime expected losses on all receivables.

### *Non-derivative financial liabilities initial recognition*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate. The Fund has no financial liability classified at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund initially recognises liabilities and debt securities issued on the date when they originate. All other financial liabilities and debt securities are initially recognised on the trade date.

The Fund's financial liabilities include account payables, due to related parties, accrued expenses, interest bearing borrowings, and lease liabilities.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Non-Derivative Financial Liabilities - Subsequent measurement*

Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. It comprises of secured and unsecured notes and bank loans.

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include internal administrative or holding costs.

### *Financial liabilities derecognition*

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Fund currently has a legally enforceable right to offset the amounts and intends either to settle them on net basis or to realise the asset or settle the liability simultaneously. There was no offsetting of financial instruments applied as of 31 December 2021 in the consolidated statement of financial position.

## **2.8 Derivative Financial Instruments**

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

Derivatives are initially recognised at fair value: any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognised in profit or loss.

### *Derivative financial instrument*

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

The Fund uses interest rate swaps and currency forward contracts as hedges of its exposure to change in market interest rates and in currency rates (notes 17 and 18).

## **2.9 Cash and Cash Equivalents**

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

## **2.10 Unitholders Capital and Ownership of the Fund**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has Units in issue as follows: Class A(1), Class A(2), Class B, Class C and Class D that are the most subordinate classes of financial instruments in the Fund and rank *pari passu* in all material respects and have identical terms and conditions, besides the fees. The redeemable Units - Class A(2), Class B for all series, Class C and Class D provide investors with the right to require redemption for cash at a value proportionate to the investors' share in the Fund's net assets at each quarterly redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation;

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable Units meet these conditions and are classified as equity.

Incremental costs directly attributable to the issue or redemption of redeemable Units are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

When redeemable Units recognised as equity are redeemed, the par value of the Units is presented as a deduction from the Unitholders' capital. Any premium or discount to the par value is recognised as an adjustment to retained earnings.

The rights of Unitholders may be limited in several important ways, including the following:

- the Management Company has the exclusive right to manage the Fund in accordance with the Management Regulation, as amended, in the exclusive interests of Unitholders;
- the Management Regulations limit when the Management Company can be replaced, other than for cause;
- the Management Regulations specifies that the AC is comprised of eight members being representatives of the four largest unaffiliated Unitholders, three rotating members and a member representing Prologis; and can be replaced, other than for cause;

### 2.11 Distributions of Distributable Cash Flows

Distributions of Distributable Cash Flows ("Distributions") are determined in accordance of the Management Regulations. Distributions are accrued quarterly and paid within thirty days following the relevant quarter end. The amount of recognised as distributions to Unitholders during the year are presented in the consolidated statement of changes in equity. Distributions are recognised as a liability in the period in which they are declared and approved but not yet paid.

### 2.12 Taxation

#### *Current Income Tax*

The consolidated subsidiaries of the Fund are subject to taxation in the countries in which they operate and/or reside. Current taxation is provided for at the applicable current rates on the respective subsidiaries taxable profits.

#### *Deferred Income Tax*

Deferred tax is provided for using the liability method for temporary differences at the consolidated statement of financial position date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of 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.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each consolidated statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Fund expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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

Deferred tax assets and deferred tax liabilities are only offset, if there is a legally enforceable right exists to set off current tax assets against current tax liabilities and the concerned deferred taxes are only relate to the same taxable entity and the same taxation authority.

The exemption on the initial recognition of the deferred tax may need to be revised (“eroded”) in the subsequent periods. The erosion (partly or in full) of the exempted temporary difference occurs when, for example, the fair value of an investment property decreases to such extent that it affects the initial temporary difference. The erosion is not subsequently reversed. In case of subsequent increase of the fair value of an investment property, the lowest eroded exemption will be applied in the measurement of the deferred tax.

### 2.13 Provisions

A provision is recognised when, and only when, the Fund has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.14 Deferred Income

Deferred income represents rental income which has been billed to customers at the reporting date, but which relates to future periods and to non-refundable deposits on assets held for sale that are received by the Fund.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.15 *Non - Current Assets Held for Sale*

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell unless the assets are investment properties measured at fair value or financial assets in the scope of IFRS 9 in which case they are measured in accordance with those standards.

### 2.16 *Revenue Recognition – Rental Income, Other Property Income and Service Charge Income*

The Fund leases its buildings to customers under agreements that are classified as operating leases. Rental income represents rents charged to customers and is recognised on a straight-line basis taking account of any rent-free periods and other lease incentives, net of any sales taxes, over the lease period to the first break option ("rent levelling"). The rent levelling asset is included in investment property.

The Fund offers certain services to tenants comprising the overall property management, including common area maintenance services (such as cleaning, security, landscaping, snow removal), as well as other administrative and support services. These services are specified in the lease agreements and separately invoiced. Service charge income are composed of service charges billed to tenants and are recognised in the accounting period in which the services are rendered (note 13). The Fund has concluded that these services represent a series of daily services that are individually satisfied over time and will apply a time-elapsed measure of progress. The Fund acts as principal in respect of the recovery of maintenance, utilities and similar expenses and therefore they are presented gross in profit or loss.

Rental income is accounted for in accordance with IFRS 16, service charges recoveries in accordance with IFRS 15.

Other property income represents income derived from property sources other than rental income from customers, such as termination income fee, and is recognised on an accruals basis in the period to which it contractually relates, net of any taxes.

### 2.17 *Expense Recognition*

Expenses are accounted for on an accruals basis. Expenses are charged to profit or loss, except for those which are related to the raising of debt (note 2.7) or incurred in the acquisition of an investment or construction of a property which are capitalised as part of the cost of an asset (note 2.5). Expenses arising on the disposal of investments are deducted from the disposal proceeds.

### 2.18 *Finance Income and Expenses*

Finance income is recorded using the effective interest rate for all financial instruments measured at amortised cost. Finance income includes interest income received during the period and it is recognised using the effective interest method. Finance costs are recorded using the effective interest rate for all financial instruments measured at amortised cost and include:

- interest expenses related to secured and unsecured notes, long-term and short-term debt, lease liability and is recognised on an accruals basis;
- amortisation of transaction costs which are part of the effective interest rate (note 2.7);
- the effect of the unrealised foreign currency gains and losses on monetary assets and liabilities arising in the period (note 2.4); and
- the effect of the realised foreign currency gains and losses on cash transactions completed during the period (note 2.4).

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.19 *New and Amended International Financial Reporting Standards*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on 1 January 2021. The main changes are described below, although the Fund has no transactions that are affected by the newly effective standards or its accounting policies are already consistent with the new requirements.

- Interest Rate Benchmark Phase 2 (amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4, IFRS 16, effective 1 January 2021): Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the income statement. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate.

A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by IBOR reform.

Below is a list of standards/interpretations that have been issued as at 31 December 2021, but are not yet effective:

- Reference to the Conceptual Framework (Amendments to IFRS 3) (effective from 1 January 2022);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (effective from 1 January 2023);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023);
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023).

Management estimates that the adoption of the above standards and interpretations will not have a material impact on the Fund's consolidated financial statements and does not expect to early adopt these standards and interpretations.

## 3. Critical Accounting Estimates and Assumptions

The Fund makes use of the estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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. Given the nature of the business in which the Fund operates and the materiality of each element in the consolidated statement of financial position and statement of profit or loss and other comprehensive income, Management considers that the valuation of investment property is the main item subject to critical estimates and assumptions.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3.1 *Investment Property*

The Fund accounts for the value of its investment property using the fair value model under IFRS 13. The definition of Fair Value (Market Value) has been settled by the International Valuation Standards Council (IVSC) as "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". Fair value is not intended to represent the sales value of the investment property, which would be dependent upon the price negotiated at the time of sale less any associated selling costs.

Valuations are undertaken quarterly by the Valuation Committee of the Management Company of the Fund being also the AIFM who appoints Independent external Appraisers in accordance with the Valuation Policy and the Prospectus of the Fund. The Independent external Appraisers provide valuations to the Valuation Committee in accordance with the appropriate sections of the Practice Statement (PS) and United Kingdom Practice Statement (UKPS) contained within the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020. The latest valuation exercise was



# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

performed as at 31 December 2021. The Independent Appraisers currently appointed are Jones Lang LaSalle Limited, Cushman & Wakefield Debenham Tie Leung Limited and CBRE Ltd. For all investment properties, their current use equates to the highest and best use.

The outbreak of the COVID-19 continues to impact many aspects of real estate markets and the global economy. Nevertheless, as at the valuation date, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value.

Valuations are predominantly undertaken on an income capitalisation approach using comparable recent market transactions on an arm's length terms. In those countries where Discounted Cash Flow ("DCF") is the primary basis of assessment of fair value, that methodology is adopted. Valuations were based on various assumptions as to tenure, letting, town planning, the condition and repair of buildings and sites – including ground and groundwater contamination, as well as the best estimates of applicable Net Operating Income ("NOI"), reversionary rents, leasing periods, purchasers' costs, etc. Significant estimates and the sensitivity of the fair value of investment property to changes in yields are presented in note 17.5.

### 4. Right of Use Asset and Lease Liability

At December 31, 2021, the Fund has 71 land leases (2020: 69) for which a ROU asset and a lease liability were recorded in accordance with IFRS 16. The Fund's accounting policy related to ROU asset and lease liability is described in note 2.6.

As at 31 December 2021, the lease liability and ROU asset amounted to €200.5 million and €200.5 million respectively (2020: €176.8 million and €176.8 million respectively). Ground lease payments for the period from 1 January to 31 December 2021 amounts to €11.1 million (2020: 9.2 million). The interest expense related to the lease liability amounts to €7.1 million (2020: 5.4 million), see note 14. The net change in fair value on investment property ROU asset amounts to €4.0 million for the year 2021 (2020: 3.8 million), which reflects the regular decrease of the ROU asset over its term.

A reconciliation between the opening and closing balance of the ROU asset is presented in the consolidated statement of investment property.



# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. Trade and Other Receivables

	As at 31 December	
	2021 €000s	2020 €000s
Trade receivables from tenants	117,869	107,975
Allowance for impairment of trade receivables from tenants	(5,066)	(6,694)
Net trade receivables from tenants	112,803	101,281
Unbilled recoveries of property expenses	9,097	3,731
Other receivables	3,819	1,682
	<b>125,719</b>	<b>106,694</b>

The ageing analysis of net trade receivables from customers after deducting the allowance for impairment of trade receivables is as follows:

	Total €000	< 30 days €000	< 30 – 60 days €000	60 – 90 days €000	> 90 days €000
As at 31 December 2021	112,803	112,184	239	201	179
As at 31 December 2020	101,281	100,848	405	28	—

The breakdown of the allowance for impairment of trade receivables movement is as follows:

	As at 31 December	
	2021 €000s	2020 €000s
Balance as at 1 January	6,694	5,459
Charge for the period	1,235	2,287
Write off unrecoverable, disposed amount	(2,863)	(1,052)
<b>Balance due at 31 December</b>	<b>5,066</b>	<b>6,694</b>

Information about the Fund's exposure to credit and market risks is included in note 17.

### 6. Cash and Cash Equivalents

	As at 31 December	
	2021 €000s	2020 €000s
Bank balances	135,408	124,648
<b>Balance due at 31 December</b>	<b>135,408</b>	<b>124,648</b>

The restricted cash balance at 31 December 2021 was 24.4 million (2020: 10.2 million). Restricted cash mainly comprised cash which, under the terms of rental agreements, is subject to certain restrictions. Credit rating of banks are disclosed in note 17.2.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. Ownership of the Fund

The classification of units is based on the capital originally committed by an individual investor. The following table sets out the number of units and drawdown capital.

Class of Units	As at 31 December 2021		As at 31 December 2020	
	Number of Units	Par value in issue €000s	Number of Units	Par value in issue €000s
Class A(1)	100	1	100	1
Class A(2)	247,277,557	2,196,424	220,339,609	1,850,819
Class B	231,495,576	2,056,242	239,925,061	2,015,335
Class C	140,182,791	1,245,163	142,480,521	1,179,036
Class D	421,101,456	3,740,401	304,227,967	2,573,245
	<b>1,040,057,480</b>	<b>9,238,231</b>	<b>906,973,258</b>	<b>7,618,436</b>

As at 31 December 2021 and 2020, Prologis holds the Class A(1) and Class A(2) Units.

During the year, 26,937,947 new Class A(2) Units were issued in accordance with the AFA, by non-cash contribution for a value of €345.9 million (2020: €143.9 million); 8,429,485 of Class B Units and 2,297,730 of Class C Units were transferred to Class D, following secondary trades (2020: 4,273,504). Other changes of units during the year relate to capital calls.

As at 31 December 2021, the outstanding balance of existing commitments was €1,591.5 million (31 December 2020: €1,477.3 million).

### 8. Net Asset Value ("NAV") of the Fund and NAV per Unit

The Fund reports one NAV for all classes of units. IFRS NAV and IFRS NAV per unit for the last 3 years are set out below as at 31 December:

As at 31 December 2021		As at 31 December 2020		As at 31 December 2019	
€000	€	€000	€	€000	€
13,620,188	13.10	9,672,282	10.66	8,613,491	10.05

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. Distributions per Unit

The method is described in note 2.11. The calculation of distributions per Class of units are based on the following distributions attributable to the Unitholders and the number of units per each class outstanding at the year end.

	As at 31 December	
	2021 €000s	2020 €000s
Balance due at 1 January	95,016	90,872
Declared for the year	408,294	376,659
Paid in the year	(398,001)	(372,515)
<b>Balance due at 31 December (note 12)</b>	<b>105,309</b>	<b>95,016</b>

Class of Units	As at 31 December 2021		As at 31 December 2020	
	€000s	€ per Unit	€000s	€ per Unit
Class A(2)	112,760	0.48	103,341	0.48
Class B	99,406	0.42	102,259	0.42
Class C	53,078	0.37	57,359	0.37
Class D	143,050	0.38	113,700	0.36
	<b>408,294</b>		<b>376,659</b>	

Distributions declared for the year ended 31 December 2021 to Prologis were €112.8 million (2020: €103.3 million). At 31 December 2021, the balance due to Prologis was €29.7 million (2020: €26.4 million).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. Interest Bearing Borrowings

Set out below are the terms and conditions of interest bearing borrowings. Information about the Fund's exposure to interest rate, foreign currency and liquidity risk is included in note 17. The related interest swap details are disclosed in note 18.

				As at 31 December	
	Maturity	Currency	Interest rate	2021 €000	2020 €000
Unsecured borrowings					
Bank of America Merrill Lynch International Ltd	May 2021	EUR	Swapped to fixed	—	21,500
The Royal Bank of Scotland PLC	May 2021	EUR	Swapped to fixed	—	21,500
ING Bank N.V.	May 2021	EUR	Swapped to fixed	—	21,500
Crédit Agricole Corporate and Investment Bank	May 2021	EUR	Swapped to fixed	—	21,500
HSBC Bank PLC	May 2021	EUR	Swapped to fixed	—	19,500
BNP Paribas	May 2021	EUR	Swapped to fixed	—	19,500
Guaranteed Euro Medium Term Notes	Apr 2022	EUR	Fixed	—	300,000
Senior Term Loan Agreement	Nov 2022	GBP	Variable	374,875	—
Guaranteed Euro Medium Term Notes	Apr 2025	EUR	Fixed	300,000	300,000
Revolving Senior Credit Agreement	Feb 2026	EUR	Variable	261,817	—
Green Bond	Jan 2028	EUR	Fixed	300,000	300,000
Green Bond	Jul 2029	EUR	Fixed	450,000	450,000
Green Bond	Nov 2030	EUR	Fixed	300,000	300,000
Green Bond	Jun 2032	EUR	Fixed	500,000	500,000
Green Bond	Mar 2033	EUR	Fixed	500,000	—
				2,986,692	2,275,000
Secured borrowings					
Landesbank Hessen-Thüringen Girozentrale	Jul 2021	GBP	Swapped to fixed	—	74,525
Aareal Bank A.G.	Jul 2021	GBP	Swapped to fixed	—	106,559
Deutsche Pfandbriefbank A.G.	Nov 2022	GBP	Swapped to fixed	60,627	57,246
Deutsche Pfandbriefbank A.G.	Feb 2023	GBP	Swapped to fixed	74,523	69,653
Deutsche Pfandbriefbank A.G.	Sep 2023	EUR	Swapped to fixed	64,400	64,400
Berlin Hyp A.G.	Dec 2023	EUR	Swapped to fixed	61,296	61,360
Berlin Hyp A.G.	Apr 2024	EUR	Swapped to fixed	72,650	72,650
				333,496	506,393
Total proceeds from borrowings				3,320,188	2,781,393
Less transaction costs				(23,208)	(21,173)
Total borrowings				3,296,980	2,760,220
Less current portion				(435,502)	(306,084)
Total borrowings net of current portion				2,861,478	2,454,136

Summary of drawn and available debt facilities (excluding transaction costs) are below:

	As at 31 December 2021			As at 31 December 2020		
	Total €000s	Drawn €000s	Available €000s	Total €000s	Drawn €000s	Available €000s
Unsecured credit Facilities	3,524,875	2,986,692	538,183	2,875,000	2,275,000	600,000
Secured borrowings	333,496	333,496	—	506,393	506,393	—
	<b>3,858,371</b>	<b>3,320,188</b>	<b>538,183</b>	<b>3,381,393</b>	<b>2,781,393</b>	<b>600,000</b>

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During 2021, the Fund maintained its A- (stable) rating granted by Standard & Poor's and A3 (stable) granted by Moody's (31 December 2020: A- stable by Standard & Poor's, A3 stable by Moody's).

An analysis of debt facilities and the movements in debt facilities are set out below:

	For the year ended 31 December	
	2021 €000s	2020 €000s
Balance due at 1 January	2,760,220	2,445,178
<i>Cash flow</i>		
Proceed from borrowing	1,136,692	625,000
Loan repayments	(607,023)	(290,657)
Transaction costs	(6,018)	(4,952)
<i>Non-cash changes</i>		
Movement in transaction cost	4,922	3,130
Foreign exchange movement	8,187	(17,479)
<b>Balance due at 31 December</b>	<b>3,296,980</b>	<b>2,760,220</b>

Movements reconciling the opening and closing balance of the lease liability follow a similar pattern as the ROU asset presented in the consolidated statement of investment property.

## 11. Current and Deferred Income Tax

The Fund is an FCP-FIS under the Luxembourg law dated 13 February 2007 on specialised investment funds, as subsequently amended.

According to legislation currently in force, the Fund is not subject to corporate income or capital gains taxes in Luxembourg. It is, however, liable to an annual subscription tax based upon the Units in issue. This tax is 0.01% per annum on the net assets attributable to Unitholders. The tax, payable quarterly, is assessed on the last day of each quarter.

Real estate revenues, or capital gains derived from real estate assets, may be subject to taxes by assessment, withholding or otherwise in the countries where the real estate asset is situated.

The Fund's subsidiaries depreciate their historical property cost in accordance with applicable tax regulations. Depreciation is deducted from taxable profits when determining current taxable income.

Deferred tax liabilities are calculated according to the liability method, and mainly arise from timing differences generated by fair value adjustments occurring post acquisition in the case where an acquisition does not qualify as a business combination. In the case of acquisitions which are classified as business combinations, deferred tax is recognised on the timing differences between the carrying value of real-estate investments in these consolidated financial statements and the respective tax basis at the date of acquisition, and is subsequently re-measured in each period.

No deferred tax liabilities have been accrued in respect of unremitted profits contained in direct and indirect subsidiaries of the Fund as it is unlikely that these profits will be remitted to the parent in a manner which will attract income tax.

The Fund tax returns filings and tax estimations are based on local tax rules and legislations and therefore Management considers that the Fund has no uncertain tax positions.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31 December	
	2021 €000s	2020 €000s
Deferred tax liability - revaluation and tax depreciation of investment properties	(1,455,234)	(827,673)
Deferred tax asset - losses available for offset against future taxable income	29,296	27,565
<b>Net deferred tax liabilities</b>	<b>(1,425,938)</b>	<b>(800,108)</b>

	For the year ended 31 December	
	2021 €000s	2020 €000s
Revaluation and tax depreciation of investment properties	(627,561)	(198,177)
Losses available for offset against future taxable income	1,731	5,712
Effect of disposal	—	(4,168)
Effect of unrealised currency movements	732	2,506
<b>Deferred tax expense</b>	<b>(625,098)</b>	<b>(194,127)</b>

At 31 December 2021 the unrecognised portion of deferred tax assets related to property temporary differences was €2.8 million and the unrecognised deferred tax asset on tax losses carried forward was €305.4million (31 December 2020: €12.3 million and €244.9 million respectively). Tax losses are available for off-set against taxable profits for periods which range from one year to an indefinite period. Deferred tax assets related to property temporary differences have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Fund can utilise the benefits there from. In addition, relating to the deferred tax liability, the Fund accounted for the tax indemnification of €39.3 million (2020: €39.3 million) from Prologis as described in the Stabilised Property Contribution Agreement (the “SPCA”, note 15.12).

The unrecognised net deferred tax liability on property fair value movement due to the initial recognition exemption amounts to €507.9 million in 2021 (2020: €389.3 million) as described in note 2.12.

	For the year ended 31 December	
	2021 €000s	2020 €000s
Current tax	36,198	32,550
Deferred tax	625,098	194,127
	<b>661,296</b>	<b>226,677</b>
Other taxes	2,953	2,771
Subscription tax	1,197	910
<b>Income tax expense</b>	<b>665,446</b>	<b>230,358</b>

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Income and other taxes payables are set out below:

	As at 31 December	
	2021	2020
	€000s	€000s
Current tax payable	52,033	48,321
Other taxes payable	1,500	893
Subscription tax payable	340	242
<b>Balance due at 31 December</b>	<b>53,873</b>	<b>49,456</b>

Reconciliation between tax expense and the product of accounting profit multiplied by domestic tax rates for the year 2021 and 2020 are as follows:

	For the year ended 31 December	
	2021	2020
	€000s	€000s
<b>Profit before income tax</b>	<b>3,303,920</b>	<b>1,204,140</b>
Tax calculated at domestic rates of blended tax rates of 21.7% (2020: 20.7%) applicable to profits in the respective countries	717,576	248,803
Adjustment in respect of prior years	(9,461)	(1,263)
Unrecognised deferred tax asset (on property fair value movement)	(9,545)	(4,039)
Tax losses for which no deferred tax asset was recognised	60,534	(17,244)
Income not subject to tax	(137,866)	(75,326)
Expenses not deductible for tax purposes	40,058	75,746
<b>At the effective income tax rate of 20.1% (2020: 18.8%)</b>	<b>661,296</b>	<b>226,677</b>
Other taxes	2,953	2,771
Subscription tax	1,197	910
<b>Income tax expense</b>	<b>665,446</b>	<b>230,358</b>

## 12. Accrued Expenses and Other Current Liabilities

	As at 31 December	
	2021	2020
	€000s	€000s
Accrued building costs	34,157	20,767
Security deposits	40,595	26,068
Professional fee accrual	1,553	1,429
Interest payable	19,925	23,606
VAT payable	35,308	20,119
Distributions payable (note 9)	105,309	95,016
Other accrued expenses	483	936
<b>Accrued expenses and other current liabilities</b>	<b>237,330</b>	<b>187,941</b>

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. Gross Profit

The Fund leases its investment property to customers under agreements that are generally classified as operating leases. The terms of the leases are in line with standard market practices in each market. Leases are subject to periodic reviews or automatic inflationary adjustments as appropriate.

#### 13.1 Revenue and Cost of rental activities

The Fund generates income primarily from rental contracts with customers (operating leases).

	As at 31 December	
	2021 €000s	2020 €000s
Rental income	654,394	602,919
Rent levelling adjustment	17,884	6,751
Other property income	831	2,166
<b>Total revenue</b>	<b>673,109</b>	<b>611,836</b>
Service charges recoveries	130,482	114,509
Property management expenses (note 15.2)	(12,056)	(11,068)
Other service charges recoverable	(125,067)	(106,985)
Non recoverable expenses	(16,766)	(16,736)
Impairment loss allowance	(1,235)	(2,287)
<b>Cost of rental activities</b>	<b>(24,642)</b>	<b>(22,567)</b>
<b>Gross Profit</b>	<b>648,467</b>	<b>589,269</b>

Cost of rental activities arising from investment property that did not generate rental income are considered not material due to the high occupancy level.

#### 13.2 Minimum Future Lease Payments

Minimum future lease payments receivable from non-cancellable leases are shown below. For the purposes of this note, it is conservatively assumed that a lease expires on the date of its first break option.

As at 31 December 2021	Amount receivable €000s	Percentage of total commitment €000s
Within 1 year	688,046	17%
Between 1 and 2 years	620,146	15%
Between 2 and 3 years	547,604	13%
Between 3 and 4 years	461,852	11%
Between 4 and 5 years	387,551	9%
5 years and more	1,441,077	35%
	<b>4,146,276</b>	<b>100%</b>



# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2020	Amount receivable €000s	Percentage of total commitment €000s
Within 1 year	616,096	20%
Between 1 and 2 years	505,123	16%
Between 2 and 3 years	405,202	13%
Between 3 and 4 years	321,317	10%
Between 4 and 5 years	251,675	8%
5 years and more	1,035,393	33%
	<b>3,134,806</b>	<b>100%</b>

### 14. Finance cost

	For the year ended 31 December	
	2021 €000s	2020 €000s
Interest payable brought forward	(23,606)	(19,446)
Interest payable carried forward (note 12)	19,925	23,606
Interest paid	48,686	47,940
Interest expense	45,005	52,100
Interest expense on leases	7,167	5,402
Borrowing repayment costs and swap breakage cost due to partial repayment of debt	10,465	104
Amortisation of transaction costs relating to borrowing	4,922	3,130
Other net unrealised foreign currency losses on monetary assets and liabilities and other financial costs	(2,856)	1,341
Other finance and realised (gain)/ loss expense	814	(229)
<b>Finance cost</b>	<b>65,517</b>	<b>61,848</b>

### 15. Transaction with Related Parties

#### 15.1 Asset Management Fees

The Management Company is entitled to receive out of the assets of the Fund, an Asset Management Fee as a fee paid by the Fund, quarterly in arrears. The Asset Management Fee will be calculated quarterly as set forth in Section V "Principal Terms for the Fund – Asset Management Fee" of the Offering Memorandum.

#### 15.2 Property Management Fees

The Management Company is entitled to receive out of the assets of the Fund, a monthly Property Management Fee based on rates applicable in the markets in which the properties are located.

#### 15.3 Incentive Performance Participation ("IPP")

The Fund is contracted to pay Prologis (as a Class A(1) Unitholder), an IPP in which Prologis receives a promote interest from Unitholders of Class B Units, after such Unitholders achieve a defined rate IRR over a 3-year period. The latest 3-year IPP period started on 1 October 2016 and ended on 30 September 2019. In relation to the issuance of Class C Units, the performance of those units during the ownership period from 1 October 2016 until 30 September 2019 has been taken into account. In respect of Class D units, the first performance period for the IPP that has been taken into account started on 1 October 2017 and ended on 30 September 2019. The resulting IPP fee amounted to €137.1 million was paid out of the Fund's distributions in year 2019. The new IPP period in relation of Class B, C and D started on 1 October 2019 and will end on 30 September 2022. As at 31 December 2021, the hypothetical IPP accrual fee, based on an annualised performance at that date, amounts to €401.3 million (2020: €69.6 million).

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15.4 *Leasehold Agreements*

The Fund has leased real estate to some of the Investment Managers.

### 15.5 *Insurance*

The Management Company has, on behalf of the Fund, entered into an insurance contract with a related party under which the first 1 million US dollar of any claim is settled by that related party. The remainder of any claim is met by a syndicate of insurers who are not related parties. All investment properties are insured at the full replacement cost value.

### 15.6 *Leasing Commissions*

Under the terms of the Management Regulations, the AC must approve on an annual basis the leasing commission rates to be charged by Prologis based upon evidence in the respective local markets. These commissions can only be charged by Prologis in situations where no outside broker is involved in the lease negotiations.

### 15.7 *Tenant Improvements ("TI") and capital expenditure fees*

In respect of a project involving TI and capital expenditure, a fee shall be considered by the Fund and agreed upon as part of the proposal to commit to such works.

### 15.8 *Development Management Fees*

PELF pays Prologis a Development Management Fee when they act as the project manager.

### 15.9 *Legal Advisory, Tax advisory and Compliance Fees*

As part of the Management Regulations, Prologis is entitled to receive Legal and Advisory Fees in return for legal or tax advices provided to the Fund without the involvement of an external law or tax firm. These fees are calculated on an hourly basis, with the rate approved by the AC annually. Prologis will charge the Fund for time spent on tax compliance services and projects such as tax restructuring or refinancing on a case by case basis if it was approved by the Management Company.

### 15.10 *Acquisition Management Fee*

The Management Company is entitled to receive an Acquisition Management Fee paid by the Class B Unitholders on a pro rata basis as a percentage representing the portion of Class B Units over all Units based on the purchase price of each asset that is acquired by the Fund from third parties. This Acquisition Management Fee shall be reduced to 50% of such a fee in the case of any acquisition from Prologis Managed Fund. No Acquisition Management Fee will be payable with respect to the Prologis Assets.

### 15.11 *Cash Management Fee*

The Management Company is entitled to receive a Cash Management Fee, quarterly in arrears, paid by the Class B Unitholders on a pro rata basis as a percentage representing the portion of Class B Units over all Units based on the average cash and cash equivalents held by the Fund for the quarter then ended.

### 15.12 *Indemnification in Respect of Taxes*

As part of the expired SPCA and the Management Regulations, Prologis will indemnify the Fund in respect of any capital gains taxes which may become payable upon the sale of properties contributed by Prologis, before the SPCA expired in September 2011, to the Fund and any embedded capital gains tax liability with respect to such properties, in relation to the period of ownership of the relevant property by Prologis prior to its contribution to the Fund, for which the Fund may become liable or have offset against the price received on the sale of any such property by the Fund.

At 31 December 2021, the indemnification was determined to be €39.3 million (31 December 2020: €39.3 million) and is reported as due from related parties non-current.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15.13 One Portfolio Policy

The Fund may enter into two different types of leasing arrangements with Prologis. The first type of lease is an operating lease where Prologis occupies the building and conducts local market operations.

The second type of lease is one that is assigned when (a) a customer is moved from a Fund building to another building owned by Prologis or an affiliate, or (b) when a customer is moved into a Fund building from another building owned by Prologis or an affiliate. Under scenario (a), Prologis or the affiliate paying or receiving will reimburse the Fund rents and recoveries under the vacating customer lease until the space is re-leased or until the maturity of the original lease. Under scenario (b), the Fund will reimburse Prologis rents and recoveries under the vacating customer lease until the space is re-leased or until the maturity of the original lease.

The fees paid to Prologis are specified below:

	For the year ended 31 December	
	2021 €000s	2020 €000s
Asset management fees	64,563	50,182
Acquisition management fees	2,032	1,288
Cash management fees	66	45
Asset and other management fees	66,661	51,515
Property management fees	12,056	11,068
Leasing commissions	2,315	4,543
Construction and project/capex fees	5,861	3,485
Legal and tax advisory fees	1,277	955
Compliance and other fees	1,538	818

Transactions with related parties are conducted at arm's length.

## 16. Contingencies and Commitments

### Contingencies

The Fund, through its direct and indirect subsidiaries, is contingently liable with respect to lawsuits and other matters that arise in the normal course of business. The Management Company is of the opinion that while it is impossible to accurately ascertain the ultimate legal and financial liability with respect to these contingencies, the ultimate outcome of these contingencies is not anticipated to have a material effect on the Fund's consolidated financial position and operations.

### Commitments

As at 31 December 2021, the Fund had no outstanding commitments (31 December 2020: none).

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. Financial Risk Management

#### 17.1 Market Risk

##### *Investment Property Risk*

Investment property is subject to varying degrees of risk. The main factors which affect the value of the investment property include but are not limited to:

- changes in general economic climate;
- local conditions, such as an oversupply of distribution space or a reduction in demand for distribution space;
- the relative attractiveness of the Fund's distribution facilities to potential customers;
- government regulations, including zoning, usage, environmental and tax laws;
- competition from other available Distribution Facilities, including those owned by, and under the management of, affiliates of the Management Company and Prologis and Prologis Related Parties;
- the Fund's ability to provide adequate maintenance of, and insurance on, the Distribution Facilities;
- the Fund's ability to achieve optimal rental growth and control operating costs, including energy costs;
- potential liability under, and changes in, environmental, zoning and other laws;
- greater uncertainty regarding fair values given the volatility of property prices; and
- the relative illiquidity of real estate investments compared with other types of assets, which may affect the

Fund's ability to react promptly to changes in economic or other conditions.

There have been no changes to the assessment of investment property risk or the policies and procedures in place for managing the risk by Management during the year.

Yields and other significant inputs that impact directly the property value are disclosed in the note 17.5.

##### *COVID-19*

The Fund may be materially and adversely affected by the impact of the global pandemic of COVID-19. The World Health Organisation and certain national and local governments characterised COVID-19 as a pandemic in March 2020. The COVID-19 outbreak has disrupted financial markets and global, national and local economies. There are government restrictions on activities across the globe. The impact of the COVID-19 outbreak on the Fund's business and customers for the long-term continues to be uncertain. Given the ongoing and dynamic nature of these circumstances, Management cannot predict the extent to which the continuation of the COVID-19 pandemic may impact the Fund's business, but its impact may include: existing customers and potential customers of logistics facilities may be adversely affected by the decrease in economic activity, which in turn could disrupt their business and their ability to enter into new leasing transactions or satisfy rental payments; government, labor or other restrictions may prevent the Fund from completing the development or leasing of properties currently under development or making our properties ready for customers to move in; the Fund's ability to recover its investments in real estate assets may be impacted by current market conditions; and workforce may become ill or have difficulty working remotely, caring for properties and/or customers.

##### *Risk Diversification Rules and Borrowing Restrictions*

The risk diversification requirements are disclosed in the Management Regulations and the Management Company shall comply with such requirements.

The Treasury department monitors risks of investment in liquid assets or money market assets; indebtedness (should not exceed 45% of the aggregate valuation at the most recent Valuation Date) and ensure no derivative transactions are entered for speculative purposes in close cooperation with the Fund's operating units.

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For the purpose of determining whether the Country Maximum is breached, Distribution Facilities will be valued at their current gross asset value. At the time of proposal of a Distribution Facility to be acquired by the Fund, the country concerned is reviewed to ensure such acquisition would not cause a breach of the Country Maximum at such time. There is no breach of the Country Maximum as at 31 December 2021.

There have been no changes to the assessment of risk diversification rules and borrowing restrictions specific to the Fund or the policies and procedures in place for managing the risk by Management during the year.

### *Interest Rate Risk*

The Fund's interest rate risk arises from obtaining secured and unsecured bank loans. Borrowings at variable rates expose the Fund to cash flow interest rate risk. The Fund manages its cash flow interest rate risk by using floating to fixed interest rate swaps ("IRS"). Such interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate debt.

At 31 December 2021, 80.82% (31 December 2020: 100.0%) of the Fund's debt obligations were effectively at fixed rates taking into account the interest rate swap arrangements (with all variable rate secured debt obligations).

The Fund has modified all of its floating-rate liabilities indexed to sterling LIBOR to reference SONIA during the year ended 31 December 2021.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to the Fund's profit before tax (through the impact on floating rate borrowings).

	Increase/ decrease in basis points	Effect on profit/(loss) before tax €000s
As at 31 December 2021		
Euribor	+25	856
Sterling SONIA	+25	335
Euribor	-25	(844)
Sterling SONIA	-25	(336)
As at 31 December 2020		
Euribor	+25	1,387
Sterling Libor	+25	605
Euribor	-25	(1,298)
Sterling Libor	-25	(609)

The carrying amount by maturity of the Fund's financial instruments is presented in note 17.3.

### *Currency Risk*

The Fund is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Fund entities, primarily the GBP, but also Polish zloty, Czech koruna, Hungarian forint and Swedish krona.

The Fund entered into forward currency contracts (see note 18), aimed at maintaining a Euro net equity exposure of approximately 80% (at the lower end of the Fund's 80-85% target range). As at 31 December 2021, the Fund has in place €1,360.0 million of GBP hedges as well as €470.0 million of SEK hedges (31 December 2020: €650.0 million of GBP hedges and €275.0 million of SEK hedges), which has brought PELF's Euro net equity exposure to 83.7% (see note 18).

The Fund's results of operations, financial position and net cash flows have been, and could in the future be, affected by exchange rate fluctuations, although limited by an offsetting effect on the forward currency contracts fair value change. According to the nature of the asset or liability, this exposure is either recorded against the "Translation reserve" in the other comprehensive income or against "Finance cost" in the profit or loss, while the change in fair value from the currency

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forward contracts is recognised in profit or loss as “Net change in fair value of derivative financial instruments”. The realised loss result on the above mentioned instruments is recognised in profit or loss as “Realised (loss)/gain on currency forward contracts” and amounts to €41.2 million (2020: a gain of €10.1 million).

Foreign exchange rates used for the major currencies are outlined below:

	<b>Sterling</b>	<b>Polish Zloty</b>	<b>Czech Koruna</b>	<b>Hungarian Forint</b>	<b>Swedish Krona</b>
As at 31 December 2021	0.840	4.599	24.860	369.000	10.250
Average rate 2021	0.860	4.567	25.650	358.549	10.146
As at 31 December 2020	0.899	4.615	26.245	365.130	10.034
Average rate 2020	0.889	4.444	26.447	351.116	10.489

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling and other foreign currency (Swedish krona, Polish zloty, Czech koruna, Hungarian forint) exchange rates, with all other variables held constant, to the Fund’s profit before tax and OCI.

	<b>Increase/ decrease in basis points</b>	<b>Effect on profit/(loss) before tax €000s</b>	<b>Effect on other comprehensive income €000s</b>
As at 31 December 2021			
Sterling	+10	(137,569)	318,440
Swedish Krona	+10	(45,262)	112,841
Other currencies	+10	1,055	—
Sterling	-10	137,569	(318,440)
Swedish Krona	-10	45,262	(112,841)
Other currencies	-10	(1,055)	—
As at 31 December 2020			
Sterling	+10	(60,183)	164,707
Swedish Krona	+10	(27,314)	92,127
Other currencies	+10	630	—
Sterling	-10	60,183	(164,707)
Swedish Krona	-10	27,314	(92,127)
Other currencies	-10	(630)	—

Concentrations of risk are limited to the extent that GBP loans are made against GBP assets.

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### 17.2 Credit Risk

The Fund's earnings, distributions and its net asset value could be adversely affected if a significant number of its customers are unable to meet their lease obligations or credit institutions to meet their obligations under derivative contracts. Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the Fund obtains collateral in the form of bank deposits and/or bank or parent company guarantees.

To ensure that customers continue to meet their credit terms, the financial viability of customers is kept under monthly review.

The Fund has no significant concentrations of credit risk. The Fund has a large and diverse range of customers, and thus concentrations of credit risk in any particular geographic location or industry are considered low.

The Fund's maximum exposure to credit risk is represented by the balance of trade receivables, as reduced by the effects of any netting arrangements with counterparties (e.g. tenant security deposits), the balance of other current assets disclosed in the consolidated statement of financial position and the fair value of derivative financial instruments.

Cash and cash equivalents are mainly held within five banks, with a Standard & Poor's credit rating of A+/Stable for three of the Financial Institutions, A-/positive for the fourth and A-/stable for the fifth (31 December 2020: cash and cash equivalents were mainly held within five banks, with a Standard & Poor's credit rating of A+/Stable for three of the Financial Institutions, A-/stable for the fourth and BBB+/negative for the fifth).

The derivatives are entered into with bank and financial institution counterparties, which are rated BBB+ to A+, based on Standard & Poor's credit ratings.

There have been no changes to the assessment of credit risk of the policies and procedures in place for managing the risk by Management during 2021.

### COVID-19

Although Management cannot predict the impact on the business and future financial condition, the Fund has experienced minimal impacts from the current environment on its portfolio operating fundamentals in 2021. Management continues to follow its policy of reserving for impairment when an outstanding receivable is more than 90 days outstanding or expected uncollectable. Allowance for impairment of trade receivables for the year 2021 and 2020 was €1.2 million (0.2% of the respective year's rental income) and €2.3 million (0.4% of rental income), respectively.

### 17.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through appropriate and adequate credit lines and the ability of customers to settle obligations within normal terms of credit.

In order to spread liquidity risk, the Fund has financed its activities through a variety of instruments in the capital markets and with a number of banks. The debt maturity profile is managed by spreading the contractual repayment dates.

The Fund ensures, through the forecasting and budgeting of cash needs, that it maintains sufficient short-term liquidity to meet its immediate payment requirements. At 31 December 2021, the Fund had €538 million (31 December 2020: €600 million) in undrawn capacity under its existing credit facilities (note 10).

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The table below summarises the maturity profile of the Fund's total debt based on contractual undiscounted payments.

	On demand €000s	Less than 6 months €000s	6 to 12 months €000s	1 to 2 years €000s	2 to 5 years €000s	More than 5 years €000s	Total €000s
<b>As at 31 December 2021</b>							
Interest bearing borrowings	—	374,875	60,627	272,869	561,817	1,750,000	3,020,188
Interest payable	—	23,641	23,459	39,265	97,222	111,638	295,225
Lease liability	—	6,576	5,234	11,810	38,115	138,814	200,549
Other liabilities	—	332,128	—	—	—	—	332,128
<b>As at 31 December 2020</b>							
Interest bearing borrowings	—	125,000	181,084	552,659	372,650	1,550,000	2,781,393
Interest payable	—	26,705	23,504	39,394	89,627	112,712	291,942
Lease liability	—	4,946	4,961	18,792	47,504	100,625	176,828
Other liabilities	—	257,747	—	—	—	—	257,747

The Management Company believes that the Fund has adequate liquidity for the foreseeable future and has ongoing conversations with several financing institutions to address liquidity needs, including refinancing of upcoming maturities.

There have been no changes to the assessment of liquidity risk or the policies and procedures in place for managing the risk by Management during the year.

### 17.4 Classification and fair value

#### Financial Instrument

Instruments at floating rate have had their fair value assessed against current market interest spreads and the present value of payments to be made under the agreement. Instruments, which are at fixed rate, have a fair value calculated as the present value of payments to be made under the loan agreement.

The following table sets out the carrying value and fair value of the Fund's financial instruments:

	As at 31 December 2021		As at 31 December 2020	
	Carrying Value €000s	Fair Value €000s	Carrying Value €000s	Fair Value €000s
Financial assets measured at fair value (derivative financial instruments)	4,662	4,662	369	369
Financial assets measured at amortised cost (non - current other receivables)	39,281	39,281	39,270	39,270
Financial liabilities measured at fair value (derivative financial instruments)	(45,408)	(45,408)	(28,655)	(28,655)
Financial liabilities measured at amortised costs (interest bearing borrowings)	(3,296,980)	(3,406,351)	(2,760,220)	(3,006,466)

The other short term financial assets and liabilities are not disclosed in the above table as the carrying amounts are a reasonable approximation of fair value due to a short term nature.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17.5 Fair Value Hierarchy – Financial Instruments and Investment Property

These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the lowest level of hierarchy.

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

The following table shows an analysis of the fair values of financial instruments and investment property and recognised in the consolidated statement of financial position by level of their fair value hierarchy:

	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total fair value €000s
<b>As at 31 December 2021</b>				
Interest rate swaps and forward derivatives	—	(40,746)	—	(40,746)
Borrowings	(2,436,844)	(969,507)	—	(3,406,351)
Investment property	—	—	18,501,548	18,501,548
<b>As at 31 December 2020</b>				
Interest rate swaps and forward derivatives	—	(28,286)	—	(28,286)
Borrowings	(2,376,940)	(629,526)	—	(3,006,466)
Investment property	—	—	13,552,299	13,552,299

Level 1 borrowings are listed on the EURO MTF.

As at 31 December 2021 and 2020, all investment property carried at fair value was measured using unobservable inputs (level 3). The details per region are disclosed below:

Region	Countries	Unobservable inputs	Weighted Average	
			2021	2020
Northern Europe	Belgium	Annual rent per sqm	EUR 53.74	EUR 52.98
	Germany	Net initial yield	3.40%	4.03%
	Netherlands			
	Sweden			
Southern Europe	Italy	Annual rent per sqm	EUR 47.92	EUR 44.95
	Spain	Net initial yield	3.44%	3.88%
	France			
Central Europe	Czech Republic	Annual rent per sqm	EUR 39.55	EUR 38.85
	Hungary	Net initial yield	4.40%	5.09%
	Poland			
	Slovakia			
UK	UK	Annual rent per sqm	GBP 73.25	GBP 73.17
		Net initial yield	3.15%	4.19%

An increase in the net initial yield will decrease the fair value. A decrease in the estimated annual rent will decrease the fair value. There are interrelationships between these rates as they are partially determined by market conditions.

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For investment property under construction, the increasing cost to completion and the increasing time to complete will reduce the fair value whereas the consumption of such a cost over the period to completion will increase the fair value.

Yield movements are important in the context of property valuation. An increase in the yields applied will reflect, inter alia, the risk profile and property characteristics of the underlying asset and the market in which it is located and will return lower property values. Conversely, lower yields will reflect a reduced risk profile and return higher property valuations. The Fund applies the yield methodology for the valuations.

The below table gives a summary of the sensitivity of the fair value of investment property to a 20bps change in net portfolio yields as at 31 December 2021 and 2020.

	2021 Fair Value €000s	Effect on investment property +20bps €000s	Effect on investment property -20bps €000s	2020 Fair Value €000s	Effect on investment property +20bps €000s	Effect on investment property -20bps €000s
Northern Europe	7,246,329	(420,387)	436,881	5,813,620	(287,234)	292,443
Southern Europe	4,353,650	(250,046)	259,313	3,334,000	(171,243)	174,654
Central Europe	2,978,200	(132,192)	144,478	2,272,800	(86,630)	93,406
United Kingdom	3,956,241	(232,640)	271,591	1,955,051	(88,045)	99,108
	<b>18,534,420</b>	<b>(1,035,265)</b>	<b>1,112,263</b>	<b>13,375,471</b>	<b>(633,152)</b>	<b>659,611</b>

## 18. Derivative financial instruments

Interest rate swaps are used to fix the interest payments of variable debt instruments. Forward exchange contracts are used to hedge currency fluctuations from net investment in foreign operations.

	For the year ended 31 December	
	2021 €000s	2020 €000s
Net gain from change in fair value of interest rate swaps	6,131	2,401
Net loss from change in fair value of currency forward contracts	(18,590)	(5,232)
<b>Net change in fair value of financial instruments</b>	<b>(12,459)</b>	<b>(2,831)</b>

Interest rate swaps breakage costs are included in finance cost (see note 14).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18.1 Interest rate swaps

Counterparty	Maturity	Currency	Notional Amount As at 31 December 2021 €000s	Notional Amount As at 31 December 2020 €000s	As at 31 December 2021 €000s	As at 31 December 2020 €000s
Aareal Bank AG	Feb-21	GBP	—	106,559	—	(354)
Landesbank Hessen-Thuringen Girozentrale	Feb-21	GBP	—	51,908	—	(179)
Landesbank Hessen-Thuringen Girozentrale	Feb-21	GBP	—	22,617	—	(78)
Credit Agricole	May-21	EUR	—	50,000	—	(13)
BNP Paribas	May-21	EUR	—	50,000	—	(14)
ING Bank N.V.	May-21	EUR	—	25,000	—	(8)
Deutsche Pfandbriefbank AG	Nov-22	GBP	60,627	57,246	(527)	(1,881)
Deutsche Pfandbriefbank AG	Feb-23	GBP	74,523	44,493	(552)	(1,524)
Deutsche Pfandbriefbank AG	Feb-23	GBP	—	25,160	—	(690)
Deutsche Pfandbriefbank AG	Mar-23	EUR	64,400	64,400	(517)	(1,118)
Berlin Hyp AG	Dec-23	EUR	61,296	61,360	(946)	(1,783)
Berlin Hyp AG	Apr-24	EUR	72,650	72,650	(1,123)	(2,154)
			<b>333,496</b>	<b>631,393</b>	<b>(3,665)</b>	<b>(9,796)</b>

Set out above is a summary of the terms and fair value of the interest rate swap agreements. The loans and interest rate swaps have the same critical terms.

The Fund entered into interest rate swap contracts whereby it pays a fixed rate of interest of between 0.25% and 1.78% (2020: -0.46% and 2.49%) and receives a variable rate based on Euribor, Sterling Libor, or Stibor as applicable. The swap is used to hedge the exposure to the variable interest rate payments on the variable rate secured loans (note 10). This results in-all in interest rates of between 0.75% and 3.39% (2020: 0.81% and 4.19%).

The Management Company has engaged an independent global financial advisory company to calculate fair values of hedging instruments. The methodology calculates both current and potential future exposure, reflecting the bilateral credit risk present in many derivatives. The approach incorporates all of the relevant factors that can impact fair value calculations, including interest rate and foreign exchange forward curves and the market expectations of volatility around these curves, the impact of netting where two parties have more than one transaction governed by an ISDA agreement, credit enhancements between counterparties (including collateral posting, mandatory cash settlements, and mutual puts), the term structure of credit spreads and the conditional cumulative probability of default for both counterparties.

The gain from change in fair value of the interest rate swaps recognised in profit or loss for the year ended 31 December 2021 amounts to €6.1 million and is part of 'Net change in fair value of derivative financial instruments' (2020: gain of €2.4 million).

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### 18.2 Currency forward contracts

The following forward exchange contracts were outstanding as at 31 December 2021:

Counterparty	Trade date	Maturity date	Currency	Notional Amount, 000's	Strike rate	As at 31 December 2021 €000s
J.P. Morgan AG	13-Oct-20	14-Apr-22	GBP	45,763	0.9152	(4,270)
Credit Agricole Corporate and Investment Bank	13-Jan-21	15-Jul-22	GBP	44,940	0.8988	(3,115)
J.P. Morgan AG	25-Jan-21	15-Sep-22	GBP	80,744	0.8971	(5,181)
HSBC Continental Europe	25-Jan-21	15-Feb-22	GBP	80,449	0.8938	(5,567)
Credit Agricole Corporate and Investment Bank	11-Feb-21	15-Aug-22	GBP	44,370	0.8874	(2,373)
Credit Agricole Corporate and Investment Bank	13-Apr-21	16-May-22	GBP	43,638	0.8727	(1,691)
BofA Securities Europe S.A.	15-Apr-21	17-Oct-22	GBP	61,543	0.8791	(2,445)
BofA Securities Europe S.A.	12-May-21	15-Nov-22	GBP	56,432	0.8681	(1,339)
BofA Securities Europe S.A.	12-May-21	18-Jan-22	GBP	43,135	0.8627	(1,275)
BofA Securities Europe S.A.	20-May-21	17-Jan-23	GBP	43,740	0.8747	(1,267)
HSBC Continental Europe	20-May-21	16-May-22	GBP	43,483	0.8696	(1,508)
Credit Agricole Corporate and Investment Bank	20-May-21	14-Apr-22	GBP	43,463	0.8692	(1,542)
J.P. Morgan AG	09-Jun-21	15-Aug-22	GBP	34,718	0.8679	(981)
J.P. Morgan AG	09-Jun-21	15-Dec-22	GBP	34,821	0.8705	(875)
HSBC Continental Europe	14-Jun-21	15-Feb-23	GBP	56,618	0.8710	(1,277)
BNP Paribas	13-Jul-21	15-Jun-22	GBP	43,001	0.8600	(882)
BofA Securities Europe S.A.	13-Sep-21	15-Mar-23	GBP	43,190	0.8638	(497)
BNP Paribas	22-Sep-21	17-Apr-23	GBP	87,421	0.8742	(2,064)
BNP Paribas	13-Oct-21	15-May-23	GBP	43,279	0.8655	(465)
HSBC Continental Europe	12-Nov-21	15-Jun-23	GBP	104,952	0.8746	(2,214)
BNP Paribas	18-Nov-21	15-Nov-22	GBP	34,010	0.8502	21
J.P. Morgan AG	19-Nov-21	15-Feb-23	GBP	34,251	0.8562	(95)
J.P. Morgan AG	14-Dec-21	15-Mar-22	GBP	42,816	0.8563	(823)
						<b>(41,725)</b>
Credit Agricole Corporate and Investment Bank	13-Jan-21	15-Jul-22	SEK	305,025	10.167	434
J.P. Morgan AG	13-Jan-21	15-Jul-22	SEK	203,532	10.176	271
Credit Agricole Corporate and Investment Bank	11-Feb-21	15-Mar-22	SEK	710,633	10.151	996
BofA Securities Europe S.A.	11-Mar-21	15-Jun-22	SEK	356,304	10.180	447
J.P. Morgan AG	11-Mar-21	15-Jun-22	SEK	254,888	10.195	282
BNP Paribas	12-May-21	18-Jan-22	SEK	355,495	10.157	456
BofA Securities Europe S.A.	20-May-21	17-Jan-23	SEK	256,730	10.269	191
J.P. Morgan AG	20-May-21	15-Dec-22	SEK	513,270	10.265	373
BNP Paribas	13-Jul-21	15-Jun-22	SEK	716,895	10.241	478
BofA Securities Europe S.A.	13-Sep-21	15-Mar-23	SEK	308,250	10.275	242
HSBC Continental Europe	22-Sep-21	17-Apr-23	SEK	513,810	10.276	428
Credit Agricole Corporate and Investment Bank	14-Dec-21	15-May-23	SEK	310,629	10.354	46
						<b>4,644</b>
						<b>(37,081)</b>

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Counterparty	Trade date	Maturity date	Currency	Notional Amount, 000's	Strike rate	As at 31 December 2020 €000s
Credit Agricole	21-Apr-20	15-Jan-21	GBP	44,393	0.8878	369
Credit Agricole	20-May-20	16-Feb-21	GBP	44,905	0.8981	(177)
HSBC France	17-Jun-20	15-Jun-21	GBP	58,611	0.9017	(360)
Credit Agricole	10-Jul-20	15-Apr-21	GBP	44,990	0.8998	(223)
BNP Paribas	11-Sep-20	15-Jul-21	GBP	46,465	0.9293	(1,788)
BofA Securities Europe S.A.	11-Sep-20	17-May-21	GBP	60,364	0.9286	(2,347)
BNP Paribas	13-Oct-20	15-Oct-21	GBP	45,600	0.9119	(745)
J.P. Morgan AG	13-Oct-20	14-Apr-22	GBP	45,763	0.9152	(764)
HSBC France	12-Nov-20	16-Nov-21	GBP	108,635	0.9052	(825)
BofA Securities Europe S.A.	27-Nov-20	15-Sep-21	GBP	44,981	0.8996	(83)
J.P. Morgan AG	11-Dec-20	15-Dec-21	GBP	46,270	0.9253	(1,435)
						<b>(8,378)</b>
Credit Agricole	13-May-20	15-Jan-21	SEK	319,410	10.647	(1,807)
J.P. Morgan AG	13-May-20	15-Jan-21	SEK	212,974	10.648	(1,208)
BNP Paribas	13-May-20	17-May-21	SEK	373,881	10.682	(2,174)
BofA Securities Europe S.A.	12-Aug-20	15-Mar-21	SEK	360,357	10.295	(859)
J.P. Morgan AG	12-Aug-20	15-Mar-21	SEK	257,278	10.291	(601)
BNP Paribas	11-Sep-20	15-Jul-21	SEK	728,056	10.400	(2,333)
BofA Securities Europe S.A.	27-Nov-20	15-Sep-21	SEK	306,402	10.213	(418)
Credit Agricole	11-Dec-20	15-Dec-21	SEK	309,786	10.326	(712)
						<b>(10,112)</b>
						<b>(18,490)</b>

The loss from change in fair value of the currency forward contracts recognised in profit or loss for the year ended 31 December 2021 amounts to €18.6 million (2020: loss €5.2 million). The realised loss on matured currency forward contracts amounts to €41.2 million (2020: gain of €10.1 million).

## 19. Capital Management

The Fund manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants in accordance with the Management Regulations. To maintain or adjust the capital structure, the Fund may adjust the distribution payment to Unitholders, return capital to Unitholders or issue new Units. The primary objective of the Fund's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

Under the Management Regulations, the Fund and its consolidated subsidiaries may not incur additional indebtedness (whether secured or unsecured) which would cause the loan-to-value ratio ('LTV') to exceed 45%.

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	For the year ended 31 December	
	2021 €000s	2020 €000s
Total proceeds from borrowings (note 10)	3,320,188	2,781,393
Appraised gross fair value of Investment Property, plus cash and cash equivalents	19,714,303	14,213,952
<b>Loan to value ratio</b>	<b>16.8%</b>	<b>19.6%</b>

Loan to value calculation methodology is based on the Management Regulations.

Banking covenants vary according to each loan agreement, but typically require that the LTV does not exceed 60% to 75%.

As at 31 December 2021 and 2020, the Fund was not in breach of any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

The Fund manages the redeemable Unitholders' capital by offering redeeming units to the non-redeeming Unitholders at first. If there are remaining redeeming units not acquired, the Fund will only satisfy the remaining redeeming units if there are sufficient liquid assets.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. List of consolidated entities

Set out below the list of consolidated entities of the Fund.

Name of Entity	Name of Entity
<b>Belgium</b>	
Prologis Belgium VI BV	Prologis Belgium XVII (A) BV
Prologis Belgium VII BV	Prologis Belgium II BV
Prologis Belgium VIII BV	Prologis Belgium XXII BV
Prologis Belgium XXI BV	Prologis Belgium XXIV BV
Prologis Belgium XXIII BV	
Prologis Belgium XVI (A) BV	
Prologis Belgium Solar BV	
<b>Czech Republic</b>	
Prologis Czech Republic VIII s.r.o.	Prologis Czech Republic LXI s.r.o.
Prologis Czech Republic XVI s.r.o.	Prologis Czech Republic LXIII s.r.o.
Prologis Czech Republic XVII s.r.o.	Prologis Czech Republic LXIV s.r.o.
Prologis Czech Republic XIX s.r.o.	Prologis Czech Republic LI s.r.o.
Prologis Czech Republic XLII (P) s.r.o.	Prologis Czech Republic LIII s.r.o.
Prologis Czech Republic II s.r.o.	Prologis Czech Republic LXV s.r.o.
Prologis Czech Republic L s.r.o.	Prologis Czech Republic LII s.r.o.
Prologis Czech Republic XLVI s.r.o.	Prologis Czech Republic IX s.r.o.
Prologis Czech Republic LX s.r.o.	Prologis Czech Republic LXVI s.r.o.
<b>France</b>	
Prologis France V EURL	Prologis France CXXXIX (A) SAS
Prologis France IX EURL	Prologis France CXL (A) SAS
Prologis Holding LI EURL	Prologis France CXLIX (A) SARL
Prologis France XXVIII EURL	Prologis Holding XLVIII (A) SARL
Prologis Holding XXXIX SARL	SCI Prologis France CLIV (A)
Prologis Bre Orbium SARL	Prologis Holding XII SAS
SCI Prologis Copernic	SCI Prologis France CLXIV
Prologis France XLV EURL	SCI Prologis France CLXII
Prologis France XLVI EURL	Prologis Holding XIII SARL
Prologis Holding XXXVII EURL	Prologis Holding XIV SARL
Prologis France LV EURL	Prologis Holding XV SARL
Prologis France LVI EURL	Prologis Holding XVI SARL
Prologis France LVIII EURL	Prologis Holding XXII SARL
Prologis France LIX EURL	Prologis Holding XXIV SARL
Prologis Holding XLI EURL	Prologis Holding XXVI SARL
Prologis France LXIX EURL	Prologis France CLXV EURL
Prologis Holding XLII EURL	Prologis France CLXVI EURL
Prologis France LXXIX EURL	Prologis France CLXVII EURL
Prologis France LXXX EURL	Prologis France CLXVIII EURL

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Prologis France LXXXI EURL	SCI Prologis France CXXXI (A)
Prologis France LXXXIV EURL	Prologis Holding XLIX SARL
Prologis France LXXXV EURL	Prologis Bre Francilienne Compans SARL
Prologis France LXXXVII EURL	SCI Prologis Le Parc
Prologis France LXXXIX EURL	Prologis Holding XXXIII SARL
Prologis France XCV EURL	Prologis Holding XXXII SARL
Prologis France XCIX EURL	Prologis Holding XXIX SARL
Prologis France C EURL	Prologis Holding XXX SARL
Prologis Holding XLIII EURL	Prologis Holding XXXI SARL
Prologis France CVIII EURL	Prologis Holding XXVII SARL
Prologis France CIX EURL	Prologis Holding XXVIII SARL
Prologis Holding XLV SARL	Prologis France XLIV EURL
Prologis France CXII EURL	Prologis France LXVIII EURL
Prologis France CXIII EURL	Prologis France CLXIX EURL
Prologis Holding II (A) SARL	Prologis Holding XXXIV SARL
Prologis Holding IV (A) SARL	Prologis Holding L SARL
Prologis France CL (A) SARL	Prologis Holding LIV SARL
Prologis Holding V (A) SARL	Prologis France CLXXII SARL
Prologis France CLI (A) SARL	Prologis Holding LV SARL
Prologis Holding VI (A) SARL	Prologis Holding LVII SARL
SCI Prologis France CLV (A)	Prologis France CLXXIV SARL
Prologis Holding VII (A) SARL	Prologis Holding LVIII SARL
Prologis France CLVI (A) SARL	Prologis France CLXXV SARL
Prologis Holding (A) SARL	Prologis Holding LIX SARL
Prologis France CXXIX (A) SARL	SCI Prologis France CLXXXIII
Prologis France CXXXII (A) SAS	Parlavoisier SARL
SCI Prologis France CLXI (A)	Prologis Finance III EURL
Prologis Holding XLVI (A) SARL	Prologis Finance IV EURL
Prologis Holding XI (A) SARL	Prologis Holding LXV SARL
SCI Prologis France CLII (A)	Prologis France CLXXX SARL
Prologis Holding IX (A) SARL	Prologis France CLXXXI SARL
SCI Prologis France CLVIII (A)	Prologis France LXXII EURL
Prologis France CXXXIII (A) SARL	Prologis France LXXXIII EURL
Prologis Holding XLVII (A) SARL	Prologis Holding XXIII SARL
Prologis France CXXXV (A) SARL	Prologis Holding LII SARL
Prologis France Holding III SARL	Prologis France CLXXVI SARL
Prologis France CV EURL	Prologis Holding LXIII SARL
Prologis France CXXI (A) SARL	Prologis France CLXXXII SARL
Prologis Holding LXIV SARL	Prologis Holding LXVI SARL
Prologis France CXLII (A) SARL	Prologis France CLXXXIV SARL
Prologis France CXXXVI (A) SARL	Prologis Holding III (A) SARL
Prologis France CXLIII (A) SARL	



# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Prologis France CXXXIV (A) SARL  
Prologis France CXXXVII (A) SARL  
Prologis France CXLV (A) SAS

### Germany

Prologis Germany II (A) GmbH AMB Altenwerder Distribution Center 1 B.V. & Co. KG	Prologis Germany III GmbH
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### Hungary

Prologis Hungary THIRTY FOUR Kft. Prologis Hungary THIRTY SIX Kft.	Prologis Hungary THIRTY SEVEN Kft. Prologis Hungary THIRTY NINE Kft.
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### Italy

Prologis Italy VII S.r.l. Prologis Italy XXXIX S.r.l. Prologis Italy XXVII S.r.l. Prologis Italy II REIF Prologis Italy XXXVIII S.r.l. Prologis Italy XXXIII S.r.l. Prologis Italy XXXIV S.r.l. Prologis Italy XXXV S.r.l. Prologis Italy XXXVII S.r.l.	Prologis Italy IX S.r.l. Prologis Italy IXa S.r.l. Prologis Italy XLVI S.r.l. Prologis Italy XLVII S.r.l. Prologis Italy XLVIII S.r.l. Prologis Italy XLIX S.r.l. Prologis Italy LI S.r.l.
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### Jersey

Prologis Solar Way Limited Prologis East London DC2 Property Unit Trust	Prologis East London DC1 Property Unit Trust
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### Luxembourg

Prologis France Holding S.à r.l. Prologis International Funding III S.à r.l. ProLogis European Finance XXIII S.à r.l. Prologis Germany Holding S.à r.l. ProLogis European Logistics Fund ProLogis European Holdings X S.à r.l. ProLogis European Finance XI S.à r.l. ProLogis European Finance XII S.à r.l. ProLogis European Finance XIV S.à r.l. ProLogis European Finance XX S.à r.l. Prologis International Funding II SA ProLogis European Finance XXII S.à r.l. ProLogis UK XXIX S.à r.l.	ProLogis UK CCXLIII S.à r.l. ProLogis UK CCXLIV S.à r.l. ProLogis UK CCXLV S.à r.l. ProLogis UK CCXLVII S.à r.l. ProLogis UK CCXLVIII S.à r.l. ProLogis UK CCL S.à r.l. ProLogis UK CCLXV S.à r.l. ProLogis UK CCLXIX S.à r.l. ProLogis UK CCLXX S.à r.l. Prologis UK CCCIII S.à r.l. Prologis UK CCCV S.à r.l. Prologis UK CCCVI S.à r.l. Prologis UK CCCXX S.à r.l.
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# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ProLogis UK LXXXIV S.à r.l.  
ProLogis UK LXXXV S.à r.l.  
ProLogis UK XCI S.à r.l.  
ProLogis UK XCIV S.à r.l.  
ProLogis UK CCXXII S.à r.l.  
ProLogis UK CCCXL S.à r.l.  
ProLogis UK CCII S.à r.l.  
ProLogis UK CCIII S.à r.l.  
ProLogis UK CCV S.à r.l.  
ProLogis UK CCXIX S.à r.l.  
ProLogis UK CCCL S.à r.l.  
ProLogis UK CCXXVII S.à r.l.  
ProLogis UK CCXXVIII S.à r.l.  
ProLogis UK CCXXIX S.à r.l.  
ProLogis UK CCXXXV S.à r.l.  
ProLogis UK CCXL S.à r.l.  
ProLogis UK CCXLII S.à r.l.

Prologis UK CCCXXXII S.à r.l.  
Prologis UK CCCXXXIV S.à r.l.  
Prologis UK CCCXXXVII S.à r.l.  
Prologis UK CCCXLIV S.à r.l.  
Prologis UK CCCXXI S.à r.l.  
Prologis European Holdings XXVII S.à r.l.  
Prologis UK CCCLIII S.à r.l.  
Prologis UK CCCLV S.à r.l.  
Prologis UK CCCLVI S.à r.l.  
Prologis UK CCCLXII S.à r.l.  
Prologis UK CCCLIX S.à r.l.

### Netherlands

Prologis Realty XLIV (A) B.V.  
Prologis Holding XI (A) B.V.  
Prologis Holding XII B.V.  
Prologis Germany CCXXIII B.V.  
Prologis Germany CCXXIV B.V.  
Prologis Holding XXII B.V.  
Prologis Germany VI B.V.  
Prologis Germany VII B.V.  
Prologis Germany VIII B.V.  
Prologis Germany XI B.V.  
Prologis Germany XII B.V.  
Prologis Germany XIII B.V.  
Prologis Germany XV B.V.  
Prologis Germany XXII B.V.  
Prologis Germany XX B.V.  
Prologis Germany XXIII B.V.  
Prologis Germany XXIV B.V.  
Prologis Germany XXIX B.V.  
Prologis Germany XXX B.V.  
Prologis Germany XXXII B.V.  
Prologis Germany XXXV B.V.  
Prologis Germany XXXVI B.V.  
Prologis Germany XXXVII B.V.

Prologis Germany CCXXVI B.V.  
Prologis Germany CCXXVII B.V.  
Prologis Holding XXVIII B.V.  
Prologis Germany CCXXX B.V.  
Prologis Germany CCXXXI B.V.  
Prologis Germany CCXXXII B.V.  
Prologis Germany CCXXXIII B.V.  
Prologis Germany CCXXXIV B.V.  
Prologis Germany CCXXXVII B.V.  
Prologis Germany CCXXXVIII B.V.  
Prologis Germany Solar B.V.  
Prologis Germany CCXLIV B.V.  
ProLogis Holding III B.V.  
Prologis Europe Finance IV B.V.  
ProLogis Realty III B.V.  
ProLogis Realty IV B.V.  
ProLogis Realty VIII B.V.  
ProLogis Realty IX B.V.  
ProLogis Realty X B.V.  
Prologis Realty XVI (A) B.V.  
Prologis Realty XXXV (A) B.V.  
Prologis Realty LVI (A) B.V.  
Prologis Realty LVII (A) B.V.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ProLogis Germany XXXVIII B.V.	Prologis Realty XXV (A) B.V.
ProLogis Germany XXXIX B.V.	Prologis Realty XXVI (A) B.V.
ProLogis Germany XLIV B.V.	Prologis Realty XXVII (A) B.V.
ProLogis Germany XLV B.V.	Prologis Realty XXVIII (A) B.V.
ProLogis Germany XLVIII B.V.	Prologis Realty XIX (A) B.V.
ProLogis Germany L B.V.	Prologis Realty XXIV (A) B.V.
ProLogis Germany LV B.V.	Prologis Realty XXII (A) B.V.
ProLogis Germany LXIV B.V.	Prologis Realty XXIII (A) B.V.
Prologis Superholding II B.V.	Prologis Realty XXI (A) B.V.
ProLogis Germany LVIII B.V.	Prologis Realty XVIII (A) B.V.
ProLogis Germany LXII B.V.	Prologis Realty XXXIV (A) B.V.
ProLogis Germany LXVI B.V.	Prologis Realty XXXVI B.V.
ProLogis Germany LXVII B.V.	ProLogis Realty XIII B.V.
ProLogis Germany LXX B.V.	Prologis Realty XXXVII B.V.
ProLogis Germany LXXIV B.V.	Prologis Realty XXXIX B.V.
ProLogis Germany LXXV B.V.	Prologis Realty XL B.V.
ProLogis Germany LXXVI B.V.	Prologis Realty XLI B.V.
ProLogis Germany LXXVII B.V.	Prologis Realty XLII B.V.
ProLogis Germany LXXIX B.V.	Prologis Realty XLIII B.V.
ProLogis Germany LXXXV B.V.	Prologis Realty XLV B.V.
ProLogis Germany XC B.V.	Prologis Realty LII B.V.
Prologis Realty LXV B.V.	Prologis Realty LIII B.V.
ProLogis Germany XCVII B.V.	Prologis Realty LIV B.V.
ProLogis Germany CVI B.V.	Prologis Realty LV B.V.
ProLogis Germany CXIII B.V.	Prologis Realty LVIII B.V.
ProLogis Germany CXX B.V.	Prologis Realty LIX B.V.
ProLogis Germany CXXI B.V.	Prologis Realty LX B.V.
ProLogis Germany CXXIV B.V.	Prologis Realty LXI B.V.
ProLogis Germany CXCI B.V.	Prologis Realty LXII B.V.
ProLogis Germany CCII B.V.	Prologis Realty LXIII B.V.
ProLogis Germany CCIV B.V.	Prologis Realty LXIV B.V.
ProLogis Germany CCV B.V.	Prologis Realty LXX B.V.
ProLogis Germany CCVI B.V.	Prologis Realty LXXV B.V.
Prologis Germany CCVIII (A) B.V.	Prologis Realty LXXVI B.V.
Prologis Germany CCIX (A) B.V.	Prologis Realty LXXVII B.V.
Prologis Germany CCXII (A) B.V.	Prologis Holding XIX B.V.
Prologis Germany CCXIV (A) B.V.	Prologis UK Holding VI B.V.
Prologis Germany CCXIII (A) B.V.	Prologis UK Holding IV (A) B.V.
Prologis Germany CCXXXV (A) B.V.	Prologis UK (A) B.V.
Prologis Germany CCXXXVI (A) B.V.	ProLogis Realty VI B.V.
Prologis Germany Holding (A) B.V.	Prologis Germany CXXXII B.V.
Prologis Germany CCXVIII (A) B.V.	Prologis Germany XCVI B.V.
Prologis Germany CCXXI (A) B.V.	ProLogis Germany CLVIII B.V.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Prologis Germany CCXVI (A) B.V.  
Prologis Realty LXXI B.V.  
Prologis Germany CCXXII (A) B.V.  
Prologis Germany CXII B.V.  
Prologis Germany LXIII B.V.  
Prologis Belgium Holding B.V.  
Prologis Realty LXIX B.V.  
Prologis Germany CCXVII (A) B.V.  
Prologis Germany CCXXV B.V.  
Prologis UK Holding III (A) B.V.  
Prologis Germany IX B.V.

Prologis Germany CCXXXIX B.V.  
Prologis Germany CCXLI B.V.  
Prologis Realty LXXXVIII B.V.  
Prologis Realty LXXIII B.V.  
Prologis Realty LXXXII B.V.  
Prologis Realty LXXXV B.V.  
Prologis Realty LXXXVI B.V.  
Prologis Realty XXXVIII B.V.

### Poland

ProLogis Poland IX Sp. z o.o.  
ProLogis Poland XXIII Sp. z o.o.  
ProLogis Poland XXIV Sp. z o.o.  
ProLogis Poland XXV Sp. z o.o.  
ProLogis Poland XXVI Sp. z o.o.  
ProLogis Poland XXVII Sp. z o.o.  
ProLogis Poland XXX Sp. z o.o.  
ProLogis Poland XLI Sp. z o.o.  
ProLogis Poland XLII Sp. z o.o.  
ProLogis Poland XLVI Sp. z o.o.  
ProLogis Poland L Sp. z o.o.  
ProLogis Poland LI Sp. z o.o.  
ProLogis Poland LX Sp. z o.o.  
  
ProLogis Poland XLV Sp. z o.o.  
  
ProLogis Poland LXIII Sp. z o.o.  
ProLogis Poland LXV Sp. z o.o.  
ProLogis Poland LXVI Sp. z o.o.  
ProLogis Poland LXVIII Sp. z o.o.  
ProLogis Poland CII (P) Sp. z o.o.

ProLogis Poland XCVI (P) Sp. z o.o.  
ProLogis Poland LXXV Sp. z o.o.  
ProLogis Poland LXXIX Sp. z o.o.  
ProLogis Poland LXXXI Sp. z o.o.  
ProLogis Poland LXXXII Sp. z o.o.  
ProLogis Poland XC Sp. z o.o.  
ProLogis Poland XCII Sp. z o.o.  
ProLogis Poland LXXI Sp. z o.o.  
ProLogis Poland LXXXIII Sp. z o.o.  
ProLogis Poland XXXI Sp. z o.o.  
ProLogis Poland XLIII Sp. z o.o.  
ProLogis Poland REIT Sp. z o.o.  
ProLogis Poland XCIV Sp. z o.o.  
ProLogis Poland REIT Spółka z ograniczoną odpowiedzialnością I S.K.A.

### Slovak Republic

Prologis Slovak Republic II s.r.o.  
Prologis Slovak Republic XIII (P) s.r.o.  
Prologis Slovak Republic XV (P) s.r.o.  
Prologis Slovak Republic VIII s.r.o.  
Prologis Slovak Republic IX s.r.o.  
Prologis Slovak Republic XXXVII s.r.o.

Prologis Slovak Republic X s.r.o.  
Prologis Slovak Republic XXVIII s.r.o.  
Prologis Slovak Republic XXX s.r.o.  
Prologis Slovak Republic XXIX s.r.o.  
Prologis Slovak Republic XXXI s.r.o.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Spain

Prologis Spain XII, S.L.	Prologis Spain LV, S.L.
Prologis Spain XX, S.L.	Prologis Spain LVI, S.L.
Prologis Spain XXXII, S.L.	Prologis Spain LVII, S.L.
Prologis Spain XXXV, S.L.	Prologis Spain LVIII, S.L.
Prologis Spain XXXIII, S.L.	Prologis Spain LIX, S.L.
Prologis Spain XXXIV, S.L.	Prologis Spain LX, S.L.
Prologis Spain XLIII, S.L.	Prologis Spain LXI, S.L.
Prologis Spain XLVI, S.L.	Prologis Spain LXII, S.L.
Prologis Spain XLIX, S.L.	Prologis Spain LXIII, S.L.
Prologis Spain L, S.L.	Prologis Spain LXVII, S.L.
Prologis Spain LII, S.L.	Prologis Spain LIV, S.L.
Prologis Spain LIII, S.L.	

### Sweden

Prologis Sweden VII AB	Prologis Holding IV AB
Prologis Sweden XII AB	Prologis Sweden XXIII AB
Prologis Sweden XI AB	Prologis Holding V AB
Prologis Sweden XIII AB	Prologis Holding VI AB
Prologis Sweden VIII AB	Prologis Holding VII AB
Prologis Sweden IV AB	Prologis Sweden XXXIV AB
Prologis Holding II AB	Prologis Sweden XXVI AB
Prologis Sweden VI AB	Prologis Sweden XXVIII AB
Prologis Sweden XIV AB	Prologis Sweden XXXIII AB
Prologis Sweden XV AB	Prologis Sweden XXIX AB
Prologis Sweden XXXVI AB	Prologis Sweden XXX AB
Prologis Sweden XVII AB	Prologis Sweden XXXII AB
Prologis Sweden XVIII AB	Prologis Sweden XXXI AB
Prologis Sweden XIX AB	Prologis Sweden XXV AB
Prologis Sweden XX AB	Prologis Sweden XXIV AB
Prologis Sweden XXI AB	Prologis Sweden XXVII AB
Prologis Sweden XXII AB	Prologis Sweden XXXV AB

### United Kingdom

Swallowdale Lane (Hemel Hempstead) (N.1) Ltd	Kingston Park Number 2 Limited
Swallowdale Lane (Hemel Hempstead) (N.2) Ltd	Abacus Park Nominee Limited
Abacus Park Property General Partner Limited	Prologis (Cubic Building) Holdings Limited
Prologis (Cubic Building) Limited	Prologis UK CCCLIII
Prologis UK CCCXXIII S. à r.l.	Prologis UK CCCLIX S. à r.l.
Prologis UK CCCVIII S. à r.l.	Prologis UK CCCLXII S. à r.l.
Prologis UK CCCXI S. à r.l.	Prologis UK CCCX S. à r.l.
Prologis UK CCCXIII S. à r.l.	Prologis UK CCCXXXVII S. à r.l.

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Prologis UK CCCXII S. à r.l.  
 Prologis UK CCCXXXIX S. à r.l.  
 Prologis UK CCXLIII S. à r.l.  
 Prologis UK CCXLV S. à r.l.  
 Prologis UK XXIX S. à r.l.  
 Prologis UK CCXIII S. à r.l.

Prologis UKLV Finance V S. à r.l.  
 Prologis UK XCII S. à r.l.  
 Prologis UK CCCXVIII S. à r.l.  
 Prologis UK CCCXIX S. à r.l.  
 Prologis UK CCCIX S. à r.l.  
 Prologis UK CCCXVI S. à r.l.

All the entities above mentioned are consolidated with a 100% ownership, except for the following set out below:

### Germany

Prologis Germany VI B.V.	94.75%	ProLogis Germany LXXVII B.V.	94.44%
Prologis Germany VII B.V.	94.75%	ProLogis Germany LXXIX B.V.	94.44%
Prologis Germany VIII B.V.	94.75%	ProLogis Germany LXXXV B.V.	94.44%
ProLogis Germany XI B.V.	94.75%	ProLogis Germany XCVII B.V.	94.44%
ProLogis Germany XII B.V.	94.75%	ProLogis Germany CVI B.V.	94.44%
ProLogis Germany XIII B.V.	94.75%	ProLogis Germany CXX B.V.	94.44%
Prologis Germany IX B.V.	94.75%	ProLogis Germany CXXI B.V.	94.44%
ProLogis Germany XV B.V.	94.75%	ProLogis Germany CXXIV B.V.	94.44%
ProLogis Germany XX B.V.	94.44%	ProLogis Germany CXCI B.V.	94.44%
ProLogis Germany XXIX B.V.	94.44%	ProLogis Germany CCIV B.V.	94.44%
ProLogis Germany XXX B.V.	94.44%	ProLogis Germany CCV B.V.	94.44%
ProLogis Germany XXXII B.V.	94.44%	ProLogis Germany CCVI B.V.	94.44%
ProLogis Germany XXXV B.V.	94.44%	ProLogis Germany LXIV B.V.	94.44%
ProLogis Germany XXXVI B.V.	94.44%	ProLogis Germany XXXIX B.V.	94.44%
ProLogis Germany XXXVII B.V.	94.44%	ProLogis Germany XXII B.V.	94.44%
ProLogis Germany XXXVIII B.V.	94.44%	ProLogis Germany XXIV B.V.	94.44%
ProLogis Germany XLIV B.V.	94.44%	ProLogis Germany XXIII B.V.	94.44%
ProLogis Germany XLV B.V.	94.44%	ProLogis Germany XC B.V.	94.44%
ProLogis Germany XLVIII B.V.	94.44%	ProLogis Germany CXIII B.V.	94.44%
ProLogis Germany L B.V.	94.44%	Prologis Germany III GmbH	94.00%
ProLogis Germany LVIII B.V.	94.44%	Prologis Germany CCXIV (A) B.V.	94.00%
ProLogis Germany LXII B.V.	94.44%	ProLogis Germany LV B.V.	94.00%
ProLogis Germany LXVI B.V.	94.44%	Prologis Germany CCXXIII B.V.	94.00%
ProLogis Germany LXVII B.V.	94.44%	Prologis Germany CCXXIV B.V.	94.00%
ProLogis Germany LXX B.V.	94.44%	Prologis Germany CCXII (A) B.V.	94.00%
ProLogis Germany LXXIV B.V.	94.44%	Prologis Germany CCXIII (A) B.V.	94.00%
ProLogis Germany LXXV B.V.	94.44%	Prologis Germany CCXXXIII B.V.	94.00%
ProLogis Germany LXXVI B.V.	94.44%	Prologis Germany CCXLI B.V.	89.50%
AMB Altenwerder Distribution Center 1 B.V. & Co. KG	94.00%		

# Consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. Non-current assets as held for sale

The Fund entered into a sale agreement on 13 July 2021 to sell Cologne DC7, a property located in Germany. The investment property was classified as non-current assets held for sale as at 31 December 2021. (31 December 2020: none).

	For the year ended 31 December	
	2021 €000s	2020 €000s
Investment property held for sale	32,872	-
<b>Investment property held for sale</b>	<b>32,872</b>	<b>-</b>

### 22. Subsequent event

The Offering Memorandum and the Management Regulations have been updated in January 2022; the updates to the governing documents of the Fund were issued effective per 1 January 2022 vis-à-vis the prior version (July 2021) include (i) the amendments resulting from the EGM on 29 October in relation to adding additional possibilities to settle the Incentive Performance Participation, (ii) creation of the new Class E Units, (iii) updated target returns and leverage and (iv) further SFDR and Taxonomy disclosures. There are no other subsequent events which require an additional adjustment and/or disclosure in the consolidated financial statements as at 31 December 2021.

The unaudited supplemental information on the following page should be read in conjunction with the Consolidated financial statements for the period ended 31 December 2021.



# Supplemental information

## UNAUDITED CONSOLIDATED STATEMENT OF NET ASSET VALUE AS AT 31 DECEMBER 2021

	Fund		Issuance		INREV	
	NAV	NAV	NAV	NAV	NAV	NAV
	€000s	per Unit	€000s	per Unit	€000s	per Unit
	€	€	€	€	€	€
<b>Consolidated IFRS NAV</b>	<b>13,620,188</b>	<b>13.10</b>	<b>13,620,188</b>	<b>13.10</b>	<b>13,620,188</b>	<b>13.10</b>
Adjusted for :						
Purchasers' costs savings (a) / (f)	522,238	0.50	522,238	0.50	275,671	0.26
Fair value of deferred taxes (b) / (g)	435,294	0.41	435,294	0.41	457,451	0.43
Fair value of debts (c)	(95,711)	(0.09)	(95,711)	(0.09)	(95,711)	(0.09)
Unamortised acquisition costs (d)	—	—	55,229	0.06	55,229	0.06
Unamortised debt raising costs (c) / (e)	(13,659)	(0.01)	—	—	—	—
Net Distribution recorded as a liability (h)	—	—	—	—	105,309	0.10
Effect of non-controlling interests	(10,452)	(0.01)	(10,498)	(0.01)	(4,775)	—
<b>Total</b>	<b>14,457,898</b>	<b>13.90</b>	<b>14,526,740</b>	<b>13.97</b>	<b>14,413,362</b>	<b>13.86</b>

### Number of Units in Issue

**1,040,057,480**

Per PELF Management Regulations: to calculate the Fund NAV, the value of the IFRS NAV shall be adjusted by: (a) increasing by fifty percent (50%) of the Gross Market Value to net Market Value differential; (b) reversing IFRS deferred tax assets and liability, reversing non-current receivable due to indemnity of deferred tax liability; and reflecting fifty percent (50%) of deferred tax liability (ignoring initial exemption), net of the portion covered by indemnity, and considering any additional deferred tax liabilities resulting from the increase in asset value from (a) above; and reflecting fifty percent (50%) of deferred tax assets from carryforward losses to the extent the Management Company reasonably believes they can be utilised by the Fund in the first five years following the Valuation Day; and (c) adjusting for fair value of debt on a mark to market basis.

To calculate the Issuance NAV, the value of the Fund NAV should be adjusted by: (d) any unamortised portion of PTELF Transaction Cost, equity raising costs, and acquisition costs of Logistics Facilities as if such costs were each to be amortised over a period of five (5) years, (e) any unamortised portion of debt raising costs amortised over the loan term. For the year ended 31 December 2021, €29.4 million of acquisition costs of Logistics Facilities were spent.

INREV NAV is calculated in accordance with the INREV NAV Guidelines. To calculate INREV NAV, the value of the Issuance NAV should be adjusted by: (f) adjusting the Gross Market Value to net Market Value differential from (a) above to reflect fifty percent 50% of the transfer tax savings, (g) adjusting the deferred tax effect of (f) above, (h) adjusting the effect of total Fund's net Distribution of Distributable Cash Flow recorded as a liability.

The IPP is not recognised in the above IFRS, Fund, Issuance and INREV NAVs because the IPP is calculated at Unitholder level.