

Akelius Residential Property Financing B.V.
Annual report 2023

Amsterdam, the Netherlands

Akelius Residential Property Financing B.V.
Basisweg 10
1043 AP Amsterdam
The Netherlands
Chamber of Commerce: 78472083

Akelius Residential Property Financing B.V.

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List of Parties

Director	Laurence Christine Baude Johansson (Director A); Jonas Stefan Oscar Rogberg (Director A); Henri Ralph Theodoor Kröner (Director B); Edwin Marinus van Ankeren (Director B)
Issuer	Akelius Residential Property AB (publ); Akelius Residential Property Financing B.V.
Arranger	Danske Bank A/S
Guarantor/Parent	Akelius Residential Property AB (publ)
Issuer Administrator	Intertrust (Netherlands) B.V.
Principal Paying Agent	Deutsche Bank AG, London Branch
Transfer Agent, Registrar	Deutsche Bank Luxembourg S.A.
Trustee	Deutsche Trustee Company Limited
Rating Agencies	S&P Global Ratings Europe Limited Fitch Rating Ireland Limited
Stock Exchange	Euronext Dublin
Independent auditor	EY Accountants B.V.
Registered office	Basisweg 10, 1043 AP Amsterdam

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1 Director's report

The Director of Akelius Residential Property Financing B.V. ("the Company") hereby presents to the shareholder the Annual Report for the year 2023.

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1.1 Activities and results

1.1.1 General information

Structure of operations

The Company is a private company with limited liability incorporated under the laws of the Netherlands on July 1, 2020. The statutory seat of the Company is located at Basisweg 10 in Amsterdam, the Netherlands. The Director of the Company comprises four directors, respectively Laurence Christine Baude Johansson (Director A), Jonas Stefan Oscar Rogberg (Director A), Henri Ralph Theodoor Kröner (Director B) and Edwin Marinus van Ankeren (Director B). The Company is registered with the Chamber of Commerce under number 78472083. All issued shares are held by Akelius Residential Property AB (publ) (the "Parent").

The main objective of the Company is to issue notes to third-party investors under the Euro Medium Term Note Programme (the "EMTN Programme"). The proceeds of the notes are used to invest in promissory note(s) ("Promissory Notes") issued by the Parent.

On September 17, 2020, notes ("Notes" or "Series 9") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. On November 11, 2020, notes ("Notes" or "Series 10") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. On February 22, 2021, notes ("Notes" or "Series 11") for a total amount of EUR 600,000,000 were issued, which are listed and quoted on Euronext Dublin. On May 12, 2021, notes ("Notes" or "Series 12") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. The proceeds were used to invest in Promissory Notes issued by the Parent.

On May 12, 2022, the option to early redeem (Optional Redemption Call) Series 12 was exercised and as a result the Nominal Amount of EUR 500,000,000 was redeemed in full. The corresponding Promissory Note was also redeemed in full.

The Notes are rated by S&P Global Ratings Europe Limited and Fitch Rating Ireland Limited.

Subject to certain conditions, Notes may be redeemed before the Maturity Date at the option of the Issuer or at the option of the Noteholders and/or upon a Change of Control, in each case, to the extent (if at all) specified in the relevant Final Terms.

The obligations under the Notes issued by the Company will be unconditionally and irrevocably guaranteed by the Guarantor. Each such External Guarantee forms part of the respective Note.

Arranger

The transaction is arranged by Danske Bank A/S.

Personnel

As all operational activities are performed by external parties, the Company does not have any personnel.

Financial reporting

The Director is responsible for establishing and maintaining adequate internal control over financial reporting. The financial statements are prepared by Intertrust (Netherlands) B.V. ("the Administrator") on behalf of the Company. The Company relies on the ISAE 3402 report of the Administrator for its internal control over financial reporting.

Comparison with prior year/period

The principles of valuation and determination of result are in accordance with Title 9, Book 2 of the Dutch Civil Code ("DCC") and remain unchanged compared to the previous period.

1.1.2 Risk management

General

The Company's principal financial instruments during the period comprised Promissory Note(s) and the Notes payable.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors may affect the ability of the Issuer(s) and Akelius Residential Property AB (publ) (the "Guarantor") to fulfil their respective obligations under the Notes. If and when these risks materialize into losses, these losses will be borne by holders of the Notes issued, as well as other creditors that are party to the transaction. The principal risk concerns risks relating to the financial position of the Issuer(s), the Guarantor and the Group (being "Akelius Residential Property AB (publ) and its subsidiaries taken as a whole"). This risk mainly relates to the Promissory Note(s) issued. Please note that the

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Notes as well as the Promissory Note(s) bear fixed interest. The proceeds from the Notes issuances are on-lent by the Company to the Parent and therefore the assets and liabilities are fully matched. The interest receivable dates and interest payment dates of the Notes are contractually aligned. The Company therefore considers the interest rate risk to be low/close to nil.

Financial position and credit risk

The Company is a special purpose financing entity and investors should therefore consider the financial condition and liquidity of the Guarantor and the Group in addition to that of the Company. The Company is exposed to the credit risk arising from the possibility that counterparties, such as the Group companies, might fail to comply with obligations towards the Company. The Company's ability to pay interest and repay principal in respect of its borrowings, including the Notes issued by it, depends upon the financial condition and liquidity of the Guarantor and the Group. Notes issued by the Company are guaranteed by the Guarantor. The Group further intends to provide the Guarantor with liquidity by way of intra-group arrangements or other transfers of value in order for the Company to fulfil its obligations under the Notes issued by it. Based on the credit rating of the Guarantor per December 31, 2023 (BBB conform S&P) the risk that the Group will not have the ability to meet payment obligations on the relevant due date is deemed to be medium.

The Company's maximum credit risk per the period ending is EUR 1,611,139,935 (previous period: EUR 1,609,625,607).

Liquidity risk

The main liquidity risk that the Company faces is that it does not have sufficient cash to pay the interest and principal on the Notes when these are due. Based on the payment terms under the Notes, the Company's forecasted cash flow and the strong equity position of the related parties who issued the Promissory Notes, all operational liabilities and contingencies are expected to be paid as they fall due. The Company closely monitors its liquidity position in the days prior to the interest due date and maturity date and will ensure that it will collect the interest and principal from the Parent prior to the interest due date and maturity date. The interest receivable dates and interest payments dates of the Notes are contractually aligned, as are the maturity dates. The Company therefore considers the liquidity risk to be low.

Risk appetite

The Company by its nature exposes itself to financial risks. The investors in the Notes issued by the Company are made aware of these risks and understand the adverse effects on repayment of principal and interest payments on issued Notes in the event these risks materialize into losses. The Company's risk appetite is low.

1.1.3 Results

The net result for the current period amounts to EUR 164,803 (previous period: EUR 396,482). The operating result amounts to EUR 482,091 (previous period: EUR 625,524). In the reporting period the average interest rate on the Promissory Note(s) amounted to 1.06% (previous period: 0.93%) and the average funding rate amounted to 1.03% (previous period: EUR 0.89%). The average interest rates approximate the effective rates.

Based on the set-up and structure of the Company, a special purpose finance entity, whereby the nature of the activities comprises the financing of Promissory Note(s), no information or analyses are presented on the solvency, liquidity or any other performance ratios.

1.1.4 Audit committee

Pursuant to the Decree of 26 July 2008 implementing Section 41 of Directive No. 2006/43/EC (hereinafter referred to as the "Decree"), published on 7 August 2008 (Bulletin of Acts and Decrees 2008/323), the Company qualifies as a public interest organization (Organisatie van Openbaar Belang) (hereinafter referred to as "PIO") based on the fact that the Company has issued notes that are listed on an EU regulated market.

According to the Decree, a PIO must establish an independent audit committee, unless it can claim exemption as described in the Decree. The Director has advised the Company's sole shareholder that the Company can be in compliance with the Decree by either (i) the Company's General Meeting setting up an independent audit committee; or (ii) the tasks and requirements associated with the compulsory audit committee for a PIO be carried out and observed by the Company's sole shareholder's Audit and Risk Supervision Committee. The Director of the Company has been notified that the Audit Committee of the Parent has taken the role as Audit Committee of the Company. The Audit Committee does not receive a remuneration with regard to the services provided to the Company.

1.1.5 Diversity policy in the Managing Board

Due to legal requirements, the diversity policy regarding the composition of the Director should be implemented by the Company, including the balance between male and female ratio. The Company recognizes the value and importance of a balanced and diverse composition

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of its Director. Therefore, the Director profiles deal with aspects of diversity such as age, gender, nationality, education and working background when seeking, seating, and evaluating candidates for new appointments to the Director. At the present date, the Director consists of 3 males (Jonas Stefan Oscar Rogberg, Henri Ralph Theodoor Kröner and Edwin Marinus van Ankeren) and 1 female (Laurence Christine Baude Johansson) which means the composition of the Director consisted of 75% male and 25% female. The Company acknowledges room for enhanced efforts at expanding gender diversity within its Director membership. Accordingly, the Company is evaluating the implementation of the Dutch Gender Balance Act, which entered into effect on 1 January 2022 and will set an appropriate and meaningful target figure to promote gender diversity on its Director. The Company is convinced that this act will support the further optimization of its diversity policy.

1.1.6 Remuneration of the Director and Board of Supervisory Directors

During the first half year of 2023, the Director of the Company comprised four directors, respectively Leiv Inge Synnes (Director A), Jonas Stefan Oscar Rogberg (Director A), Henri Ralph Theodoor Kröner (Director B) and Edwin Marinus van Ankeren (Director B). On June 2, 2023, Mr. Leiv Inge Synnes resigned as Director A of the Company and Ms. Laurence Christine Baude Johansson was appointed as his successor.

During the period the remuneration of the Director amounted to EUR 10,799 (previous period: EUR 7,555). The Company has no Board of Supervisory Directors.

1.1.7 Research and development

Based on the set-up and structure of the Company, a special purpose finance entity, whereby the nature of the activities comprises the financing of Promissory Note(s), no information or analyses is presented on the subject matter of research and development.

1.1.8 Environmental, Social & Governance (ESG)

Based on the set-up and structure of the Company, a special purpose finance entity, whereby the nature of the activities comprises the financing of Promissory Note(s), no information or analyses is presented on the subject matter of ESG.

1.1.9 Director's representation statement

The Director declares that, to the best of its knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and result of the Company and that the Director's report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

1.2 Future developments

The Company is of the opinion that the present level of activities and operations will be maintained during the next financial year. The Company will continue to explore financing activities with the Parent.

Subsequent events

No events took place that could have a major effect on the financial position of the Company.

Amsterdam, August 2, 2024

The Director

Laurence Christine Baude Johansson (Director A)

Henri Ralph Theodoor Kröner (Director B)

Jonas Stefan Oscar Rogberg (Director A)

Edwin Marinus van Ankeren (Director B)

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2 Financial statements

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2.1 Balance sheet as at 31 December 2023

(before appropriation of result)

	<u>Notes</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
		EUR	EUR
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>	2.5.1		
Promissory Notes due from group entities		1,591,188,000	1,591,188,000
Current assets	2.5.2		
<i>Receivables</i>			
Prepaid expenses		871,125	1,041,495
Interest receivables		15,681,597	15,681,597
Corporate income tax receivable		<u>183,460</u>	<u>125,261</u>
		16,736,182	16,848,353
Cash	2.5.3	3,215,753	1,589,254
Total assets		<u><u>1,611,139,935</u></u>	<u><u>1,609,625,607</u></u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	2.5.4		
Share Capital		1	1
Share premium		2,000,000	2,000,000
Other reserves		711,903	315,421
Result financial year		<u>164,803</u>	<u>396,482</u>
		2,876,707	2,711,904
Non-current liabilities	2.5.5		
Notes payable		1,592,692,294	1,591,391,792
Current liabilities	2.5.6		
Interest payable		14,069,177	14,069,178
Other group payable		1,430,509	1,391,628
Accrued expenses and other liabilities		<u>71,248</u>	<u>61,105</u>
		15,570,934	15,521,911
Total shareholder's equity and liabilities		<u><u>1,611,139,935</u></u>	<u><u>1,609,625,607</u></u>

The accompanying notes form an integral part of these financial statements.

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2.2 Statement of income for the year ended 31 December 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		EUR	EUR
Interest income	2.5.7		
Interest income from Promissory Notes		16,945,640	17,066,835
Interest income from bank account		<u>25,834</u>	<u>0</u>
		16,971,474	17,066,835
Interest expense			
Interest expenses Notes	2.5.8	-16,425,502	-16,423,267
Interest expenses current account Parent		<u>-63,881</u>	<u>-18,044</u>
		-16,489,383	-16,441,311
Operating result		482,091	625,524
General and administrative expenses	2.5.9	<u>-312,830</u>	<u>-292,487</u>
Result before tax		169,261	333,037
Corporate income tax	2.5.2	-4,458	63,445
Net result		<u><u>164,803</u></u>	<u><u>396,482</u></u>

The accompanying notes form an integral part of these financial statements.

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2.3 Statement of cash flows for the year ended 31 December 2023

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		EUR	EUR
Net result		164,803	396,482
<i>Adjustments to Statement of income:</i>			
Interest expense	2.5.8	16,489,383	16,441,311
Interest income	2.5.7	-16,945,640	-17,066,835
Corporate income tax	2.5.2	4,458	-63,445
		<u>-451,799</u>	<u>-688,969</u>
		-286,996	-292,487
Changes in working capital:			
Movement current assets	2.5.2	170,370	170,372
Movement current liabilities	2.5.6	49,024	-248,103
Corporate income tax paid	2.5.2	-62,657	-133,491
		<u>156,737</u>	<u>-211,222</u>
Cash flow from operating activities		-130,259	-503,709
Cash flow from investing activities			
Redemptions Promissory Notes	2.5.2	0	500,004,500
Interest received		<u>16,945,640</u>	<u>17,115,169</u>
		16,945,640	517,119,669
Cash flow from financing activities			
Redemptions Notes	2.5.6	0	-500,000,000
Interest paid		<u>-15,188,882</u>	<u>-15,169,644</u>
		-15,188,882	-515,169,644
Net change in cash during the year		1,626,499	1,446,316
Initial cash balance		1,589,254	142,938
Cash at year-end		<u><u>3,215,753</u></u>	<u><u>1,589,254</u></u>

The accompanying notes form an integral part of these financial statements.

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2.4 General notes to the financial statements

2.4.1 General information

Structure of operations

Akelius Residential Property Financing B.V. (the "Company") is a private company with limited liability incorporated under the laws of the Netherlands on July 1, 2020. The statutory seat of the Company is located at Basisweg 10 in Amsterdam, the Netherlands. The Director of the Company comprises four directors, respectively Laurence Christine Baude Johansson (Director A), Jonas Stefan Oscar Rogberg (Director A), Henri Ralph Theodoor Kröner (Director B) and Edwin Marinus van Ankeren (Director B). The Company is registered with the Chamber of Commerce under number 78472083. All issued shares are held by Akelius Residential Property AB (publ) (the "Parent").

The main objective of the Company is to issue notes to third-party investors under the Euro Medium Term Note Programme (the "EMTN Programme"). The proceeds of the notes are used to invest in promissory note(s) ("Promissory Notes") issued by the Parent.

Euro Medium Term Note Programme

In July 2020 the Company entered into a Euro Medium Term Note Programme (the "EMTN Programme") pursuant to which the Company and the Parent may issue up to an aggregate principal amount of EUR 3,000,000,000 (or its equivalent in other currencies) of notes outstanding at any one time. The notes issued by the Company under the EMTN Programme are guaranteed by the Parent. The notes issued under the EMTN Programme are listed and are trading on the Regulated Market of Euronext Dublin. Such market is a regulated market for the purpose of the Markets in Financial Instruments Directive 2004/39EC. The EMTN Programme provides that notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Company, the Guarantor and the relevant dealer. The Company may also issue unlisted notes.

On September 17, 2020, notes ("Notes" or "Series 9") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. On November 11, 2020, notes ("Notes" or "Series 10") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. On February 22, 2021, notes ("Notes" or "Series 11") for a total amount of EUR 600,000,000 were issued, which are listed and quoted on Euronext Dublin. On May 12, 2021, notes ("Notes" or "Series 12") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. The proceeds were used to invest in promissory note(s) ("Promissory Note(s)"), issued by the Parent.

On May 12, 2022, the option to early redeem (Optional Redemption Call) Series 12 was exercised and as a result the Nominal Amount of EUR 500,000,000 was redeemed in full. The corresponding Promissory Note was also redeemed in full.

The Notes are rated by S&P Global Ratings Europe Limited and Fitch Rating Ireland Limited.

Subject to certain conditions, Notes may be redeemed before the Maturity Date at the option of the Issuer or at the option of the Noteholders and/or upon a Change of Control, in each case, to the extent (if at all) specified in the relevant Final Terms.

The obligations under the Notes issued by the Company will be unconditionally and irrevocably guaranteed by the Guarantor. Each such External Guarantee forms part of the respective Note.

Related parties

The Company is a wholly owned subsidiary of Akelius Residential Property AB (publ) (the "Parent"), located in Stockholm, Sweden.

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company, shareholders, directors and key management personnel.

Intertrust (Netherlands) B.V. provides management and administrative services to the Company. Intertrust (Netherlands) B.V. and Akelius Residential Property AB (publ), as well as any entities belonging to those groups, are considered related parties to the Company.

Arranger

The transaction is arranged by Danske Bank A/S.

Personnel

As all operational activities are performed by external parties, the Company does not have any personnel.

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Financial reporting

The Director is responsible for establishing and maintaining adequate internal control over financial reporting. The financial statements are prepared by Intertrust (Netherlands) B.V. ("the Administrator") on behalf of the Company. The Company relies on the ISAE 3402 report of the Administrator for its internal control over financial reporting.

These financial statements have been prepared for a reporting period from January 1, 2023 to December 31, 2023.

2.4.2 Principal accounting policies

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

Basis of presentation

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code ("DCC").

The applied accounting policies for all assets and liabilities are based on the historic cost convention. The Balance Sheet, Statement of income and Statement of cash flows include references to the notes.

An asset is recognised in the Balance Sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably.

A liability is recognised in the Balance Sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably.

An asset or liability that is recognised in the Balance Sheet, remains recognised on the Balance Sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are considered. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the Balance Sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the Statement of income.

The Director has prepared the financial statements on August 2, 2024.

Estimates

The preparation of the financial statements requires the Director to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. It also requires the Director to exercise its judgement in the process of applying the Company's accounting policies.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

If necessary, for the purposes of providing the view required under article 2.362.1 DCC, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the applicable financial statement items.

Critical accounting estimates and judgements

Application of the accounting policies in the preparation of the financial statements requires the Director of the Company to exercise judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described below and under the accounting policies with regards to Promissory Note(s) (impairments).

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Going concern

The Director has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, the Director is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Offsetting

Financial assets and liabilities are offset at the net amount reported in the Balance Sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Foreign currencies

The financial statements are presented in EUR, which is the functional and presentation currency of the Company. Foreign currency transactions, if any, are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the conversion of monetary assets and liabilities denominated in foreign currencies to closing rate, are recognized in the Statement of income.

Assets and liabilities

Financial fixed assets

Promissory Note due from group entities

The Promissory Notes due from group entities are initially measured at fair value taking into account attributable transaction costs. After initial recognition the Promissory Notes due from group entities are measured at amortized cost, using the effective interest method. In the case of the Promissory Notes due from group entities, a provision for impairments (based on incurred loss model) is recorded when applicable, representing the risk of losses on the Parent.

The Company assesses at each Balance Sheet date whether a financial asset is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the Statement of income for all categories of financial assets recognized at fair value and/or nominal value and subsequently measured at amortized cost.

The amount of impairment losses on financial assets carried at amortised cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the original effective interest rate. If there's no more objective evidence of impairment after the impairment was recognized, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place. The impairment loss reversal should be taken to the Statement of income.

For the determination of the impairment losses on the Promissory Notes due from group entities, the Company reviews the underlying financial situation of the Parent to determine whether provision should be made due to impairments events.

Current assets

Receivables

Receivables are recognised initially at fair value taking into account attributable transaction costs and subsequently measured at amortised cost less impairment.

All receivables included under current assets are due in less than one year. The fair value of the receivables approximates the book value due to its short-term character. If a receivable is uncollectable, it is written off against the Statement of income.

Cash

Cash is measured at nominal value and, insofar as not stated otherwise, are at the free disposal of the Company. Cash relates to immediately due and payable withdrawal claims against credit institutions and cash resources. The fair value of the cash approximates the book value due to its short-term character.

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Non-current liabilities

Notes payable

Notes payable are initially recognised at fair value, normally being the amount received taking into account premium or discount and transaction costs. The Notes payable are subsequently stated at amortised cost, based on the effective interest method, being the amount received taking into account of any premium or discount and transaction costs.

Current liabilities

After initial measurement at fair value minus transaction costs, current liabilities are carried at amortised cost using the effective interest method. All liabilities included under current liabilities are due in less than one year. Gains or losses are recognised in the Statement of income when the liabilities are derecognised, as well as through the amortisation process. The fair value of the current liabilities approximates the book value due to its short-term character.

Recognition of income and expenses

Income is recognised in the Statement of income when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability.

Income and expenses, including taxation, are allocated to the period to which they relate.

Interest income and expenses

The interest income on the Promissory Notes and the interest expense on the Notes are recognised in the Statement of income using the effective interest rate method.

General and administrative expenses

The general and administrative expenses are accounted for in the period in which these are incurred.

Corporate income tax

The Company's taxable result is based on a mark-up of 7.5% over the costs incurred by the Company, which is aligned with the arm's length principle in accordance with the Transfer Pricing Guidance on Financial Transactions released by the Organisation for Economic Cooperation and Development on February 11, 2020.

Corporate income tax comprises the current corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the Statement of income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the Netherlands where the Company operates and generates taxable income.

Statement of cash flows

The Statement of cash flows has been prepared using the indirect method. Income taxes are taken up under cash flow from operational activities. Interest paid is recognised as a financing activity and interest received is included under investment activities. Investing activities are those activities relating to the acquisition, holding and disposal of financial fixed assets and of investments. Investments can include securities not falling within the definition of cash. Dividends paid, if any, are recognised as cash used in financing activities. During the period there were no material non-cash transactions.

Related party transactions

The Company is a wholly owned subsidiary of the Parent, located in Stockholm, Sweden.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. In addition, statutory directors, as mentioned above under "*Structure of operations*", and close relatives are regarded as related parties.

Significant transactions with related parties, if any, are disclosed in the notes. All transactions are executed at normal market conditions and considered to be at arm's length pricing.

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2.4.3 Risk management

General

The Company's principal financial instruments during the period comprised Promissory Note(s) and the Notes payable.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors may affect the ability of the Issuer(s) and Akelius Residential Property AB (publ) (the "Guarantor") to fulfil their respective obligations under the Notes. If and when these risks materialize into losses, these losses will be borne by holders of the Notes issued, as well as other creditors that are party to the transaction. The principal risk concerns risks relating to the financial position of the Issuer(s), the Guarantor and the Group (being "Akelius Residential Property AB (publ) and its subsidiaries taken as a whole"). This risk mainly relates to the Promissory Note(s) issued. Please note that the Notes as well as the Promissory Note(s) bear fixed interest. The proceeds from the Notes issuances are on-lent by the Company to the Parent and therefore the assets and liabilities are fully matched. The interest receivable dates and interest payment dates of the Notes are contractually aligned. The Company therefore considers the interest rate risk to be low/close to nil.

Financial position and credit risk

The Company is a special purpose financing entity and investors should therefore consider the financial condition and liquidity of the Guarantor and the Group in addition to that of the Company. The Company is exposed to the credit risk arising from the possibility that counterparties, such as the Group companies, might fail to comply with obligations towards the Company. The Company's ability to pay interest and repay principal in respect of its borrowings, including the Notes issued by it, depends upon the financial condition and liquidity of the Guarantor and the Group. Notes issued by the Company are guaranteed by the Guarantor. The Group further intends to provide the Guarantor with liquidity by way of intra-group arrangements or other transfers of value in order for the Company to fulfil its obligations under the Notes issued by it. Based on the credit rating of the Guarantor per December 31, 2023 (BBB conform S&P) the risk that the Group will not have the ability to meet payment obligations on the relevant due date is deemed to be medium.

The Company's maximum credit risk per the period ending is EUR 1,611,139,935 (previous period: EUR 1,609,625,607).

Liquidity risk

The main liquidity risk that the Company faces is that it does not have sufficient cash to pay the interest and principal on the Notes when these are due. Based on the payment terms under the Notes, the Company's forecasted cash flow and the strong equity position of the related parties who issued the Promissory Notes, all operational liabilities and contingencies are expected to be paid as they fall due. The Company closely monitors its liquidity position in the days prior to the interest due date and maturity date and will ensure that it will collect the interest and principal from the Parent prior to the interest due date and maturity date. The interest receivable dates and interest payments dates of the Notes are contractually aligned, as are the maturity dates. The Company therefore considers the liquidity risk to be low.

Risk appetite

The Company by its nature exposes itself to financial risks. The investors in the Notes issued by the Company are made aware of these risks and understand the adverse effects on repayment of principal and interest payments on issued Notes in the event these risks materialize into losses. The Company's risk appetite is low.

2.4.4 Fair value estimation of financial instruments

The Company discloses the fair value of the financial instruments in the notes to the financial statements. The fair value of financial assets and financial liabilities are based on market prices at the Balance Sheet date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent at arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for Company specific inputs.

The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgement is used to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for discount rates, prepayment rates and default rate assumptions for asset-backed securities.

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For the fair value of the Notes payable quotes are used from the Frankfurt Stock Exchange. For the Promissory Notes there is no information available except for the fair value of the Notes which we believe it is an approximation of the fair value of the Promissory Notes. The Promissory Notes are the proceeds from the Notes that are on-lent to the Parent and these financial instruments are, and cannot, be traded in an active market. What is more, although there is no data available from an observable market for these financial instruments, using judgement for establishing a possible fair value is subjective to a point where any possible value is not reliable (in the context of this entity) and does not provide for an accurate insight for stakeholders involved.

For the remaining financial instruments, the receivables, cash and payables the fair values approximate the book values.

	December 31, 2023		December 31, 2022	
	Carrying Amount EUR	Fair Value EUR	Carrying Amount EUR	Fair Value EUR
Promissory Notes due from group entities	1,591,188,000	1,307,560,000	1,591,188,000	1,209,975,000
Notes payable	1,592,692,294	1,307,560,000	1,591,391,792	1,209,975,000

Mainly due to a decrease in long-term market rates in 2023 the fair value of the financial instruments listed above increased compared to 2022.

The carrying amounts of the Promissory Notes per December 31, 2023 and December 31, 2022 are higher than the estimated fair values per year-end 2023 and 2022. The Director decided to not record an impairment despite the estimated fair values being lower. Since the Director has not identified indications for impairment based on the financial results of the Group, the carrying amounts are considered to be recoverable.

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2.5 Notes to the Balance sheet and the Statement of income

2.5.1 Financial fixed assets

Promissory Notes due from group entities

The movement in the Promissory Notes due from group entities can be detailed as follows:

	Amounts invested	Redemptions previous years	Redemptions current year	Net balance
	EUR	EUR	EUR	EUR
Promissory Note Capital Contribution	2,000,000	-	-	2,000,000
Promissory Note Serie 9	498,245,000	-	-	498,245,000
Promissory Note Serie 10	498,305,000	-	-	498,305,000
Promissory Note Serie 11	592,638,000	-	-	592,638,000
	<u>1,591,188,000</u>	<u>-</u>	<u>-</u>	<u>1,591,188,000</u>

On August 20, 2020, the Company entered into Promissory Note Agreement with the Parent, which stipulated that for the value received the Borrower (the Parent) unconditionally promises to pay to the Lender (the Company), the principal sum of EUR 2,000,000 (the Principal Amount) with interest on the unpaid Principal Amount in accordance with the term and conditions of this Promissory Note. The interest rate is 1.25% per annum and shall be due and payable on March 31, June 30, September 30 and December 31 of year until the final repayment date.

On September 17, 2020, the Company entered into Promissory Note Agreement with the Parent, which stipulated that for the value received the Borrower (the Parent) unconditionally promises to pay to the Lender (the Company) the principal sum of EUR 498,245,000 (the Principal Amount) with interest on the unpaid Principal Amount in accordance with the terms and conditions of this Promissory Note. The interest rate is 1.03% per annum and shall be due and payable on the 17th of January of each year until maturity. Principal with accrued interest shall be repaid 17th of January 2028.

On November 11, 2020, the Company entered into Promissory Note Agreement with the Parent, which stipulated that for the value received the Borrower (the Parent) unconditionally promises to pay to the Lender (the Company) the principal sum of EUR 498,305,000 (the Principal Amount) with interest on the unpaid Principal Amount in accordance with the terms and conditions of this Promissory Note. The interest rate is 1.1881% per annum and shall be due and payable on the 11th of January of each year until maturity. Principal with accrued interest shall be repaid 11th of January 2029.

On February 2, 2021, the Company entered into Promissory Note Agreement with the Parent, which stipulated that for the value received the Borrower (the Parent) unconditionally promises to pay to the Lender (the Company) the principal sum of EUR 592,638,000 (the Principal Amount) with interest on the unpaid Principal Amount in accordance with the terms and conditions of this Promissory Note. The interest rate is 0.9380% per annum and shall be due and payable on the 22nd of February of each year until maturity. Principal with accrued interest shall be repaid 22nd of February 2030.

In the reporting period the average interest rate on the Promissory Note(s) amounted to 1.06% (previous period: 0.93%) and the average funding rate amounted to 1.03% (previous period: EUR 0.89%). The average interest rates approximate the effective rates.

2.5.2 Current assets

All current assets have a maturity of less than one year.

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Interest receivables

The interest receivables can be detailed as follows:

	31 Dec 2023	31 Dec 2022
	EUR	EUR
Interest receivable Promissory Note Series 9	5,187,902	5,187,902
Interest receivable Promissory Note Series 10	5,741,940	5,741,940
Interest receivable Promissory Note Series 11	4,751,755	4,751,755
	<u>15,681,597</u>	<u>15,681,597</u>

The Interest receivable on Promissory Note Series 9 and Series 10 was received in full in January 2024. The interest receivable on Promissory Note Series 11 was received in full in February 2024.

Corporate income tax receivable

The corporate income tax receivable can be detailed as follows:

	1 January	(Paid)/ Received	Statement of income	31 December
	EUR	EUR	EUR	EUR
2023	0	-62,657	4,458	58,199
2022	41,045	0	0	41,045
2020/2021	<u>84,216</u>	<u>0</u>	<u>0</u>	<u>84,216</u>
	<u>125,261</u>	<u>-62,657</u>	<u>4,458</u>	<u>183,460</u>

The applicable tax rate for the period under review is equal to 19% over the first EUR 200,000 of profit (previous period: 15% over EUR 395,000) and 25.8% (previous period: 25.8%) over the remainder.

The effective tax rate is equal to 2.14% (previous period: -/ 19.05%).

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for its current tax when it is incurred.

The tax expense recognised in the Statement of income for 2023 amounts to EUR 4,458 (2022: tax income EUR 63,445).

	2023		2022	
	EUR	%	EUR	%
Net result for the year	164,803		396,482	
Total income tax	<u>4,458</u>		<u>-63,445</u>	
Profit excluding income tax	169,261		333,037	
Income tax using the Company's domestic rate	32,160	19.00%	49,956	15.00%
Current year adjustments	-27,702	-16.37%	-46,666	-14.01%
Prior year adjustments	<u>0</u>	<u>0.00%</u>	<u>-66,735</u>	<u>-20.04%</u>
	<u>4,458</u>		<u>-63,445</u>	

The Company's taxable result is based on a mark-up of 7.5% over the costs incurred by the Company, which is aligned with the arm's length principle in accordance with the Transfer Pricing Guidance on Financial Transactions released by the Organisation for Economic Cooperation and Development on February 11, 2020 and the Dutch TP decree 2022.

The 'Adjustments for prior periods' in the comparative figures reflect the overstatement of the corporate income tax expense in the financial statements for the period July 1, 2020 to December 31, 2021.

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2.5.3 Cash

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	EUR	EUR
Current account Danske Bank	3,215,753	1,589,254
	<u>3,215,753</u>	<u>1,589,254</u>

The current account is at the free disposal of the Company.

2.5.4 Shareholder's equity

Share capital

The authorised share capital of the Company amounts to EUR 1, which represents 1 share that is issued and paid up.

	Share capital EUR	Share premium EUR	Other reserves EUR	Unappr. results EUR	Total EUR
Balance 1 Jan 2022	1	2,000,000	0	315,421	2,315,422
Appropriation of result	0	0	315,421	-315,421	0
Capital contribution	0	0	0	0	0
Dividend paid	0	0	0	0	0
Result for period	0	0	0	396,482	396,482
Balance 31 Dec 2022	1	2,000,000	315,421	396,482	2,711,904
Appropriation of result	0	0	396,482	-396,482	0
Capital contribution	0	0	0	0	0
Dividend paid	0	0	0	0	0
Result for period	0	0	0	164,803	164,803
Balance 31 Dec 2023	<u>1</u>	<u>2,000,000</u>	<u>711,903</u>	<u>164,803</u>	<u>2,876,707</u>

In the annual general meeting of shareholders, held on 13 December 2023, it was decided to add the result for the year 2022 to the other reserves.

2.5.5 Non-current liabilities

Notes payable

The Notes payable can be detailed as follows:

	<u>Amounts issued</u>	<u>Amortisation and redemptions previous years</u>	<u>Amortisation and redemptions current year</u>	<u>Net balance</u>
	EUR	EUR	EUR	EUR
Notes Series 9	500,000,000	-	-	500,000,000
Notes Series 10	500,000,000	-	-	500,000,000
Notes Series 11	600,000,000	-	-	600,000,000
Discount Notes Series 9	-555,000	163,536	73,120	-318,344
Discount Notes Series 10	-695,000	166,010	79,963	-449,027
Discount Notes Series 11	-6,102,000	1,213,485	680,728	-4,207,787
Upfront fees	-4,009,621	1,210,382	466,691	-2,332,548
	<u>1,588,638,379</u>	<u>2,753,413</u>	<u>1,300,502</u>	<u>1,592,692,294</u>

On September 17, 2020, notes ("Notes" or "Series 9") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. The interest rate due on Series 9 amounts to a fixed rate of 100 basis points. The interest payment date is per annum on January 17 of the applicable year. The issue price was 99.889% of the Aggregate Nominal Amount. The maturity date is January 17, 2028. Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the maturity date at 100% of their nominal amount.

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On November 11, 2020, notes ("Notes" or "Series 10") for a total amount of EUR 500,000,000 were issued, which are listed and quoted on Euronext Dublin. The interest rate due on Series 10 amounts to a fixed rate of 112.5 basis points. The interest payment date is per annum on January 11 of the applicable year. The Issue price was 99.861% of the Aggregate Nominal Amount. The maturity date is January 11, 2029. Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the maturity date at 100% of their nominal amount.

On February 22, 2021, notes ("Notes" or "Series 11") for a total amount of EUR 600,000,000 were issued, which are listed and quoted on Euronext Dublin. The interest rate due on Series 11 amounts to a fixed rate of 75 basis points. The interest payment date is per annum on February 22 of the applicable year. The Issue price was 98.983% of the Aggregate Nominal Amount. The maturity date is February 22, 2030. Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the maturity date at 100% of their nominal amount.

All Notes are listed on Euronext Dublin.

All Notes and coupons are governed by, and were construed in accordance with, the laws of the Netherlands.

The rating history of the Notes issued is as follows:

	<u>S&P Global Europe Limited</u>
At issuance	
Notes Series 9	BBB
Notes Series 10	BBB
Notes Series 11	BBB
Current	<u>S&P Global Europe Limited</u>
Notes Series 9	BBB
Notes Series 10	BBB
Notes Series 11	BBB

2.5.6 Current liabilities

All current liabilities have a maturity of less than one year.

Interest payable

This item represents the accrued interest payable on the Notes and can be detailed as follows:

	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	EUR	EUR
Interest payable Series 9	4,767,123	4,767,123
Interest payable Series 10	5,455,479	5,455,480
Interest payable Series 11	<u>3,846,575</u>	<u>3,846,575</u>
	<u>14,069,177</u>	<u>14,069,178</u>
Other group payable		
	<u>31 Dec 2023</u>	<u>31 Dec 2022</u>
	EUR	EUR
Current account Parent Company	1,430,509	1,391,628
	<u>1,430,509</u>	<u>1,391,628</u>

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Accrued expenses and other liabilities

	31 Dec 2023	31 Dec 2022
	EUR	EUR
Audit fees payable	71,248	61,105
	<u>71,248</u>	<u>61,105</u>

2.5.7 Interest income

	2023	2022
	EUR	EUR
Interest income Promissory Note Capital Contribution	25,000	25,000
Interest income Promissory Note Series 9	5,441,334	5,441,334
Interest income Promissory Note Series 10	5,920,362	5,920,362
Interest income Promissory Note Series 11	5,558,944	5,558,944
Interest income Promissory Note Series 12	0	121,195
	<u>16,945,640</u>	<u>17,066,835</u>

2.5.8 Interest expense Notes

	2023	2022
	EUR	EUR
Interest expense Notes Series 9	5,073,120	5,071,748
Interest expense Notes Series 10	5,704,963	5,704,060
Interest expense Notes Series 11	5,180,728	5,156,469
Interest expense Notes Series 12	0	-180,701
Amortisation upfront fees	466,691	671,691
	<u>16,425,502</u>	<u>16,423,267</u>

2.5.9 General and administrative expenses

	2023	2022
	EUR	EUR
Rating Agency fees	163,226	163,226
Legal fees	7,144	7,144
Consultancy fees	67,763	50,571
Audit fees	71,248	61,105
Other fees	3,449	10,441
	<u>312,830</u>	<u>292,487</u>

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Audit fees

With reference to Article 2:382a of the DCC, the following fees (including VAT) for the financial year have been charged by EY Accountants B.V. to the Company.

	EY Accountants B.V. 2023 EUR	EY Accountants B.V. firms/affiliates 2023 EUR	Total 2023 EUR
Audit of the financial statements	71,248	-	71,248
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<u>71,248</u>	<u>-</u>	<u>71,248</u>

	EY Accountants B.V. 2022 EUR	EY Accountants B.V. firms/affiliates 2022 EUR	Total 2022 EUR
Audit of the financial statements	61,105	-	61,105
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<u>61,105</u>	<u>-</u>	<u>61,105</u>

The fees listed above relate to the procedures applied to the Company by accounting firms and external auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties - Wta") as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

2.5.10 Other notes to the financial statements

Staff numbers and employee costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period.

Remuneration of the Director and Board of Supervisory Directors

During the first half year of 2023, the Director of the Company comprised four directors, respectively Leiv Inge Synnes (Director A), Jonas Stefan Oscar Rogberg (Director A), Henri Ralph Theodoor Kröner (Director B) and Edwin Marinus van Ankeren (Director B). On June 2, 2023, Mr. Leiv Inge Synnes resigned as Director A of the Company and Ms. Laurence Christine Baude Johansson was appointed as his successor.

During the period the remuneration of the Director amounted to EUR 10,799 (previous period: EUR 7,555). The Company has no Board of Supervisory Directors.

Proposed appropriation of result

The net result for the year under review is EUR 164,803. The Director has not made a decision about the purpose of the results. The General Meeting will propose the appropriation of results, which will be held after the adoption of the financial statements.

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2.5.11 Subsequent events

No events took place that could have a major effect on the financial position of the Company.

Amsterdam, August 2, 2024

The Director

Laurence Christine Baude Johansson (Director A)

Henri Ralph Theodoor Kröner (Director B)

Jonas Stefan Oscar Rogberg (Director A)

Edwin Marinus van Ankeren (Director B)

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3 Other information

3.1 Statutory provisions

In accordance with Article 21 of the articles of association of the Company and applicable law, the Director is authorised to retain the profits or a part thereof, as appears from the most recently adopted financial statements. The General Meeting is subsequently authorised to resolve to distribute or to reserve what then remains of the profits or a part thereof. The General Meeting is also authorised to resolve to make interim distributions, which includes distributions from the reserves.

The Company may make distributions to the shareholder only to the extent that the Company's shareholder's equity exceeds the sum of the reserves which it is legally required to maintain.

The Company may only follow a resolution of the General Meeting to distribute after the Director has given its approval to do this. The Director withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

3.2 Independent auditor's report

We refer the next pages for the independent auditor's report.

Independent auditor's report

To: the shareholder and the board of managing directors of Akelius Residential Property Financing B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Akelius Residential Property Financing B.V., based in Amsterdam, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Akelius Residential Property Financing B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The statement of income for the year ended 31 December 2023
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Akelius Residential Property Financing B.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Akelius Residential Property Financing B.V. is incorporated as a wholly-owned subsidiary of Akelius Residential Property AB to assist Akelius Residential Property AB (publ), Sweden (the parent company) and its subsidiaries (the group) in raising debt. Notes issued by the company are guaranteed by the parent company. The group is engaged in real estate management globally and restores and upgrades buildings. The focus is on residential properties in growing metropolitan areas.

The main income of Akelius Residential Property Financing B.V. is the interest income on the loans to the parent company (promissory notes). The proceeds from the notes issuances are on-lent by the company to the parent company and therefore the assets and liabilities are fully matched.

The interest receivable dates and interest payment dates of the notes are contractually aligned.

We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€8.0 million (2022: €8.0 million)
Benchmark applied	0.5% of total assets as at 31 December 2023
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflect the source of income and repayments to the holders of the notes payable of the company. We determined materiality consistent with previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of managing directors that misstatements in excess of €0.4 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed finance company. We made use of specialists in the area of income taxes including transfer pricing.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of managing directors' process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.

We refer to section Risk Management of the Director's report for the board of managing directors' risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment as well as the group's code of conduct and the system for whistle blowing. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in the section "Critical accounting estimates and judgements" in note 2.4.2 to the financial statements, including the measurement of the loans to the parent company (promissory notes). Furthermore, we have used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or lack thereof) of significant extraordinary transactions and material transactions with related parties and whether these were accounted for at-arm's length and in accordance with transfer pricing documentation.

We did not identify a risk of fraud in revenue recognition, other than the forementioned risks related to management override of controls.

We considered available information and made enquiries of relevant directors as well as the group auditor of the parent company.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of managing directors, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have been informed by the board of managing directors that there was no correspondence with regulatory authorities, enquired with the group auditor of the parent company and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in the General notes to the financial statements under Going concern, the financial statements have been prepared on a going concern basis. When preparing the financial statements the board of managing directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of managing directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of managing directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations relating to the financial position of the parent company in cooperation with the group auditor. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the board of managing directors. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matter did not change.

Valuation of loans to the parent company (promissory notes)

Risk

The company is exposed to the risk that the parent company defaults on meeting its obligations. As loans to the parent company (promissory notes due from group entities) represent the most significant portion of the company's assets, a default may have a material impact on the financial position and the result of the company.

We consider the valuation of the loans issued to the parent company and the assessment whether there is any objective evidence that that a financial asset is impaired, and, if any such evidence exists, determining the size of the impairment loss, a key audit matter because this is an area that requires significant judgment and determines the ability of the company to fulfil its obligations and to continue as a going concern.

We refer to note Promissory Note due from group entities in the General notes to the financial statements, where the board of managing directors has disclosed the policies and procedures in respect of the identification of any objective evidence for impairment on loans to the parent company. No impairment loss was recognized in the statement of income for the year ended 31 December 2023. The credit risk is disclosed in the General notes to the financial statements under Financial position and credit risk.

Our audit approach

Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies relating to the impairment of financial assets in accordance with Part 9 of Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 'Financial instruments' and the criteria set to determine whether there is objective evidence of an impairment loss and whether these have been applied consistently.

We also evaluated the design of internal controls of the processes underlying the identification and assessment of objective evidence for impairment as part of the financial statement closing process.

Furthermore, we have performed the following substantive procedures focusing on, both, the company and the parent company. We have:

- Evaluated the board of managing directors' assessment of objective evidence for impairment and verified whether the parent company has met its financial obligations towards the company throughout the year and up to the date of our report
- Read the 2023 financial statements of the parent company, interacted with the group auditor, and evaluated the financial position of the parent company and its external credit rating
- Considered the fair value of the notes payable of the company as at 31 December 2023 as indicator of possible impairment
- Taken into account the impact of events subsequent to 31 December 2023

Finally, we evaluated the related disclosures in the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Valuation of loans to the parent company (promissory notes)

Key observations	Based on our procedures performed, we concur with the board of managing directors' assessment that there is no objective evidence as at 31 December 2023 that the loans issued to the parent company are impaired.
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Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of managing directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the general meeting as auditor of Akelius Residential Property Financing B.V. on 19 October 2022, as of the audit for the first financial year ended 31 December 2021 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the board of managing directors for the financial statements

The board of managing directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of managing directors is responsible for such internal control as the board of managing directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of managing directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of managing directors should prepare the financial statements using the going concern basis of accounting unless the board of managing directors either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. The board of managing directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of managing directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the board of managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the parent company in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of managing directors and the audit committee of the parent company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of managing directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 2 August 2024

EY Accountants B.V.

signed by P. Sira