Company Number 13514790

CERF II UK LOGISTICS PROPCO 1 LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 16 JULY 2021 TO 31 DECEMBER 2022

CONTENTS

CORPORATE INFORMATION

DIRECTORS	A.I.P. Lomberg	(appointed 16 July 2021)
	J.K Wong	(appointed 2 November 2021)
	E. Eragne	(appointed 16 July 2021; resigned 2 November 2021)
	A.S. Halonen	(appointed 16 July 2021; resigned 2 November 2021)
	C.S. Bidel	(appointed 1 August 2022, resigned 1 September 2022)
	C.M. Warnes	(appointed 1 August 2022, resigned 1 September 2022)

REGISTERED OFFICE

Until 15 September 2021:
1 St James's Market
London
SW1Y 4AH

From 15 September 2021:
6th Floor
125 London Wall
England
EC2Y 5AS

ADMINISTRATOR

Apex Group Fiduciary Services (UK) Limited (formerly Sanne Fiduciary Services (UK) Limited)
6th Floor
125 London Wall
London, England
EC2Y 5AS

AUDITOR

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

TAX ADVISOR

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

LEGAL ADVISOR

Bryan Cave Leighton Paisner LLP
Governors House
5 Laurence Putney Hill
London
EC4R 0BR

BANKERS

Barclays Bank PLC
London Branch
1 Churchill Place
London
E14 5HP

Société Générale S.A.
11, Avenue Emile Reuter
L-2420 Luxembourg
Grand Duchy of Luxembourg

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of CERF II UK Logistics Propco 1 Limited, (the "Company") registered number 13514790 for the period from inception on 16 July 2021 to 31 December 2022. For the period ended 31 December 2022, the Company availed of the exemption to prepare Strategic report under Section 414B of the Companies Act 2006 relating to small companies.

INCORPORATION

The Company was incorporated in England and Wales on 16 July 2021 as a private limited company. The registered number of the Company is 13514790.

PRINCIPAL ACTIVITY

The principal activity of the Company is investing in and leasing out property in the UK. .

RESULTS AND DIVIDENDS

The profit for the period amounted to £3,177,718.

No dividends were paid during the period.

GOING CONCERN

The Company meets its working capital requirements through proceeds received on rental income generated from the underlying properties. During the period ended 31 December 2022, the Company made a profit in the amount of £3,177,718 and as of that date, has a positive net asset value of £40,014,845 and net current asset value of £17,183,249.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date these financial statements are authorised for issue. Accordingly, they have adopted the going concern basis in preparing these financial statements. See Note 3 for further details.

DIRECTORS

The Directors who held office during the period, and subsequently, were as follows:

A.I.P. Lomberg	(appointed 16 July 2021)
J.K Wong	(appointed 2 November 2021)
E. Eragne	(appointed 16 July 2021; resigned 2 November 2021)
A.S. Halonen	(appointed 16 July 2021; resigned 2 November 2021)
C.S. Bidel	(appointed 1 August 2022, resigned 1 September 2022)
C.M. Warnes	(appointed 1 August 2022, resigned 1 September 2022)

COMPANY SECRETARY

The Company Secretary who held office during the year, and subsequently, was Apex Group Secretaries (UK) Limited (formerly Sanne Group Secretaries (UK) Limited).

REGISTERED OFFICE

6th Floor
125 London Wall
London, England
EC2Y 5AS

INDEPENDENT AUDITOR

The independent auditor, Ernst & Young LLP, was appointed on 9 May 2023.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Sec 418 of the Companies Act 2006) of which the Company's auditors are unaware, and they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE BOARD

Andrew Lomberg

Director Andrew Lomberg
Date: 05 October 2023

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CERF II UK LOGISTICS PROPCO 1 LIMITED

OPINION

We have audited the financial statements of CERF II UK Logistics Propco 1 Limited for the period 16 July to 31 December 2022 which comprise of the Statement of Financial Position, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CERF II UK LOGISTICS PROPCO 4 LIMITED (CONTINUED)

OPINIONS ON OTHER MATTERS PRESCIBED BY COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF CERF II UK LOGISTICS PROPCO 4 LIMITED (CONTINUED)

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD (CONTINUED)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how CERF II UK Logistics Propco 1 Limited is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating valuation of investment property as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business. Our procedures also involved gaining an understanding of processes and controls surrounding the valuation of investment property, reviewing the valuations prepared by management, challenging the reasonableness of key assumptions used by management and their appropriateness in accordance with the applicable valuation guidelines, and obtaining evidence for the significant inputs to the valuation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance and review of board's meeting minutes.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Ahmer Huda (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date : 05 October 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 £
NON-CURRENT ASSETS		
Investment property	5	84,887,690
Derivative financial instrument	6	1,483,706
		86,371,396
CURRENT ASSETS		
Cash and cash equivalents	7	1,012,127
Trade and other receivables	8	3,033,989
Intercompany loans receivable	9	15,590,234
		19,636,350
CURRENT LIABILITIES		
Trade and other payables	10	(1,930,522)
Intercompany loans payable	11	(316,595)
Income tax payable	17	(205,984)
		(2,453,101)
NET CURRENT ASSETS		**17,183,249**
NON-CURRENT LIABILITIES		
Intercompany loans payable	11	(22,548,413)
Bank loan	12	(40,588,403)
Deferred tax liability	17	(402,984)
		(63,539,800)
TOTAL NET ASSETS		**40,014,845**
EQUITY		
Share capital	13	3,671,304
Share premium	14	33,165,822
Retained earnings		3,177,718
TOTAL SHAREHOLDER'S EQUITY		**40,014,844**

The audited financial statements of the Company were approved and authorised for issue by the Board of Directors on 5 October 2023 and were signed on its behalf by:

Andrew Lomberg

Director Andrew Lomberg

(The notes on pages 10 to 22 form part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 16 JULY 2021 TO 31 DECEMBER 2022

	Notes	16 July 2021 to 31 December 2022 £
INCOME		
Rental income		3,140,324
Insurance income		185,793
Interest income		4,086
Gain on fair value movement on investment property	5	1,611,937
Gain on fair value movement on derivative instrument	6	622,226
		5,564,366
EXPENSES		
Insurance expense		(262,063)
Professional fees		(157,845)
Asset management fees		(126,460)
Administration fees		(55,318)
Audit fees		(37,900)
Legal fees		(24,525)
Maintenance costs		(5,577)
Service fees		(20,694)
Marketing expense		(8,225)
Property expense		(875)
Other expense		(105,000)
		(804,482)
OPERATING PROFIT		**4,759,884**
Net finance costs	16	(973,198)
PROFIT BEFORE TAX		**3,786,686**
Tax on profit on ordinary activities	17	(608,968)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,177,718**

(The notes on pages 10 to 22 form part of these financial statements)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 16 JULY 2021 TO 31 DECEMBER 2022

	Notes	Share capital £	Share premium £	Retained earnings £	Total £
Balance as at 16 July 2021		-	-	-	-
Issuance of shares	13, 14	3,671,304	33,165,822	-	36,837,126
Total comprehensive income for the period		-	-	3,177,718	3,177,718
Balance as at 31 December 2022		**3,671,304**	**33,165,822**	**3,177,718**	**40,014,844**

(The notes on pages 10 to 22 form part of these financial statements)

NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 16 JULY 2021 TO 31 DECEMBER 2022

1 General information

CERF II UK Logistics Propco 1 Limited (the "Company") was incorporated in England and Wales on 16 July 2021 as a private limited company. The registered number of the Company is 13514790. The Company has its registered office at 6th Floor, 125 London Wall, England, EC2Y 5AS from 15 September 2021 (previous registered office at St James' Market, London, SW1Y 4AH). The principal activity of the Company is investing in and leasing out property in the UK.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The principal accounting policies are set out below and have been applied consistently during the year. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Company has adopted FRS 102 in the preparation of these financial statements.

Basis of measurement and preparation of accounts

The financial statements have been prepared on a going concern and historical cost convention as modified by the revaluation of investment properties and certain financial assets and liabilities at fair value through profit or loss; and in accordance with United Kingdom Accounting Standards, including section 1A of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102").

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the Directors to exercise its judgement in the process of applying the Company's accounting policies.

Going concern

The Company meets its working capital requirements through proceeds received on rental income generated from the underlying properties. During the period ended 31 December 2022, the Company made a profit in the amount of £3,177,718 and as of that date, has a positive net asset value of £40,014,844 and net current asset value of £17,183,249.

The Directors considers that the Company has adequate means of meeting its financial obligations and is well positioned to manage its business risk for at least 12 months from the date of issue of the financial statements. The Directors have also taken into account the risks and uncertainties, including the impact of COVID-19, economic conditions and Russian-Ukraine conflict. Accordingly, it continues to adopt the going concern basis in the preparation of the financial statements.

Russian - Ukraine Conflict

On 24 February 2022, Russian troops began a full-scale invasion of Ukraine and the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as a number of Russian oligarchs. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally and therefore could adversely affect the performance of the Company's investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, present material uncertainty and risk with respect to the Company and the performance of its investments and operations, and the ability of the Company to achieve its investment objectives. As further discussed in Note 19, in management's view, Russian-Ukraine conflict did not have a material impact on the annual financial statements as at the reporting date but will continue to monitor the situation and its impact to the Company's operations.

Statement of Cash Flow

A Statement of Cash Flows has not been included in these financial statements as the Company qualifies for exemption as a small company under the terms of FRS 102 Section 7.1B.

3 Accounting policies (continued)

Foreign currencies

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates; its functional currency. As all investments held by the Company and financing received by the Company are in Pounds Sterling ("GBP" or "£"), this is considered to be the functional and presentational currency of the Company.

Foreign currency translation

Monetary assets and liabilities are translated into GBP at the rate of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Foreign exchange gains or losses resulting from settlement of such transactions on transaction dates and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are presented net in the Statement of Comprehensive Income.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are not retranslated.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash held by the property manager, deposits held at call with banks and other short term investments in an active market with original maturities of three months or less. Bank overdrafts are shown in current liabilities in the Statement of Financial Position.

Investment property

Investment property consists of property that is held for rental yields or for capital appreciation or both, and that is not occupied by the Company. Investment property is recognised initially at its cost, including related transaction costs and (where applicable) borrowing costs. After the initial recognition, investment property is carried at fair value. Valuations are performed as of the Statement of Financial Position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The professional valuers use recognised valuation techniques and the principles.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair value are recognised in the Statement of Comprehensive Income.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected.

Financial instruments

The Company applies Section 11 and Section 12 of FRS 102 in respect of financial instruments.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

3 Accounting policies (continued)

Financial Instruments (continued)

Financial assets

The Company's financial assets consist of trade and other receivables, intercompany loans receivable and cash and cash equivalents.

Trade and other receivables are subsequently measured at amortised cost less provision for impairment. Given the nature of trade and other receivables, intercompany loans receivable and cash and cash equivalents and the short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

Financial assets (continued)

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred), discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the Statement of Comprehensive Income. In relation to trade receivables and intercompany loans receivable, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Financial liabilities

Financial liabilities include trade and other payables, intercompany loans payable and borrowings and are initially recognised at fair value and subsequently measured at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted and their amortised cost is the same as the fair value on date of origination given the short length of time between origination and date of settlement.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Derivative financial instruments

Derivatives, including interest rate cap and swap, are not basic financial instruments and are accounted at fair value through profit or loss. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period/year. If the value of the derivatives results in an asset or liability position then any movements in the fair value of the assets / liabilities will be required within net changes from fair value adjustments in the Statement of Comprehensive Income.

The Company does not apply hedge accounting rules. Recognition of derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially at fair value. Transaction costs are expensed to the Statement of Comprehensive Income as finance costs. Gains and losses on derivatives are recognised in the Statement of Comprehensive Income. Interest income and expenses on derivatives are included in the Statement of Comprehensive Income.

3 Accounting policies (continued)

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Bank loans

Bank loans are initially recognised at cost, being the fair value of the consideration received, net of transaction costs incurred. Bank loans are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of financing costs) and the redemption value is recognised within the Statement of Comprehensive Income on an effective interest basis. Costs incurred for financing are capitalised and offset against the outstanding debt in the Statement of Financial Position.

Bank loans are comprised of interest bearing bank borrowings with due dates of more than one year.

Capitalised finance costs are amortised using the effective interest method. Loan facility interest is recognised at the effective interest rate.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Income

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. More specifically:

- Rental income under operating leases is recognised on a straight line basis over the lease term in the Statement of Comprehensive Income.

Lease incentives

Benefits received and receivable as an incentive to sign an operating lease are recognised as a reduction of rental income and are spread on a straight line basis over the lease term.

Expenses

Expenses are recognised on an accruals basis.

Interest income and interest expense

Interest income and expense are recognised within 'net finance costs' in the Statement of Comprehensive Income using the effective interest method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. It includes interest income from cash and cash equivalents.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

3 Accounting policies (continued)

Income tax

Income tax on the profit or loss for the period presented comprises of current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax in full is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Related party

A related party is a person or entity that has control or joint control, or has significant influence over the Company or is a member of the key management personnel of the Company.

Critical accounting estimates and judgements

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the financial year. 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.

i) Principal judgements underlying management's estimation of fair value

The investment property's fair market value was determined by the Directors of the Company. The primary source of evidence for investment property valuations should be recent, comparable market transactions on an arm's length basis. However, the valuation of the Company's investment property portfolio is inherently subjective, as it is made on the basis of assumptions made by the management which may not prove to be accurate.

The market valuations of the investment properties are determined by the Directors of the Company at 31 December 2022 using the income approach applying the discounted cash flow approach on a 10-year period basis. The valuation applied a capitalisation rate and discount rate using recent comparable transactions for similar assets. The Directors deem this to be an appropriate representation of the value of investment property at the period end.

ii) Principal judgements underlying management's estimation of fair value of derivative financial instruments

The directors have adopted the value of the interest cap and swap as determined by a third party, which is the financial institution, Chatham Financial Europe Limited. The value is based on the Secured Overnight Financing Rate ("SOFR"), which is calculated based on overnight repo transactions. This cap pricing is based on the 1-month Term SOFR, which is calculated and published by the CME based on the relationship between SOFR and SOFR futures contracts. It is impacted by interest rate volatility and reflects the market's confidence that actual SOFR resets over the cap term will match those implied by the key rate for the cap.

4 Fair value estimation

The Company's financial assets and liabilities measured and reported at fair value are classified and disclosed in the next page in one of the fair value hierarchy levels based on the significance of the inputs used in measuring their fair value in accordance with FRS 102:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

4 Fair value estimation (continued)

- Level 2 inputs are inputs other than quoted prices in active markets included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:

  a. Quoted prices for similar assets or liabilities in active markets.

  b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.

  c. Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).

  d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about how the market measures the fair value.

Assets and liabilities are always categorised as Level 1, 2 or 3 in their entirety. In certain cases, the fair value measurement for financial assets and liabilities may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, their level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the financial asset or liability.

The policies for determining when transfers take place are as follows; transfers are made from Level 1 to Level 2 when the level of trading activity reduces significantly and transfer from Level 3 to Level 2 when information on a similar asset traded in an active market becomes available.

The fair value of the investment property has been categorised as Level 3.

The Company's assets and liabilities that are measured at fair value are classified as follows:

As at 31 December 2022	**Level 1**	**Level 2**	**Level 3**
	£	**£**	**£**
Assets:			
Investment Property	-	-	84,887,690
Derivative financial instrument	-	1,483,706	-
	-	1,483,706	84,887,690

There were no transfers between the hierarchy levels during the period ended 31 December 2022.

5 Investment property

The movements on investment property during the period are as follows:

	31-Dec-22
	£
Opening fair value	-
Investment properties	83,275,753
Fair value movement	1,611,937
Closing fair value	84,887,690

The market valuation of the investment property is determined by the Directors of the Company at 31 December 2022 using the income approach applying the discounted cash flow approach on a 10-year period basis. The valuation applied a capitalisation rate and discount rate using recent comparable transactions for similar assets.

The investment properties are subject to a legal charge in favour of Société Generale (see Note 12).

6 Derivative financial instruments

The Company entered into two interest rate cap and a swap agreements with Société Générale. The swap has a maturity date of 20 February 2025 and at 2.193% per annum. The cap has the following: (i) Effective date 16 December 2022 for a notional amount of £26,032,306 cap rate of 4.00% per annum, and a termination date of 16 December 2025. The premium paid was an amount of £678,399. (ii) Effective date 2 February 2022 for a notional amount of £15,299,733, cap rate of 3.00% per annum, and a termination date of 16 December 2025. The premium paid was an amount of £183,082. The combined premium of £861,480 has been capitalised and recognised as value of derivative asset on Day 1. The derivative financial instrument is an embedded financial instrument where the notional amount is 100% of the Société Générale loan.

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2022 is £15,299,733 and the fair market value of the interest rate swap is £677,189. The unrealised gain has been recognised in the Statement of Comprehensive Income.

The notional principal amount of the outstanding interest rate cap contracts at 31 December 2022 is £41,332,039 and the fair market value of the interest rate cap is £806,517. The unrealised loss has been recognised in the Statement of Comprehensive Income.

	31-Dec-22
	£
Opening fair value	-
Additions	861,480
Fair value movement	622,226
Closing fair value	1,483,706

7 Cash and cash equivalents

	31-Dec-22
	£
Cash at bank	1,012,127
	1,012,127

8 Trade and other receivables

	31-Dec-22
	£
Cash with property manager	711,385
Receivables from tenants	513,017
Rent free debtor	111,795
VAT receivables	1,696,805
Other receivables	987
	3,033,989

9 Intercompany loans receivable

	31-Dec-22
	£
Amunts due from CERF II UK Logistics Propco 4 Limited	291,303
Amunts due from CERF II UK Logistics Propco 2 Limited	10,503,125
Amunts due from Warehouse and Logistics Properties Limited	4,795,806
	15,590,234

The above loans are unsecured, interest free and repayable on demand.

10 Trade and other payables

	31-Dec-22
	£
Deferred income	(799,757)
Payables to tenants	(489,609)
Bank loan interest accrued	(154,123)
Intercompany loan interest accrued	(231,382)
Accrued expenses	(234,600)
Other payables	(21,051)
	(1,930,522)

11 Intercompany loans payable

Current liabilities

	31-Dec-22
	£
Amounts due to CERF II UK Logistics Holdco Limited	(210,064)
Amounts due to CERF II UKL3 Propco 1 Limited	(105,081)
Amounts due to CERF II UK Logistics Propco 2 Limited	(1,450)
	(316,595)

The amounts due to CERF II UK Logistics Holdco Limited, CERF II UKL3 Propco 1 Limited and CERF II UK Logistics Propco 2 Limited are unsecured, interest free and repayable on demand.

Non-current liabilities

	31-Dec-22
	£
Loans payable to CERF II UK Logistics Sarl	(22,548,413)
	(22,548,413)

The loan payable to CERF II UK Logistics S.A.R.L. bears interest at a rate of 1% per annum and is repayable on 10 May 2025. As at 31 December 2022, interest accrued on the loan was £231,382.

12 Bank Loan

	31-Dec-22
	£
Bank loan	(41,290,750)
Unamortised loan costs	702,347
	(40,588,403)

On 17 March 2022, the entered into a facility agreement with Société Générale, London Branch. The loan bears interest at a rate of 1.85% per annum plus compounded reference rates per annum and have a maturity date of 18 March 2029. The agreement was later amended and restated on 15 December 2022, bearing an interest at a rate of 1.95% and 2.95% plus compounded reference rates per annum and have a maturity date of 16 December 2025. Interest is calculated on a basis of the actual number of days elapsed and a 365-day year. As at 31 December 2022, interest accrued on the loan was £154.123.

13 Share capital

	31-Dec-22
	£
Authorised capital	3,671,304
Allotted, called up and fully paid:	
As at 16 July 2021	-
Issuance of shares	3,671,304
Ordinary shares of £1 each	3,671,304

14 Share premium

	31-Dec-22
	£
As at 16 July 2021	-
Issuance of shares	33,165,822
Ordinary shares of £1 each	33,165,822

15 Financial risk management

Financial risks are risks arising from financial instruments to which the Company is exposed to during or at the end of the reporting year. Financial risk comprises credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by the Directors and Investment Advisor in accordance with agreed procedures. Key financial risk management reports are produced on a quarterly basis to the Board of Directors for their consideration and review thereof.

The Directors review and agree policies for managing its risk exposure. These policies are described within this note and have remained unchanged for the year under review.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade and other receivables, including rental receivables from lessees, and intercompany loans receivable.

The Company has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Company monitors the credit quality of receivables on an ongoing basis. Alternatively, the Company may ensure that an appropriate rent deposit or guarantee is put in place.

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	31-Dec-22
	£
Cash and cash equivalents	1,012,127
Trade receivables	3,033,989
Intercompany loan receivable	15,590,234
Derivative financial instrument	1,483,706
	21,120,056

The carrying value of cash and cash equivalents at 31 December 2022 approximates the fair value. There is no significant concentration of credit risk with respect to cash and cash equivalents which are held with reputable financial institutions with a credit rating of A or better. As at 31 December 2022, cash balances were held with Barclays Bank PLC and Société Générale S.A..

The following table is a summary of the banking institution's credit rating per Moody's, S&P and Fitch, Credit Rating Agents as at the reporting date:

31 December 2022

	Moody's	S&P	Fitch
Barclays Bank PLC	A1	A+	A+
Société Générale S.A.	A1	A	A

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company's liquidity position is reviewed by the Directors as part of their quarterly review.

15 Financial risk management (continued)

Liquidity risk (continued)

The Company manages its liquidity risk by a combination of (i) issue of new ordinary shares, (ii) maintaining cash levels to fund short-term operating expenses and (iii) retained profits.

The table below summarises the maturity profile of the Company's financial assets and liabilities based on undiscounted contractual maturities:

31 December 2022

Financial assets	Current to 3 months £	3 months to 1 year £	1 year to 5 years £	5 years + £	Total £
Cash and cash equivalents	1,012,127	-	-	-	1,012,127
Trade receivables	3,033,989	-	-	-	3,033,989
Intercompany loan receivable	15,590,234	-	-	-	15,590,234
Derivative financial instrument	1,483,706	-	-	-	1,483,706
	21,120,056	-	-	-	21,120,056
Financial liabilities					
Bank loan (incl. loan interest)	(154,123)	-	(41,290,750)	-	(41,444,873)
Intercompany loans payable (incl. loan interest)	(547,977)	-	(22,548,413)	-	(23,096,390)
Trade payables (excl. deferred income and VAT)	(745,260)	-	-	-	(745,260)
	(1,447,360)	-	(63,839,163)	-	(65,286,523)
Net liquidity risk	19,672,696	-	(63,839,163)	-	(44,166,467)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks arise from open positions in interest-bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. The Investment Advisor sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a monthly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included in Note 15(iv) are based on a change in one factor while holding all other factors constant. Changes in some of the factors may be correlated - changes in interest rate and changes in foreign currency rates or market valuations.

i) Foreign exchange risk

The Company is currently not exposed to significant foreign currency risk as material transactions are all in GBP.

ii) Price risk

The Company is currently not exposed to financial instrument price risk.

iii) Cash flow and fair value interest rate risk

The Company holds cash balances with Barclays Bank PLC and Société Générale. These balances expose the Company to cash flow interest rate risk as the Company's income and operating cash flows will be affected by movements in the market rate of interest. There is considered to be no material fair value interest rate risk in regard to these balances.

Intercompany loans payable are issued at fixed rates, so it is assumed that there is no significant interest rate risk associated with these financial liabilities. Long-term borrowing with Société Générale is issued at floating rate, such loan has an embedded derivative hedging for 100% of the loan's principal and has 0% of the loan exposed to interest rate risk.

15 Financial risk management (continued)

Market risk (continued)

iii) Cash flow and fair value interest rate risk (continued)

Trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no significant interest rate risk associated with these financial liabilities.

The table below summarises the Company's exposure to cash flow interest rate risk.

31 December 2022

Financial assets	Non-interest bearing £	Fixed rate £	Floating rate £	Total £
Cash and cash equivalents	-	-	1,012,127	1,012,127
Trade receivables	3,033,989	-	-	3,033,989
Intercompany loan receivable	15,590,234	-	-	15,590,234
Derivative financial instrument	-	-	1,483,706	1,483,706
	18,624,223	-	2,495,833	21,120,056
Financial liabilities				
Bank loan (incl. loan interest)	-	(41,444,873)	-	(41,444,873)
Intercompany loans payable (incl. loan interest)	(316,595)	(22,779,795)	-	(23,096,390)
Trade payables (excl. deferred income and VAT)	(745,260)	-	-	(745,260)
	(1,061,855)	(64,224,668)	-	(65,286,523)

iv) Sensitivity analysis

As of 31 December 2022, if interest rates had been 50 basis points higher with all other variables held constant, net asset value for the year would have been £12,479 lower.

As of 31 December 2022, if interest rates had been 50 basis points lower with all other variables held constant, net asset value for the year would have been £12,479 higher.

Capital risk management

The capital of the Company is represented by the net assets attributable to the shareholder. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for the shareholder and to maintain a strong capital base to support the investment activity of the Company. In order to maintain or adjust the capital structure, the Directors may issue new shares to the sole shareholder, obtain internal/external financing or withhold from distributing funds to the shareholder.

16 Net finance costs

	31-Dec-22 £
Interest payable and similar expenses:	
Loan interest and commitment fee	910,911
Amortisation of finance costs	45,797
Bank charges	16,489
	973,197
Interest receivable and similar income:	
Bank interest receivables	(4,085)
	(4,085)
Net finance costs	969,112

17 Taxation

	31-Dec-22
	£
Statement of Financial Position:	
UK Income tax provision	205,984
Deferred tax provision	402,984
	608,968
Statement of Comprehensive Income:	
UK Income tax charge on profit for the year	205,984
Deferred tax charge on profit for the period	402,984
	608,968

Factors affecting the tax charge for the period	**31-Dec-22**
	£
Profit before tax	3,786,686
Profit before tax at the standard rate of income tax in the UK	719,470
Effects of:	
Expenses not deductible	(83,573)
Effects of group relief	(123,645)
Adjustment in respect of change in tax rate	96,716
Current tax charge for the period	608,968

Deferred tax balances	
Opening balances	-
Charged to profit or loss:	
- Gain on fair value movement on investment at fair value through profit or loss	(306,268)
- Effect of changes in tax rates	(96,716)
Closing balance	(402,984)

Factors affecting future tax charges

On 23 September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 19% from 1 April 2023 - reversing a previously enacted measure to increase the main headline rate to 25%. The announcement of the reversal in the tax rate from 1 April 2023 was enacted or substantively enacted at the balance sheet date and accordingly the tax rate changes impacted the tax balances as at 31 December 2022.

18 Employees

The Company has no employees.

19 Related party disclosures

The immediate parent entity is CERF II UK Logistics Holdco Limited, a company incorporated and registered in the United Kingdom. The ultimate parent is CERF II S.A.R.L., incorporated and registered in Luxembourg.

In the opinion of the Directors, there is no one ultimate controlling party of the Company.

Intercompany transactions are disclosed in Note 9 (Intercompany loans receivable) and Note 11 (Intercompany loans payable), which includes an interest-bearing loan. The interest-bearing loan carries interest at a rate of 1% per annum and is repayable on 10 May 2025.

A.I.P. Lomberg and J.K. Wong were appointed as Directors of the Company on 16 July 2021 and 2 November 2021, respectively. E. Eragne and A.S. Halonen were appointed as directors on 16 July 2021 and resigned on 2 November 2021. C.S. Bidel and C.M. Warnes were appointed as Directors on 1 August 2022 and resigned on 1 September 2022.

19 Related party disclosures (continued)

Apex Group (UK) Limited (formerly Sanne Group (UK) Limited) was appointed as Administrator to the Company and provides administrative services to the Company at commercial rates. As at 31 December 2022, total expenses incurred were £55,318 with a £Nil outstanding at the Statement of Financial Position date.

20 Market conditions

Russia - Ukraine Conflict

On 24 February 2022, Russian troops began a full-scale invasion of Ukraine and, as of the issuance date of these annual accounts, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus, as well as a number of Russian oligarchs. The ongoing conflict and the evolving measures in response could be expected to have a negative impact on the economy and business activity globally (including in the countries in which the Company invests), and therefore could adversely affect the performance of the Company's investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, present material uncertainty and risk with respect to the Company and the performance of its investments and operations, and the ability of the Company to achieve its investment objectives. Similar risks will exist to the extent that any portfolio entities, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas.

In addition, this conflict has also contributed to the rise of inflation in the past couple of months and as a result, large central banks such as the U.S. Federal Reserve and Bank of England raised interest rates to combat inflation. The Company has external bank loan and could be affected with the higher cost of interest rates, but the Company has a interest rate cap in placed as a protection against rising interest rates.

The estimates and assumptions underlying these financial statements are based on conditions/information available at the year end date and through the date of approval and authorisation for issuance. These estimates and assumptions include assessment and judgements about financial market and economic conditions which may have changed, and may continue to change, over time. The Company holds no assets directly or indirectly in Russia, Ukraine or Belarus, and in management's view, these events did not have a material adverse impact on the Company's financial statements as of the reporting date.

21 Subsequent events

In the opinion of the Directors, there are no significant events subsequent to the period-end that are deemed necessary to be adjusted or disclosed in the financial statements.