

AKELIUS APARTMENTS LTD
Report and consolidated financial
statements 31 December 2024

Akelius Apartments Ltd

Report and consolidated financial statements 31 December 2024

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Akelius Apartments Ltd

Board of Directors and other officers

Board of Directors

Demetris Syllouris
Igor Rogulj

Secretary

Ekaterini Iacovidou
69 Agiou Meletiou Street
2055 Strovolos
Nicosia, Cyprus

Registered office

80 Aischylou Street
Ground floor, Office 1
1011 Nicosia
Cyprus

Akelius Apartments Ltd

Report of the Board of Directors

1 The Board of Directors of Akelius Apartments Ltd (the “Company”), and its subsidiaries (together with the Company, the “Group”), hereby submit the annual report and consolidated financial statements for the year ended 31 December 2024.

Principal activities of the Group

2 The principal activities of the Group, which are unchanged from last year, are the holding of investments in subsidiary undertakings and any interest-bearing activities (granting loans, promissory notes, etc.). The Group also undertakes transactions in financial assets.

3 The principal activities of the Group, which are unchanged from last year, are to own and administer residential properties. The Group owns properties in Canada, UK, France, the US and Cyprus.

Review of developments, position and performance of the Group’s business

4 The profit of the Group for the year ended 31 December 2024 was EUR 20 million (2023: loss of EUR 182 million). On 31 December 2024 the total assets of the Group were EUR 8.837 million (2023: EUR 9.389 million) and the net assets were EUR 5.563 million (2023: EUR 5.489 million). The financial position, development and performance of the Group as presented in these consolidated financial statements under the current economic climate are considered satisfactory.

Principal risks and uncertainties

5 The principal risks and uncertainties faced by the Group are disclosed in Notes 3 and 4 to the consolidated financial statements.

Future developments of the Group

6 The Board of Directors do not expect any significant changes or developments in the operations, financial position and performance in the foreseeable future.

Use of financial instruments by the Group

7 The Group is exposed to market price risk, interest rate risk, credit risk and liquidity risk from the financial instruments it holds.

8 The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market price risk

9 The Group is exposed to equity and debt securities price risk because of investments held by the Group and classified on the statement of financial position at fair value through profit or loss.

10 As at 31 December 2024, the Group has investments in equity and debt securities that are publicly traded. The Group does not apply any hedge accounting for price risk.

Akelius Apartments Ltd

Interest rate risk

11 Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Receivables from related parties at fixed rates expose the Group to fair value interest rate risk. Promissory notes with non-related parties at variable rates expose the Group to cash flow risk.

Credit risk

12 Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as outstanding receivables.

13 The Group structures the levels of credit risk it undertakes by placing limits on the amounts of risk accepted in relationship to one borrower, or groups of borrowers, and to industry sectors. Such risks are subject to regular review. Limits on the level of credit risk by product, borrower and industry sectors are approved regularly by management. Actual exposures against limits are regularly monitored.

14 Exposure to credit risk is managed through regular assessment of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing the lending limits where appropriate.

Results

15 The Group's results for the year are set out on page 8. The Board of Directors does not recommend the payment of a dividend.

Share capital

16 There were no changes in the share capital of the Company during the year under review.

Board of Directors

17 The members of the Company's Board of Directors as at 31 December 2024 and at the date of this report are shown on page 1.

Events after the statement of financial position date

18 The significant events after the date of the statement of financial position are described in Note 24 to the consolidated financial statements.

Akelius Apartments Ltd

Report of the Board of Directors (continued)

Independent Auditors

19 The Independent Auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next meeting of the Council.

By order of the Board of Directors,

Ekaterini Iacovidou
Secretary

Nicosia, 9 July 2025



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Independent auditor's report

To the Members of Akelius Apartments Ltd

Report on the Audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Akelius Apartments Ltd (the “Company”) and its subsidiaries (the “Group”), which are presented in pages 8 to 43 and comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors are responsible for the other information. The other information comprises the information included in the Report of the Board of Directors but does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.



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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion. We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 9 July 2025

Akelius Apartments Ltd

Consolidated statement of comprehensive income for the year ended 31 December 2024

| | | 2024 | 2023 |
|---|------|--------------|--------------|
| | Note | EUR m | EUR m |
| Rental income | 5 | 359 | 334 |
| Property costs | 7 | <u>(158)</u> | <u>(160)</u> |
| Operating surplus | | 201 | 174 |
| Realised and unrealised fair value losses on investment and owner-occupied properties | 13 | <u>(93)</u> | <u>(582)</u> |
| Operating income/(loss) | | 108 | (408) |
| Other income/(losses) – net | 6 | <u>45</u> | <u>384</u> |
| Total income/(loss) | | 153 | (24) |
| Operating expenses | 7 | <u>(23)</u> | <u>(33)</u> |
| Finance costs | 8 | <u>(79)</u> | <u>(72)</u> |
| Total expenses | | (102) | (105) |
| Profit/(Loss) before tax | | 51 | (129) |
| Tax | 9 | <u>(31)</u> | <u>(53)</u> |
| Total profit/(loss) for the year | | 20 | (182) |
| Other comprehensive income/(loss): | | | |
| Currency translation difference | | 152 | (93) |
| Tax on items that may be reclassified | | 2 | 15 |
| Other comprehensive income/(loss) for the year | | 154 | (78) |
| Total comprehensive income/(loss) for the year | | 174 | (260) |
| Profit/(Loss) for the year attributable to: | | | |
| Parent entity | | 28 | (141) |
| Non-controlling interest | | <u>(8)</u> | <u>(41)</u> |
| | | 20 | (182) |
| Total comprehensive income/(loss) attributable to: | | | |
| Parent entity | | 169 | (206) |
| Non-controlling interest | | <u>5</u> | <u>(54)</u> |
| | | 174 | (260) |

The notes on pages 12 to 43 are an integral part of these consolidated financial statements.

Akelius Apartments Ltd

Consolidated statement of financial position at 31 December 2024

| | Note | 2024 EUR m | 2023 EUR m |
|--|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 5 | 5 |
| Investment properties | 13 | 6.020 | 5.718 |
| Owner-occupied properties | 13 | 10 | 7 |
| Intangible assets | 15 | 6 | 7 |
| Financial assets at fair value through profit or loss | 18 | 40 | 901 |
| Deferred tax | 20 | 2 | 22 |
| Loans and non-current receivables | 16 | 11 | 8 |
| Lease agreements – right-of-use assets | 14 | 4 | 6 |
| | | <u>6.098</u> | <u>6.674</u> |
| Current assets | | | |
| Trade and other receivables | 17 | 36 | 48 |
| Financial assets at fair value through profit or loss | 18 | 1.730 | 2.291 |
| Cash at bank | 11 | 962 | 376 |
| Assets held for sale | | 11 | - |
| | | <u>2.739</u> | <u>2.715</u> |
| | | <u>8.837</u> | <u>9.389</u> |
| Equity | | | |
| Share capital | | - | - |
| Share premium | | 1.994 | 1.994 |
| Retained earnings | | 3.017 | 3.003 |
| Currency translation reserve | | 188 | 47 |
| Total equity attributable to the Parent Company's shareholders | | <u>5.199</u> | <u>5.044</u> |
| Non-controlling interest | | 364 | 445 |
| Total equity | | <u>5.563</u> | <u>5.489</u> |
| Non-current liabilities | | | |
| Borrowings | 19 | 1.690 | 2.749 |
| Hybrid bond | 19 | 334 | 334 |
| Lease liabilities | 14 | 4 | 5 |
| Deferred tax liability | 20 | 44 | 49 |
| Financial liabilities at fair value through profit or loss | 21 | 1 | 11 |
| Other long-term liabilities | | 21 | 21 |
| | | <u>2.094</u> | <u>3.169</u> |
| Current liabilities | | | |
| Lease liabilities | 14 | 2 | 1 |
| Trade and other payables | | 76 | 80 |
| Borrowings | 19 | 1.084 | 605 |
| Financial liabilities at fair value through profit or loss | 21 | 18 | 45 |
| | | <u>1.180</u> | <u>731</u> |
| Total liabilities | | <u>3.274</u> | <u>3.900</u> |
| Total equity and liabilities | | <u>8.837</u> | <u>9.389</u> |

These consolidated financial statements were approved by the Board of Directors on 9 July 2025.

Demetris Syllouris
Director

Igor Rogulj
Director

The notes on pages 12 to 43 are an integral part of these consolidated financial statements.

Akelius Apartments Ltd

Consolidated statement of changes in equity for the year ended 31 December 2024

| | Share capital (3) EUR m | Share premium EUR m | Currency translation reserve EUR m | Retained earnings EUR m | Total EUR m | Non- controlling interest EUR m | Total EUR m |
|--|----------------------------------|---------------------------|---|-------------------------------|----------------|--|----------------|
| Balance at 1 January 2023 | - | 1.994 | 112 | 3.153 | 5.259 | 720 | 5.979 |
| Other comprehensive loss | - | - | (65) | - | (65) | (13) | (78) |
| Loss for the year | - | - | - | (141) | (141) | (41) | (182) |
| Share issue | - | - | - | - | - | 25 | 25 |
| Dividends (1) | - | - | - | - | - | (230) | (230) |
| Repurchase of D-shares (2) | - | - | - | - | - | (25) | (25) |
| Other transactions with Non-Controlling Interest | - | - | - | (9) | (9) | 9 | - |
| Balance at 31 December 2023/ 1 January 2024 | - | 1.994 | 47 | 3.003 | 5.044 | 445 | 5.489 |
| Other comprehensive income | - | - | 141 | - | 141 | 13 | 154 |
| Profit/(Loss) for the year | - | - | - | 28 | 28 | (8) | 20 |
| Share issue | - | - | - | - | - | 75 | 75 |
| Dividends (1) | - | - | - | - | - | (7) | (7) |
| Repurchase of D-shares (2) | - | - | - | - | - | (4) | (4) |
| Other transactions with Non-Controlling Interest | - | - | - | (14) | (14) | (150) | (164) |
| Balance at 31 December 2024 | - | 1.994 | 188 | 3.017 | 5.199 | 364 | 5.563 |

- (1) Dividends of EUR 7 million (2023: EUR 230 million) were declared and paid to the minority shareholders of group companies.
- (2) Akelius Residential Property AB has issued ordinary D shares that are listed on Nasdaq First North Growth Market. During 2023 and 2024, the Group has repurchased 13.882.589 and 8.042.173 D-shares of Akelius Residential Property AB respectively. At 31 December 2024, the closing price of D-shares was EUR 1,65.
- (3) The Authorized share capital of the Company is 500.000 ordinary shares of EUR 1 each of which 300.000 shares were issued and fully paid.

The notes on pages 12 to 43 are an integral part of these consolidated financial statements.

Akelius Apartments Ltd

Consolidated statement of cash flows for the year ended 31 December 2024

| | Note | 2024 EUR m | 2023 EUR m |
|---|------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net operating profit/(loss) | | 35 | (146) |
| Adjustment for: | | | |
| Depreciation of property, plant and equipment | 12 | 2 | 2 |
| Depreciation of leased assets | 14 | 2 | 1 |
| Amortisation of intangible assets | 15 | 3 | 7 |
| Impairment of intangible assets | 15 | - | 1 |
| Interest income | | (68) | (91) |
| Interest expense | | 71 | 71 |
| Foreign exchange transaction loss | | 10 | 16 |
| Fair value loss on owner occupied properties | 13 | - | 8 |
| Fair value loss on investment properties | 13 | 93 | 574 |
| | | <u>148</u> | <u>443</u> |
| Changes in working capital: | | | |
| Trade and other receivables | | 12 | 13 |
| Financial assets/liabilities at fair value through profit or loss | | 1.368 | 371 |
| Trade and other payables | | (3) | 1 |
| Cash generated from operations | | <u>1.377</u> | <u>828</u> |
| Tax paid | | - | (3) |
| Net cash generated from operating activities | | <u>1.525</u> | <u>825</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 12 | (1) | (3) |
| Investment in owner-occupied property | 13 | (3) | (4) |
| Acquisition of investment properties | 13 | (135) | - |
| Proceeds from sale of investment properties | 13 | 29 | 5 |
| Investment in properties | 13 | (157) | (191) |
| Purchase of intangible assets | 15 | (2) | (4) |
| Interest received | | 85 | 91 |
| Loans and non-current receivables | | (3) | (2) |
| Net cash used in investing activities | | <u>(187)</u> | <u>(108)</u> |
| Cash flows from financing activities | | | |
| Repayments of bank borrowing – net | | (580) | (303) |
| Share issue, non-controlling interest | | 75 | 25 |
| Interest paid | | (71) | (71) |
| Lease amortisations | 14 | (1) | (1) |
| Other long-term liabilities | | - | 4 |
| Acquired non-controlling interest | | (168) | (25) |
| Dividends to non-controlling interest | | (7) | (230) |
| Net cash used in financing activities | | <u>(752)</u> | <u>(601)</u> |
| Net increase in cash at bank | | 586 | 116 |
| Cash at bank at beginning of year | | 376 | 260 |
| Cash at bank at end of year | | <u>962</u> | <u>376</u> |

The notes on pages 12 to 43 are an integral part of these consolidated financial statements.

Akelius Apartments Ltd

Notes to the consolidated financial statements

1. General information

Country of incorporation

Akelius Apartments Ltd (the "Company") was incorporated in Cyprus on 11 February 1997 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 80 Aischylou Street, Ground floor, Office 1, 1011 Nicosia, Cyprus.

Akelius Apartments Ltd and its subsidiaries are together the "Group" or "Akelius". Akelius Apartments Ltd is the Parent Company within the Group.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the holding of investments in subsidiary undertakings and any interest-bearing activities (granting loans, promissory notes, etc.). The Group also undertakes transactions in financial assets.

The principal activities of the Group, which are unchanged from last year, are to own and administer residential properties. The Group owns properties in Canada, UK, France, the US and Cyprus.

All the shares in Akelius Apartments Ltd are owned and controlled by Akelius Foundation, Bahamas.

2. Material accounting policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements of Akelius Apartments Ltd have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historical cost convention as modified by the measurement at fair value for investment property, owner-occupied properties and financial assets/liabilities at fair value through profit or loss.

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Akelius Apartments Ltd

2. Material accounting policies (continued)

Adoption of new and revised IFRS Accounting Standards

During the current year the Group adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and are effective for accounting periods beginning on 1 January 2024.

Up to the date of approval of the consolidated financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023) (effective for annual periods beginning on or after 1 January 2025).
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024) (effective for annual periods beginning on or after 1 January 2027).
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024) (effective for annual periods beginning on or after 1 January 2027).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022) (effective: 1 January 2024)
- Annual Improvements Volume 11 (issued on 18 July 2024) (effective for annual periods beginning on or after 1 January 2026)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (issued on 30 May 2024) (effective for annual periods beginning on or after 1 January 2026).
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024) (effective for annual periods beginning on or after 1 January 2026).

The above are expected to have no significant impact on the Group's consolidated financial statements when they become effective.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Akelius Apartments Ltd

2. Material accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of services, net of any sales taxes, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

(a) Rental income

Rental income is recognised in the period to which it relates. In the event of prior redemption of a temporary agreement, the reimbursed amount is periodised over the original term of the agreement, unless a new agreement is concluded, in which case the amount redeemable is taken up in its entirety.

All rental agreements in the Group are classified as operating leases as risks and rewards associated with ownership fall to the lessor. Service revenue includes operating costs that are either included in the rent or invoiced separately. Operating costs such as heat, electricity, water, and property tax that are billed to tenants are based on invoices from vendors.

Akelius Apartments Ltd

2. Material accounting policies (continued)

Basis of consolidation (continued)

(b) Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

Some of the Group's entities operate defined contribution schemes the assets of which are held in separate trustee-administered funds. The schemes are funded by payments from employees and by Group entities. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

For the translation into the functional currency, assets and liabilities are translated into EUR at the prevailing exchange rates at the balance sheet date. Revenues and expenses are translated into EUR at the rates prevailing at the dates of the transactions. Any resulting foreign exchange differences are recognised in a separate reserve in equity.

Akelius Apartments Ltd

2. Material accounting policies (continued)

Foreign currency translation (continued)

(iii) Group entities

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at the average exchange rates during the year;
- All resulting exchange differences are recognised as a separate component in the consolidated financial statements of the consolidated entities.

Current and deferred tax

The tax expense for the year includes current and deferred tax. The current tax expense is calculated based on the tax regulations that are adopted as of the statement of financial position date or for all intents and purposes adopted in the countries in which the Company and its subsidiaries operate and generate taxable income. Current tax also includes adjustment of current tax attributable to prior periods.

Deferred tax is recognised using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised on temporary differences arising as a result of a transaction that constitutes the first reporting of an asset or liability that is not a business combination that at the time of the transaction affects neither profit nor taxable profit. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is recognised at nominal value.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

Offsetting of deferred tax claims and deferred tax liabilities takes place when the legal right to implement such offsetting exists.

Tax is recognised in the income statement, except when the tax relates to items recognised in other comprehensive income or directly in equity. In such cases the tax is also recognised in other comprehensive income or equity.

Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

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2. Material accounting policies (continued)

Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of land and buildings are credited to fair value reserves in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity. All other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

| | % |
|-------------------------------|---------|
| Computer equipment | 20 |
| Furniture and other equipment | 10 - 20 |
| Motor vehicles | 20 - 25 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entities owned by the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and these are included in the income statement and are included in "Operating expenses".

Investment properties

Investment property is held in order to generate rental income and increases in value. Investment property is initially recognised at acquisition value, including directly attributable transaction costs. After initial recognition, investment property is recognised at fair value.

Fair value is based in the first instance on prices on an active market and is the amount for which an asset could be transferred between willing parties that are independent of one another and have an interest in conducting the transaction. In order to establish the fair value of investment property for the annual consolidated financial statements, all properties are valued by a combination of internal and external valuations. Note 4 includes a more detailed description of the basis of the Group's valuation of investment property. Changes in the fair value of investment property are reported as changes in value in the income statement. Additional expenses are capitalised only when it is probable that future economic benefits associated with the asset will fall to the Group and the expense can be established reliably and the action concerns the replacement of an existing or the introduction of a new identified component. Repair and maintenance expenses are continually expensed in the periods in which they arise. Investment properties are valued according to Level 3 of the fair value hierarchy of IFRS 13.

Realised and unrealised changes in value are recognised in the income statement. Gains or losses from the sale or disposal of investment properties is the difference between the selling price and the carrying amount based on the fair value in the latest annual financial statements less transaction costs incurred in connection with the sale of investment properties. Transaction costs incurred in connection with the sale of investment properties are recognised as other expenses in the consolidated income statement.

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2. Material accounting policies (continued)

Investment properties (Continued)

Income from property sales is normally reported on the date of possession unless the risks and rewards have been transferred to the buyer on an earlier occasion. Control of the asset may have been transferred at an earlier time than the access time and if this has been the case, income from property sale has been recognised on that earlier date. In assessing the timing of income recognition, consideration is given to agreements between the parties regarding the risks and rewards and involvement in the ongoing management.

Leases

- The Group as the lessee

A contract includes a lease, if a contract conveys the right to control the use of an identified asset over a period of time in exchange of consideration. A right-of-use asset and a lease liability is recognised upon the commencement of the lease. The right-of-use asset is measured at cost less accumulated depreciation and impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the lease agreements interest rate. The amounts expected to be payable by the lessee under residual value guarantees are also included in the measurement of the lease liability. The lease liability is subsequently remeasured to reflect changes in the lease term, the assessment of a purchase option, amounts expected to be payable under residual value guarantees and change in future lease payments. Lease payments for short-term and low value leases are amortised on a straight-line basis over the lease term. The Group's leases refer to offices, site leaseholds, cars and office equipment.

- The Group as the lessor

Leases where essentially all the risks and rewards of ownership fall to the lessor are classified as operating leases. Consequently, all of the Group's rental agreements are classified as operating leases. Properties that are let under operating leases are included in the item investment property. The policy for reporting rental income is presented in the section on rental income.

Intangible assets

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are recognised as an expense as incurred.

Computer software costs are amortised using the straight-line method over their estimated useful lives at the rate of 33 1/3% per annum. Amortisation commences when the computer software is available for use and is included within administrative expenses.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the statement of financial position date.

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2. Material accounting policies (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within "other gains/(losses) - net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss, as part of other gains, when the Group's right to receive payments is established.

Derivative instruments

The Group uses derivatives in accordance with its finance policy to achieve the desired average fixed-interest term and interest risk. The Group does not apply hedge accounting. Derivative financial instruments which include mainly interest rate swaps are initially recognised in the statement of financial position at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are determined by prices quoted by the counterparty financial institution. Derivative financial instruments are included within financial assets at fair value through profit or loss when fair value is positive and within financial liabilities when fair value is negative. Gains/losses on derivative financial instruments are recognised in the profit or loss.

Other interest-bearing liabilities are assessed based on level 2 data. The fair values of interest-bearing liabilities are calculated by discounting the future contracted cash flow with the current market interest rate. The fair value of derivatives that are not traded in an active market is calculated based on the present value of future cash flows.

The future cash flow from derivative contracts are discounted with the market interest rate. The fair values are based on level 2 of the fair value hierarchy. No transfers have taken place between the various hierarchical levels during the year

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise "promissory notes receivable", "other receivables", and "cash and cash equivalents" in the statement of financial position. Loans and receivables are carried at amortised cost using the effective interest method, less any provision for impairment based on expected credit losses.

Impairment of financial assets

Under IFRS 9, the new impairment model requires the recognition of impairment provisions based on the expected credit losses rather than only incurred credit losses under IAS 39. The expected credit losses represent measures of an asset's credit risk. This requires judgment about how changes in economic factors affect expected credit losses, which is determined on a probability-weighted basis.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

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2. Material accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they may be impaired. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Expected credit losses are also calculated for trade receivables and are recognised in the statement of profit and loss. The Group applies the simplified approach for lease receivables and trade receivables. The model to calculate the provision for expected credit losses is based on historical credit loss experience and forward-looking factors. The model includes operational simplifications of rent receivables and trade receivables.

Promissory notes receivable

Promissory notes are loans granted by the Group by providing money directly to the counterparties. All promissory notes are recorded when cash is advanced to counterparties. Initially they are recorded at cost, which is the fair value of the consideration given, and subsequently are carried at amortised cost less provision for impairment (expected credit losses).

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Restructuring provisions comprise lease termination penalties and employee termination payments and are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided in advance. Provisions are not recognised for future operating losses.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

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2. Material accounting policies (continued)

Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

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

Trade and other payables

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

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Cash and cash equivalents

For the purposes of the cash flow statement, cash at bank comprises cash at bank and deposits held at call with banks with original maturities of three months or less and bank overdrafts. In the statement of financial position bank overdrafts are included in borrowings in current liabilities.

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2. Material accounting policies (continued)

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The comparative figures refer to the year ended 31 December 2023.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: Rental income and occupancy risk, market value risk, price risk, refinancing and liquidity risks, interest rate risk, currency risk and credit risk. The Group's risk management policy programme is explained below:

(i) Financial risk factors

Rental income and occupancy risk

The Group's business concept is for the long-term ownership and administration of residential properties with the ability to generate a constantly growing cash flow.

The operational risks are limited by the fact that the property portfolio is concentrated in residential properties in locations with population growth. A strong residential market for residences in Canada, England, USA, France and Cyprus reduces the risk of long-term vacancies. The current rent levels provide the possibility for future rent increases and thereby, increased property values. A change of 1% to residential income corresponds to change of rental income of EUR 4 million (2023: EUR 3 million).

Market value risk

(a) Property values

The investment properties are recorded and measured at fair value. The fair value is influenced by the development of anticipated operating surplus and yield requirements. The sensitivity analysis performed on the Groups' properties shows the impact of the most important value drivers of the property values. These are capitalization rate, rental income, vacancy level and property cost. The effect of possible fluctuations in these drivers are described separately for each of them.

A change to anticipated rental income of +/- 10% corresponds to +/- EUR 454 million (2023: +/- 10% corresponds to +/- EUR 479 million) in property fair value of the properties. If the direct yield requirement is altered by an average of +/- 0,5% (2023: +/- 0,5%), the market value changes by EUR -585 million (2023: EUR -582 million) or EUR 722 million (2023: +EUR 725 million) respectively. A change to the property cost of +/- 10% corresponds to +/- EUR 280 million (2023: +/- 10% corresponds to +/- EUR 281 million), while a change of +/-1% in the vacancy level corresponds to +/- EUR 93 million (2023: +/- 1% corresponds to +/- EUR 88 million).

(b) Derivatives value

In order to achieve a desired fixed interest rate, interest derivatives are used. The interest derivative values development depends on how the market interest rate develops in relation to the agreed interest rate and the remaining term to maturity. At the end of the year, the fair value of the interest derivative portfolio was EUR 38 million (2023: EUR 32 million).

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the statement of financial position at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's equity investments as at 31 December 2024 include equity securities that are publicly traded and quoted on the US and European Stock Exchanges, amounting to EUR 1.729 million (2023: EUR 857 million). The Group does not apply any hedge accounting for price risk.

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3. Financial risk management (continued)

(i) Financial risk factors (continued)

Refinancing and liquidity risks

Refinancing risk means the risk that the Group does not have access to adequate financing on acceptable terms at any point in time. Liquidity risk is the risk not to have access to its funds due to poor market liquidity, in order to serve cases of unmatched positions, where the maturity of assets and liabilities does not match.

The refinancing process for larger loans will begin no later than 18 months prior to maturity with the ambition to prolong them at least one year in advance. For smaller loans, the refinancing process usually starts nine months before maturity.

Refinancing risk is reduced by diversified borrowings through 6 bonds (2023: 9) and loans from 4 banks (2023: 6), 2.7 years (2023: 3.1) of debt duration, liquidity of EUR 691 million (2023: EUR 976 million), unencumbered properties of EUR 5,638 million (2023: EUR 5.232), diversification through assets in ten metropolitan cities and four countries and BBB- credit rating with stable outlook from Standard & Poor's.

The Group's borrowing includes certain special conditions, covenants. Akelius' covenants primarily relate to interest coverage ratio, loan-to-value ratio, secured loan-to-value ratio, and unsecured properties in relation to unsecured loans. Important key figures are followed up and reported to the Akelius management on a monthly basis. A breach of covenant means a fail to comply with the promises made in the agreement, which can lead to penalties, an increase in interest or collateral, or repayment of loan. Akelius fulfils all covenants in the loan agreements per December 31, 2024.

Liquidity is secured by entering long-term credit facility agreements with several banks. At the end of 2024 the Group had a total liquidity of EUR 2.738 million (2023: EUR 3.563 million), consisting of EUR 962 million in cash and EUR 1.983 in shares (2023: EUR 376 million in cash, EUR 2.283 million in bonds and EUR 857 in shares) and EUR 47 million (2023: EUR 47 million) in secured but unutilised credit facilities.

Akelius Apartments Ltd

3. Financial risk management (continued)

(i) Financial risk factors (continued)

Refinancing and liquidity risks

The following tables show the maturity structure of the Group's financial liabilities:

| Durations | < 1 year EUR m | 1 – 2 years EUR m | 2 – 5 years EUR m | > 5 years EUR m | Total EUR m |
|-----------------------------|-------------------|----------------------|----------------------|--------------------|----------------|
| 31-12-2024 | | | | | |
| Borrowings | 1.084 | 369 | 664 | 991 | 3.108 |
| Derivatives | 18 | 1 | - | - | 19 |
| Other long term liabilities | - | 21 | - | - | 21 |
| Trade and other payables | 76 | - | - | - | 76 |
| Total | 1.178 | 391 | 664 | 991 | 3.224 |

| Durations | < 1 year EUR m | 1 – 2 years EUR m | 2 – 5 years EUR m | > 5 years EUR m | Total EUR m |
|-----------------------------|-------------------|----------------------|----------------------|--------------------|----------------|
| 31-12-2023 | | | | | |
| Borrowings | 605 | 529 | 1.059 | 1.161 | 3.354 |
| Derivatives | 45 | 8 | 2 | 1 | 56 |
| Other long term liabilities | - | 21 | - | - | 21 |
| Trade and other payables | 80 | - | - | - | 80 |
| Total | 730 | 558 | 1.061 | 1.162 | 3.511 |

Interest rate risk

The Group's interest rate risk arises from interest-bearing assets and long-term borrowings. Interest-bearing assets and borrowings at variable rates expose the Group to cash flow interest rate risk. Interest bearing assets and borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Interest rate risk is the risk that the Group is negatively affected by changes in the interest rate level. In order to further reduce the risk, or fluctuations in cash flow, interest rates are fixed for long durations. Interest rate derivatives are used to hedge loans. Changes in the value of interest rate derivatives depend on how the market develops in relation to the agreed interest rate and the remaining maturity.

In order to reduce the risk, or variations in the cash flow further, interest rates are fixed for long durations. At the end of the year 30% (2023: 42%) of the property credits had a fixed interest rate for longer than five years and 13% (2023: 3%) had a fixed interest rate shorter than one year. With regard to the low proportion of loans with variable interest, a change to the market interest rates will have a limited effect on the results.

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3. Financial risk management (continued)

(ii) Financial risk factors (continued)

Currency risk

The Group operates in several geographic markets and conduct transactions in foreign currencies and is therefore exposed to foreign exchange fluctuations. This affects the Group's results and statement of financial position as follows:

- A single company may have monetary assets and liabilities denominated in a currency other than its functional currency, which is translated to the functional currency at the closing rate. Upon settlement of monetary assets and liabilities a foreign exchange rate difference between the transaction date and the transaction price is incurred. All changes in exchange rates attributable to the translation or settlement of monetary items are recognised in the consolidated income statement (transaction effect).
- Revenues, expenses, assets and liabilities in a functional currency other than the Group's reporting currency (EUR) are translated at the average rates and the closing rates. The effect arising from the changes in the closing exchange rate changes compared to exchange rates at the beginning of the year and differences between the average annual rates compared to the closing rate are recognised in the translation reserve in other comprehensive income (translation effect).

According to the finance policy, investments in every country shall be financed in the local currency, so that the relation between net assets in the local currency and gross assets is in line with the Group's equity/assets ratio. This means that exchange rate fluctuations do not affect the Group's equity/assets ratio.

In terms of risk, low variations in the equity/assets ratio are more important than low variations in equity expressed in the Group's functional currency, EUR.

Credit risk

Operational credit risk is the risk that Group's tenants will not meet their payment obligations. Regional managers are responsible for establishing provisions for impairment that represent their estimate of incurred losses. The provisions include individual exposures and collective loss components based on historical information.

With regards to receivables that are not overdue and for which no valuation allowances have been recognised, there was no evidence that the debtors will fail to meet their payment obligations as of the reporting date.

(i) Capital risk management

The capital as defined by management at 31 December 2024 and 31 December 2023 was as follows:

| | 2024 | 2023 |
|---|--------------|-------|
| | EUR m | EUR m |
| Total borrowings (Note 19) | 3.108 | 3.688 |
| Less: cash and cash equivalents (Note 11) | (962) | (376) |
| Net debt | 2.146 | 3.312 |
| Total equity (excluding non-controlling interest) | 5.199 | 5.044 |
| Total capital as defined by management | 7.345 | 8.356 |
| Gearing ratio | 29,2% | 39,6% |

In 2024, there was a decrease in the gearing ratio of the Group. This was mainly a result of the increased cash balances and repayment of loans during the year.

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3. Financial risk management (continued)

(ii) Fair value estimation

Fair value of properties

The Group's property portfolio consists of 378 (2023: 384) properties in 5 countries (2023: 5) for a total of EUR 6.041 million (2023: EUR 5.725 million). Each region is unique, requiring specific considerations. The value of the properties is based on internal valuations. All properties have been valued by discounting the estimated future cash flows. The estimated future cash flows are based on existing rental income and estimated operating and maintenance costs adjusted for expected changes in rental and vacancy levels.

The property's fair value comprises the sum of the discounted cash flows during the calculation period and the terminal value. The gain on revaluation was recognised in the statement of comprehensive income, note 13, in accordance with the relevant accounting policy.

The different levels have been defined as follows

- Level 1 Quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for asset that are not based on observable market data, that is unobservable inputs.

The valuation is made under IFRS 13, level 3. There were no transfers between levels during the year.

Fair value of financial instruments

The fair value of financial instruments traded in active markets, such as publicly traded financial assets/liabilities at fair value through profit or loss is based on quoted market prices at the consolidated statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted cash flows and makes assumptions that are based on market conditions existing at the consolidated statement of financial position date

The Group's financial assets and liabilities both current and non-current are carried at amounts that approximate their fair values.

Fair value estimates

The level in the fair value hierarchy within which the fair value measurements is categorised is determined on the basis of the lowest level input that is significant to the fair value measurements in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair values measurement in its entirety requires judgment, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs for asset or liability that are not based on observable data.

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3. Financial risk management (continued)

(iii) Fair value estimation (continued)

Fair value for financial instruments that are quoted in active markets are based on the quoted prices at the statement of financial position.

Fair value for financial instruments that are not quoted in active markets are assessed by discounting the future contractual cash flow with relevant market interest for similar financial instrument.

For financial instruments such as rent claims, accounts outstanding and other financial instruments which fair value is not based on observable market data the fair value is estimated to be in conformity with the carrying value since the duration of the financial instrument is short. These financial instruments are accounted at accumulated acquisition value with a deduction for any writing-down.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments for Level 2 include:

- Quoted market prices or dealer quotes for similar instruments.
- Adjusted comparable price-to-book value multiples.
- Other techniques, such as discounted cash flow analysis.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2024.

| | Level 1 EUR m | Level 2 EUR m | Level 3 EUR m | Total EUR m |
|---|------------------|------------------|------------------|----------------|
| At 31 December 2024 | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Derivative financial instruments | - | 41 | - | 41 |
| - Listed securities | 1.729 | - | - | 1.729 |
| Total financial assets measured at fair value | 1.729 | 41 | - | 1.770 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| - Derivative financial instruments | - | 19 | - | 19 |
| Total financial liabilities measured at fair value | - | 19 | - | 19 |

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3. Financial risk management (continued)

(iii) Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2023.

| | Level 1 EUR m | Level 2 EUR m | Level 3 EUR m | Total EUR m |
|---|------------------|------------------|------------------|----------------|
| At 31 December 2023 | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Derivative financial instruments | - | 52 | - | 52 |
| - Listed securities | 927 | 2.213 | - | 3.140 |
| Total financial assets measured at fair value | 927 | 2.265 | - | 3.192 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| - Derivative financial instruments | - | 56 | - | 56 |
| Total financial liabilities measured at fair value | - | 56 | - | 56 |

There were no transfers between Levels 1 and 2 during the year.

Group's valuation process

The Group's treasury department performs valuation of financial assets required for financial reporting purposes.

4. Critical accounting estimates and judgments

Estimates and assessments are evaluated continuously and are based on historical experience and other factors including expectations of future events regarded as reasonable under prevailing circumstances.

Critical accounting estimates and assumptions

The drawing up of financial reports requires the Board of Directors and Group management to make estimates and to employ certain assumptions. Estimates and assumptions affect both the statement of comprehensive income and the statement of financial position as well as information provided, such as contingent liabilities. Areas which cover a significant element of estimates and assumptions are:

- **Valuation of properties**

As per the closing of accounts the market value of all properties has been assessed. The market value assessment is made in three stages: 1) assessment with the help of a cash-flow model for each single property with an individual assessment of the yield requirements and future cash-flow, 2) a reasonableness check of the cash-flow model's value against comparable transactions at respective locations, and 3) second opinion and verification of a third of the market value assessments by external parties.

The reasonableness check of the cash-flow model's market value assessment is made against equivalent value transactions at the respective locations. This reasonableness assessment is made in comparison with the acquisitions and sales carried out during the year and in comparison with large number of prospect which did not in the end lead to an acquisition.

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4. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

- **Valuation of properties (continued)**

The result of the cash-flow model's value, adjusted for reasonableness, was then examined and verified by external parties. During the year external parties have examined a third of the market value assessments.

The average direct yield requirement in the market value assessment for residential was 4,70 per cent in Canada, 4,58 per cent in England, 5,35 per cent in USA and 3,91 per cent in France. The average direct yield requirement for the entire property portfolio was 4,89 per cent, which is 0,15 percentage points higher than at the beginning of the year.

The estimated market value of the Group's property holding at the end of the year was EUR 6.041 million (2023: EUR 5.725 million) including owner-occupied properties and assets held for sale, which is equivalent to an average of EUR 4.698 per square metre (2023: EUR 4.593 per square metre). Purchases and investments for the year amounted to EUR 292 million (2023: EUR 195 million) and property sales totalled EUR 29 million (2023: EUR 5 million).

Of the total market value EUR 2.106 million (2023: EUR 2.092 million) to properties in Canada, EUR 1.006 million (2023: EUR 949 million) to properties in England, EUR 419 million (2023: EUR 429 million) to properties in France, EUR 2.461 million (2023: EUR 2.216 million) to properties in the USA and EUR 48 million (2023: EUR 39) to properties in Cyprus.

- **Business acquisitions versus asset acquisitions**

Acquisitions may under IFRS 3 be classified as either business combinations or asset acquisitions. It is an individual assessment that must be made for each individual acquisition. In cases where the primary purpose is the acquisition of a company's property and where the acquired company lacks management organisation and administration, or when this is of secondary importance to the acquisition, the acquisition is classified as an asset acquisition. Other corporate acquisitions that typically contain an independent business are classified as business combinations.

On asset acquisition, no deferred taxes related to property acquisition is recognised. Business combinations are accounted for using the purchase method and deferred tax is recognised at the nominal current tax rate with no discount.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In management's opinion the Group is in substantial compliance with the tax laws governing its operations.

- **Deferred tax**

The Group recognise deferred tax assets based on management estimates of future taxable profits affected by the tax laws that apply in the jurisdictions the company operates in. The outcome can be different depending on changes in tax and business climate.

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5. Rental Income

| | 2024 EUR m | 2023 EUR m |
|--------------------------|---------------|---------------|
| Residential | 335 | 313 |
| Commercial | 5 | 4 |
| Other rental revenue (1) | 7 | 6 |
| Service revenue | 12 | 11 |
| Total | 359 | 334 |

(1) mainly refers to revenue for parking

6. Other income/(losses) – net

| | 2024 EUR m | 2023 EUR m |
|--|---------------|---------------|
| Interest income | 68 | 79 |
| Foreign exchange transaction (losses)/gains | (15) | 44 |
| Fair value gains/(losses) on interest rate swaps and currency derivatives | 32 | (67) |
| Fair value (losses)/gains on financial assets at fair value through profit or loss | (49) | 328 |
| Dividend income | 9 | - |
| Total | 45 | 384 |

7. Expenses by nature

| | 2024 EUR m | 2023 EUR m |
|---|---------------|---------------|
| Property costs: | | |
| Heating, electricity and water | 21 | 22 |
| Investment property operating expenses | 30 | 28 |
| Repairs and maintenance | 25 | 24 |
| Property tax | 39 | 39 |
| Property administration | 43 | 47 |
| | 158 | 160 |
| Operating expenses: | | |
| Depreciation of property, plant and equipment (Note 12) | 2 | 2 |
| Depreciation of leased assets (Note 14) | 2 | 1 |
| Amortisation of intangible assets (Note 15) | 3 | 7 |
| Impairment of intangible assets (Note 15) | - | 1 |
| Auditors' remuneration | 2 | 2 |
| Other expenses | 14 | 20 |
| | 23 | 33 |
| Total expenses | 181 | 193 |

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7. Expenses by nature (continued)

Staff cost (included above):

| | | |
|---|------------|------------|
| Wages and salaries | 49 | 64 |
| Social security and other contributions | 8 | 10 |
| | <u>57</u> | <u>74</u> |
| Average number of employees (including Directors in their executive capacity) | <u>662</u> | <u>800</u> |

The remuneration of the senior management of the Group, which comprises 6 (2023: 7) employees, for the year ended 31 December 2024 was EUR 3 million (2023: EUR 3 million) included in this amount is EUR 267.000 (2023: EUR 263.000) concerning the 2 directors of the Company.

8. Finance costs

| | 2024 EUR m | 2023 EUR m |
|---------------------|---------------|---------------|
| Interest expense | 71 | 71 |
| Other finance costs | 8 | 1 |
| | <u>79</u> | <u>72</u> |

9. Tax

| | 2024 EUR m | 2023 EUR m |
|---------------------------------------|---------------|---------------|
| Current tax charge/(credit): | | |
| Corporation tax – current year | 6 | 4 |
| Corporation tax – prior year | 6 | (2) |
| Deferred tax – current year (Note 20) | 10 | 33 |
| Deferred tax – prior year (Note 20) | 6 | 18 |
| Withholding tax | 3 | - |
| | <u>31</u> | <u>53</u> |

The Company is subject to corporation tax on taxable profits at the rate of 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 17%.

During the year, non-recognized deferred tax assets totaled EUR -9 million (2023: EUR 97million).

In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

The subsidiary undertakings are subject to tax at the rates in force in their country of residence ranging between 0% and 25%.

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9. Tax (continued)

Any differences between IFRS Accounting Standards and national statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases are presented in the reconciliation below:

| | 2024 EUR m | 2023 EUR m |
|--|------------------|------------------|
| Income/(Loss) before tax | <u>51</u> | <u>(109)</u> |
| Tax according to current tax rates | 8 | (52) |
| Tax effect of expenses deductible for tax purposes | (1) | |
| Tax effect on non-taxable income and non-deductible costs net | 18 | (46) |
| Non-recognised deferred tax assets | (9) | 97 |
| Prior year tax adjustments | 6 | 1 |
| Change in capitalised tax loss carried forward | 6 | 53 |
| Withholding tax | <u>3</u> | <u>-</u> |
| Tax charge in the consolidated statement of comprehensive income | <u><u>31</u></u> | <u><u>53</u></u> |

10. Financial instruments by category

| | Financial assets at amortised cost EUR m | Assets at fair value through profit or loss EUR m | Total EUR m |
|---|---|--|---------------------|
| 31 December 2024 | | | |
| Assets as per statement of financial position | | | |
| Non-current receivables | 11 | - | 11 |
| Trade and other receivables (1) | 20 | - | 20 |
| Financial assets at fair value through profit or loss | - | 1.770 | 1.770 |
| Cash at bank | <u>962</u> | <u>-</u> | <u>962</u> |
| Total | <u><u>993</u></u> | <u><u>1.770</u></u> | <u><u>2.763</u></u> |

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10. Financial instruments by category (continued)

| | Other financial liabilities EUR m | Derivatives used for risk management for which no hedge accounting is applied EUR m | Liabilities at fair value through profit or loss EUR m | Total EUR m |
|--|--------------------------------------|--|---|----------------|
| Liabilities as per statement of financial position | | | | |
| Bank borrowings | 2.774 | - | - | 2.774 |
| Hybrid loan | 334 | - | - | 334 |
| Trade and other payables (2) | 31 | - | - | 31 |
| Financial liabilities at fair value through profit or loss | - | 17 | 2 | 19 |
| Total | 3.139 | 17 | 2 | 3.158 |

| | Financial assets at amortised cost EUR m | Assets at fair value through profit or loss EUR m | Total EUR m |
|---|---|--|----------------|
| 31 December 2023 | | | |
| Assets as per statement of financial position | | | |
| Non-current receivables | 8 | - | 8 |
| Trade and other receivables (1) | 23 | - | 23 |
| Financial assets at fair value through profit or loss | - | 3.192 | 3.192 |
| Cash at bank | 376 | - | 376 |
| Total | 407 | 3.192 | 3.599 |

| | Other financial liabilities EUR m | Derivatives used for risk management for which no hedge accounting is applied EUR m | Total EUR m |
|--|--------------------------------------|--|----------------|
| Liabilities as per statement of financial position | | | |
| Bank borrowings | 3.354 | - | 3.354 |
| Hybrid loan | 334 | - | 334 |
| Trade and other payables (2) | 29 | - | 29 |
| Financial liabilities at fair value through profit or loss | - | 56 | 56 |
| Total | 3.717 | 56 | 3.773 |

- (1) The rest of the statement of financial position item "trade and other receivables" is prepayments and inventories.
- (2) The rest of the statement of financial position item "trade and other payables" is accruals.
- (3) Information related to fair value hierarchy and valuation technique can also be found in note 3 on page 26.

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11. Cash and cash equivalents

| | 2024 | 2023 |
|--------------|-------------------|------------|
| | EUR m | EUR m |
| Cash at bank | <u>962</u> | <u>376</u> |

Cash and cash equivalents consist of available cash balances in banks and bank deposits with a residual maturity of no more than three months. Change in cash and cash equivalents is shown in the consolidated statement of cash flow.

Unutilized credit agreements of EUR 47 million (2023: EUR 47 million) exists that are not included in cash and cash equivalents.

12. Property, plant and equipment

| | Furniture and other equipment EUR m | Total EUR m |
|------------------------------------|---|------------------------|
| Year ended 31 December 2024 | | |
| Opening net book amount | 5 | 5 |
| Additions | 1 | 1 |
| Depreciation charge (Note 7) | (2) | (2) |
| Translation difference | 1 | 1 |
| Closing net book amount | <u>5</u> | <u>5</u> |
| At 31 December 2024 | | |
| Cost | 17 | 17 |
| Accumulated depreciation | <u>(12)</u> | <u>(12)</u> |
| Net book amount | <u>5</u> | <u>5</u> |
| | | |
| Year ended 31 December 2023 | | |
| Opening net book amount | 4 | 4 |
| Additions | 3 | 3 |
| Depreciation charge (Note 7) | <u>(2)</u> | <u>(2)</u> |
| Closing net book amount | <u>5</u> | <u>5</u> |
| At 31 December 2023 | | |
| Cost | 15 | 15 |
| Accumulated depreciation | <u>(10)</u> | <u>(10)</u> |
| Net book amount | <u>5</u> | <u>5</u> |

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13. Investment properties

| | 2024 | 2023 |
|--|--------------|-------|
| | EUR m | EUR m |
| At the beginning of the year | 5.718 | 6.200 |
| Currency difference | 143 | (94) |
| Investments | 157 | 191 |
| Acquisitions | 135 | - |
| Disposals | (29) | (5) |
| Realised and unrealised fair value gains (1) | (93) | (574) |
| Total | 6.031 | 5.718 |
| Assets held for sale | (11) | - |
| At the end of the year | 6.020 | 5.718 |

(1) Realised and unrealised fair value losses of EUR 93 million (2023: EUR 582 million) were related to investment properties and owner-occupied properties in Canada loss of EUR 62 million (2023: loss of EUR 159 million), England loss of EUR 5 million (2023: loss of 48 million), United States loss of EUR 38 million (2023: loss of EUR 326 million), France gain of EUR 3 million (2023: loss of EUR 49 million) and Cyprus gain of EUR 9 million (2023: nil million).

| | 2024 | 2023 |
|---------------------------------|------------------|-----------|
| | EUR m | EUR m |
| Number of apartments | 20.134 | 19.714 |
| Residential area, square metres | 1.232.000 | 1.200.000 |
| Commercial area, square metres | 54.000 | 57.000 |
| | 1.286.000 | 1.257.000 |

Investment property is presented within the section on operating activities as part of changes in working capital in the consolidated statement of cash flows.

The investment properties are valued at the end of each financial year at fair value comprising open-market value by a combination of internal and external valuations (Note 4). All properties have been valued by discounting the estimated future cash flows. The estimated future cash flows are based on existing rental income and estimated operating and maintenance costs adjusted for expected changes in rental and vacancy levels. The property's fair value comprises the sum of the discounted cash flows during the calculation period and the terminal value. The gain on revaluation is recognised in the statement of comprehensive income in accordance with the relevant accounting policy.

The different levels of measurement as per IFRS 13 are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset that are not based on observable market data (that is unobservable inputs) (Level 3).

The fair value measurement of investment properties followed by the Group is classified as Level 3 under IFRS 13 (Note 2).

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13. Investment properties (continued)

The Groups' property portfolio is valued at fair value internally each quarter. The Group performs complete valuation appraisals. To ensure the quality of the internal valuations, parts of the portfolio are valued externally during the year.

For the valuation of properties, assessments and assumptions can have a significant impact on profit and loss, and the financial position. Internal valuations of properties require, for example, assessments and assumptions of future cash flows and capitalization rates for each property.

The fair value of properties is the sum of discounted cash flows and residual value. Cash flows are based on rental income and operation and maintenance costs, adjusted for expected changes in rental and vacancy levels. Rental levels are based on actual rents adjusted for potential rental growth due to planned investments and inflation.

Vacancy is assessed for each property based on the current vacancy situation, market vacancy level, and individual characteristics. Operating and maintenance costs are calculated either according to current market conditions adjusted for inflation or actual charges. The capitalization rate is the sum of interest rates and risk premiums. The risk premium covers the market risk and the property related risk based on the location of the building and the prevailing housing supply and demand. The capitalization rate is assessed based on completed property transactions on the market, invitations to buy and sell, and by looking at comparable properties (Refer to Note 3(i) (a)).

| | 2024 EUR m | 2023 EUR m |
|------------------------------------|---------------|---------------|
| Owner-occupied property | | |
| At the beginning of the year | 7 | 11 |
| Transferred to investment property | - | - |
| Investments | 3 | 4 |
| Unrealised fair value gains | - | (8) |
| Translation difference | - | - |
| At the end of the year | <u>10</u> | <u>7</u> |

With regards to Level 3 fair value properties, the main non-observable input used in the assessment by management was the price of the property per square metre. The higher the price per square metre, the higher is the value of the property. Also, the level of rental income per geographical segment is considered to be a significant input.

The sensitivity analysis associated with the changes in key parameters in the fair values of investment properties is disclosed in Note 3.

Bank borrowings are secured on investment property for the value of EUR 137 million (2023: EUR 168 million) (Note 19).

More information on the Investment Property portfolio can be found in Note 4 above and in the Annual Report of Akelius Residential Property AB (indirect subsidiary) as per Note 22 below.

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14. Leases

The Group is a lessee in lease contracts for offices, site leaseholds, cars, and office equipment. The Group has certain leases of cars and office equipment with lease terms of 12 months or less and with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

| | Offices EUR m | Site leasehold EUR m | 2024 EUR m | Offices EUR m | Site leasehold EUR m | 2023 EUR m |
|----------------------------------|------------------|----------------------------|-----------------------------|------------------|----------------------------|-----------------------------|
| Right-of-use assets | | | | | | |
| Opening net book amount | 5 | 1 | 6 | 6 | 1 | 7 |
| Additions to right-of-use assets | - | - | - | - | - | - |
| Depreciation (Note 7) | (2) | - | (2) | (1) | - | (1) |
| Closing net book amount | <u>3</u> | <u>1</u> | <u>4</u> | <u>5</u> | <u>1</u> | <u>6</u> |

| | 2024 EUR m | 2023 EUR m |
|--------------------------|-----------------------------|---------------|
| Lease liabilities | | |
| Current | 2 | 1 |
| Non-current | 4 | 5 |
| | <u>6</u> | <u>6</u> |

Amounts recognised in the consolidated statement of comprehensive income

| | 2024 EUR m | 2023 EUR m |
|-------------------------|-----------------------------|---------------|
| Depreciation of offices | <u>2</u> | <u>1</u> |
| Total | <u>2</u> | <u>1</u> |

Amounts recognised in the consolidated statement of cash flows

| | 2024 EUR m | 2023 EUR m |
|--------------------------------|-----------------------------|---------------|
| Total cash outflows for leases | <u>1</u> | <u>1</u> |

The discount rates in the fair value assessment of the investment properties in 2024 have been used as the incremental borrowing rates. The discount rate per country has been used for assets with the same characteristics. When a new lease contract is entered, the previous year's discount rate is used.

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15. Intangible assets

| | Computer software EUR m | Total EUR m |
|------------------------------------|-------------------------------|----------------|
| Year ended 31 December 2024 | | |
| Opening net book amount | 7 | 7 |
| Additions | 2 | 2 |
| Amortisation charge (Note 7) | (3) | (3) |
| Impairment (Note 7) | - | - |
| Closing net book amount | <u>6</u> | <u>6</u> |
| At 31 December 2024 | | |
| Cost | 49 | 49 |
| Accumulated amortisation | <u>(43)</u> | <u>(43)</u> |
| Closing net book amount | <u>6</u> | <u>6</u> |
| | | |
| | Computer software EUR m | Total EUR m |
| Year ended 31 December 2023 | | |
| Opening net book amount | 11 | 11 |
| Additions | 4 | 4 |
| Amortisation charge (Note 7) | (7) | (7) |
| Impairment (Note 7) | (1) | (1) |
| Closing net book amount | <u>7</u> | <u>7</u> |
| At 31 December 2023 | | |
| Cost | 47 | 47 |
| Accumulated amortisation | <u>(40)</u> | <u>(40)</u> |
| Closing net book amount | <u>7</u> | <u>7</u> |

16. Loans and non-current receivables

| | 2024 EUR m | 2023 EUR m |
|---------------------------|---------------|---------------|
| Pledged Bank accounts (1) | 5 | 4 |
| Other receivable (2) | <u>6</u> | <u>4</u> |
| | <u>11</u> | <u>8</u> |

(1) Restricted cash mainly consists of guarantees to banks for derivative transactions and deposited funds from tenants.

(2) Part of the Other Receivables of EUR 5 million, relates to withholding tax receivable on dividends.

The fair values of the above loans and non-current receivables approximate their carrying amounts at the statement of financial position date.

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17. Trade and other receivables

| | 2024 EUR m | 2023 EUR m |
|-----------------------------------|---------------|---------------|
| Pledged bank accounts (1) | 8 | 8 |
| Trade receivables | 3 | 3 |
| Advances for property acquisition | 1 | - |
| Promissory notes receivable | 1 | 1 |
| Other receivables | 8 | 7 |
| Prepayments | <u>15</u> | <u>29</u> |
| | <u>36</u> | <u>48</u> |

(1) Restricted cash mainly consists of guarantees to banks for derivative transactions and deposited funds from tenants.

The fair value of trade and other receivables which are due within one year approximates their carrying amount at the statement of financial position date.

18. Financial assets at fair value through profit or loss

| | 2024 EUR m | 2023 EUR m |
|---|---------------|---------------|
| Current: | | |
| Unlisted: | | |
| Derivative financial instruments | 1 | 8 |
| Listed securities: | | |
| Equity Securities quoted on US and European Stock Exchanges | 1.729 | - |
| Bonds | <u>-</u> | <u>2.283</u> |
| | <u>1.730</u> | <u>2.291</u> |
| Non current: | | |
| Unlisted: | | |
| Derivative financial instruments | 40 | 44 |
| Listed securities: | | |
| Equity Securities quoted on US and European Stock Exchanges | - | 857 |
| Bonds | <u>-</u> | <u>-</u> |
| | <u>40</u> | <u>901</u> |

All the above financial assets are classified as held for trading. The non-current derivative financial instruments have maturities over one year and are linked with financial liabilities to offset interest and exchange rate fluctuations. Nominal value of the derivative financial instruments amount to EUR 2.459 million (2023: EUR 2.905 million).

Financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement. Changes in fair values of financial assets at fair value through profit or loss are recognised in the statement of comprehensive income.

For financial liabilities at fair value through profit and loss refer to Note 21.

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19. Borrowings

| | 2024 EUR m | 2023 EUR m |
|-------------------------|---------------------|---------------------|
| Current | | |
| Secured loans | 8 | 28 |
| Listed bonds | <u>1.076</u> | <u>577</u> |
| | <u>1.084</u> | <u>605</u> |
| Non-current | | |
| Secured loans | 96 | 105 |
| Listed bonds | 1.594 | 2.644 |
| Hybrid bond | <u>334</u> | <u>334</u> |
| | <u>2.024</u> | <u>3.083</u> |
| Total Borrowings | <u><u>3.108</u></u> | <u><u>3.688</u></u> |

| | 2024 EUR m | 2023 EUR m |
|---|---------------|---------------|
| Maturity of non-current borrowings | | |
| Between 1 and 2 years | 369 | 529 |
| Between 2 and 5 years | 664 | 1.059 |
| Over 5 years | <u>991</u> | <u>1.161</u> |
| | <u>2.024</u> | <u>2.749</u> |

| | 2024 EUR m | 2023 EUR m |
|--------------------------------------|---------------------|---------------------|
| Total borrowings per currency | | |
| SEK | 1.070 | 1.223 |
| EUR | 1.606 | 2.001 |
| CAD | 87 | 29 |
| GBP | 145 | 229 |
| USD | <u>200</u> | <u>206</u> |
| Total | <u><u>3.108</u></u> | <u><u>3.688</u></u> |

| | 2024 | 2023 |
|------------------------------------|-------------|-------------|
| Average interest rate hedge, years | <u>3,7</u> | <u>4,1</u> |
| Average interest rate, percent | <u>1,15</u> | <u>1,38</u> |

The bank loans and overdrafts are secured by mortgage on the Group's investment property for EUR 137 million (2023: EUR 168 million) (Note 13).

The carrying amounts and fair values of non-current borrowings approximate their carrying values at the statement of financial position date.

Most borrowings contain financial covenants, specific to each counterpart. Loan-to-value and interest coverage ratio are the most common for the Group ((Note 3(i) (b)).

The Group entities were in compliance with all the financial covenants of their borrowings throughout the years ended 31 December 2024 and 2023.

The subsidiary Akelius Residential Property AB has issued bonds listed on the Irish Stock Exchange, amounting to EUR 2.458 million (2023: EUR 2.897 million).

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20. Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The deferred tax account is as follows:

| | Fair value gains on investment property EUR m | Tax losses EUR m | Translation net investments EUR m | Other sources EUR m | Total EUR m |
|--|--|---------------------|--------------------------------------|------------------------|----------------|
| At 1 January 2023 | 151 | (161) | - | 1 | (9) |
| Charged/(credited) to: | | | | | |
| Consolidated income statement (Note 9) | 5 | 31 | 15 | - | 51 |
| Change through comprehensive income | - | - | - | - | - |
| Translation difference | (3) | 3 | (15) | - | (15) |
| At 31 December 2023 | 153 | (127) | - | 1 | 27 |
| Charged/(credited) to: | | | | | |
| Consolidated income statement (Note 9) | - | 21 | 2 | (6) | 17 |
| Change through comprehensive income | - | - | (2) | - | (2) |
| Transferred to liabilities held for sale | 1 | - | - | (1) | - |
| Translation difference | (2) | 2 | - | - | - |
| At 31 December 2024 | 152 | (104) | - | (6) | 42 |

| | 2024 | | | 2023 | | |
|---|-----------------|----------------------|--------------|-----------------|----------------------|--------------|
| | Assets EUR m | Liabilities EUR m | Net EUR m | Assets EUR m | Liabilities EUR m | Net EUR m |
| Opening balance 1 January | 22 | (49) | (27) | 49 | (40) | 9 |
| Consolidated income statement (Note 9) | (17) | - | (17) | (63) | 12 | (51) |
| Change through other comprehensive income | 2 | - | 2 | 15 | - | 15 |
| Netting | (5) | 5 | - | 21 | (21) | - |
| Closing balance 31 December | 2 | (44) | (42) | 22 | (49) | (27) |

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21. Financial liabilities at fair value through profit or loss

The following derivative financial instruments are used for cash flow hedging purposes:

| | 2024 | 2023 |
|------------------------------------|--------------|-------|
| | EUR m | EUR m |
| Unlisted securities: | | |
| Interest rate swaps | 3 | 13 |
| Foreign exchange forward contracts | 14 | 43 |
| Derivative contracts | 17 | 56 |
| Listed securities: | | |
| Call options | 2 | - |
| Total | 19 | 56 |
| Current | 18 | 45 |
| Non-current | 1 | 11 |
| | 19 | 56 |

All the above financial liabilities are classified as held for trading. The non-current derivative financial instruments have maturities over one year and are linked with financial assets to offset interest rate fluctuations.

Financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

Changes in fair values of financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income.

Information related to fair value hierarchy and valuation technique can also be found in note 3 on page 26.

22. Principal subsidiaries

The principal subsidiary undertakings of which are unlisted, are:

| Name | Principal activity | Country of incorporation | 2024 Interest held % | 2023 Interest held % |
|---------------------------------|---------------------------|---------------------------------|-----------------------------|-----------------------------|
| Akelius Residential Property AB | Real Estate | Sweden | 100 | 100 |

Akelius Apartments Ltd – Group has an 89.25% (2023: 84.3%) subsidiary, Akelius Residential Property AB, that has listed bonds on Nasdaq Stockholm and Irish Stock Exchange. Akelius Residential Property AB, has issued in October 2019 class D ordinary shares that are listed on Nasdaq First North. Its consolidated financial statements can be found at www.akelius.com/en/investor/financial/reports.

No significant changes in the Group structure in 2024.

Akelius Apartments Ltd

23. Related party transaction

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions as defined by IAS24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

During the years 2024 and 2023, a number of transactions were entered into with related parties in the normal course of business. Certain of these transactions, particularly where a broad market does not exist, were consummated at terms agreed between the parties.

Balances and transactions with related parties are as follows:

Key management compensation

The remuneration of the senior management of the Group, which comprises 6 (2023: 7) employees, for the year ended 31 December 2024 was EUR 3 million (2023: EUR 3 million).

24. Contingent liabilities and Commitments

The Group has EUR 137 million (2023: EUR 168 million) property mortgages, of assets that have been pledged for bank loans. This consists of properties in Canada, recognized to a total value of EUR 354 million (2023: EUR 454 million).

In addition to the above, there are guarantee commitments in completed real estate transactions of EUR 1.617 million (2023: EUR 1.617 million).

25. Events after the statement of financial position date

In 2025, the Group acquired 90.200.000 shares in Castellum AB for EUR 1.000 million, increasing its shareholding from 12.50% to 21.32%.

The Group purchased 617,000,000 A shares in Akelius Residential Property AB from Xange Holding Limited. The acquisition was completed in February 2025. After the transaction, the Group owns all A shares in Akelius Residential Property AB.

Akelius Apartments Ltd announced in February 2025 a recommended public cash offer of EUR 1.9 per D share to the D shareholders of Akelius Residential Property AB. The acceptance period for the offer ended on 20 March 2025. The Group has purchased 59.282.737 D shares. On 8th of April 2025, the D shares were delisted from Nasdaq First North Growth Market.

There were no other material events after the consolidated statement of financial position date, which have a bearing on the understanding of the consolidated financial statements.

Independent auditor's report on pages 5 to 7.