

SAGAX EURO MTN NL B.V.

**Annual report
2023**

Registered office: Weena, 738, 3014 DA, Rotterdam, The Netherlands
Chamber of Commerce nr. 78311764

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2023 ANNUAL REPORT SAGAX EURO MTN NL B.V.

REPORT TO THE SHAREHOLDER OF SAGAX EURO MTN NL B.V.

The management herewith submits its annual report for the year ended 31 December 2023.

The report consists of:

1. Directors' report

2. Annual accounts, consisting of:

- a) Balance sheet as of 31 December 2023;
- b) Profit and loss account for the year ended 31 December 2023.
- c) Cash flow statement for the year ended 31 December 2023; and
- d) Notes to the balance sheet and profit and loss account for the year ended 31 December 2023.

3. Other information including the independent auditor's report

The management herewith proposes:

- a) that the balance sheet as of 31 December 2023, the profit and loss account for the year ended 31 December 2023, the cash flow statement for the year ended 31 December 2023 and the notes to the balance sheet and profit and loss account are to be finalised in accordance with the enclosed annual accounts;
- b) that the shareholder approves the following proposal for profit appropriation:
To add the profit amounting to EUR 4.7 thousand to the other reserves;
- c) that the Board of Directors is to be discharged of any responsibilities in respect of its management duties for the year 2023.

On behalf of the Board of Directors

DIRECTORS' REPORT

Board of Directors

A.H. den Boef
B. Garat
V. Spruijt

Overview of activities

Sagax EURO MTN NL B.V. (also referred to as the "Company") has been incorporated on 17 June 2020. The Company is a 100% subsidiary of AB Sagax (also referred to as "Sagax"). The principal activity of the Company is to provide funding to other members of Sagax group through AB Sagax and Sagax EURO MTN AB. The Company obtains its own funding by issuing debt under a EUR 4,000,000,000 EMTN programme, with latest update and publication on 28 April 2023. AB Sagax guarantees all debt issuance programmes. Bonds issued under the EMTN programme are registered on Euronext Dublin.

The Company's financing requirements in 2021 were met by the issuance of bond series no. 6 with an aggregate nominal volume of EUR 500 million and maturity in year 2028, with carrying value EUR 496.6 million (amortized cost price considering discounts, premiums and broker fees) and bond series no. 7 with an aggregate nominal volume of EUR 500 million and maturity in year 2029, with carrying value of EUR 499.9 million. In 2022 the Company issued bond series no. 8 with an aggregate nominal value of EUR 300 million and maturity in year 2026, with carrying value EUR 298.6 million. In 2023 the Company has not issued any bonds. Total nominal value of outstanding bonds at 31 December 2023 is EUR 1,300 million. All debt is passed on to Group companies on identical terms. Obligations under the bonds are fully guaranteed by AB Sagax.

Developments and results

The profit for the year before taxation amounted to EUR 5.8 thousand. Since AB Sagax guarantees all debt that is issued under the EMTN programme, management does not have any concern with respect to the operations as well as the going concern of the Company. The debt portfolio of the Company as at year-end comprises of fixed note debts and would therefore not be materially impacted by changes in interest rates as it is passed on to Group companies on identical terms. There is no uncertainty assessed on the recoverability of the loans on-lent to the Group.

There have been no significant events affecting the Company's business since year end. Uncertainty about macroeconomic developments as result of the war in the Ukraine remains high. Sagax Euro MTN NL B.V or any company in the group do not operate in Ukraine or Russia. The Company is thus only indirectly affected by the war and its consequences. The Company is following developments to identify and, if possible, address any risks. Management does not expect that there will be a material impact due to or as a result of the crisis in the Ukraine.

The Company has not issued any additional bonds during the first quarter of 2024.

The Company employs no staff. This is not expected to change in 2024. The Management Board of the Company consists of three males. In case a change in formation is deemed necessary, the Company would consider with priority to add a female member to the board.

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

Risk analysis

The Company has an overall low risk appetite. Since AB Sagax has been credit rated Baa2 with a stable outlook (by Moody's) and AB Sagax is guarantor under the EMTN programme, the risks that the Company is exposed to are not materially different from the risks that AB Sagax is exposed to. These risks discussed below could have a material adverse effect separately, or in combination, on the Company's cash flows and financial conditions. The other activities that the Company is exposed to are a consequence of changing circumstances such as competitive position, economic, political, legal, compliance (including any fraud factors) and social circumstances, development in industries and sectors as well as financial circumstances. The most significant risks in general terms are:

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Changes in legislation and fiscal policies

Changes in legislation, taxation (tax rate or policy) can affect the financial position of the Company. The Company is continuously monitoring this and will ensure to comply with applicable legislation at all times.

Credit risk

This relates to the possibility of a loss resulting from a borrower's failure to meet contractual obligations. The Company is exposed to credit risk from its main operating activities of financing other companies within the group.

Interest rate risk

Since the bonds under the EMTN programme are issued against a fixed rate and the bonds have mirroring terms and conditions (with AB Sagax), the Company does not run any risk with respect to changing interest rates.

Operational risk

The operations of the Company are primarily managed at a group level. All funding obtained have a back-to-back lending arrangement to Group companies. This limits any operational risk for the Company.

Financing risk

The conditions on the capital and credit markets can change, which could result in no refinancing of existing liabilities or that refinancing cannot take place on reasonable terms. In order to limit the refinancing risk the company endeavors to secure refinancing before the liabilities become current.

Sustainability

Sagax's sustainability work is part of daily operations and helps to achieve the company's overall goals. To achieve these goals Sagax's operations are consistently conducted with a long-term perspective. Please refer to the Sagax sustainability report which can be found in AB Sagax 2023 Annual Report (www.sagax.nl).

Audit Committee

Since AB Sagax has installed an audit committee in accordance with the EU Directive 2006/43 and EU Regulation 537/2014, the Company is exempt from the requirement to appoint an audit committee.

On behalf of
the Board of Directors

Date: 19 April 2024

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Balance sheet as at 31 December 2023

(before proposed appropriation of net result)

	Notes	Dec. 31, 2023	Dec. 31, 2022
<i>(in EUR)</i>			
Fixed assets			
Non-current financial assets	2	1,296,819,470	1,295,883,796
Current assets			
Receivables	3	10,867,335	10,873,136
Cash	4	771	14,851
Total Assets		<u>1,307,687,576</u>	<u>1,306,771,783</u>
Shareholders' equity			
Issued and paid-up capital	5	0	0
Share Premium		11,793	11,793
Retained earnings		9,010	4,828
Net result		4,664	4,182
		<u>25,467</u>	<u>20,803</u>
Non - current liabilities	6	1,296,819,470	1,295,883,796
Current liabilities	7	10,842,639	10,867,184
Total shareholder's equity and liabilities		<u>1,307,687,576</u>	<u>1,306,771,783</u>

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Profit and loss account for the period 01-01-2023 – 31-12-2023

	Notes	01-01-2023 - 31-12-2023	01-01-2022 - 31-12-2022
<i>(in EUR)</i>			
Financial income	9	14,532,321	13,777,940
Financial expenses	10	<u>(14,532,712)</u>	<u>(13,778,362)</u>
Financial result		(391)	(422)
Other income	11	102,644	87,438
Other operating expenses	11	<u>(96,443)</u>	<u>(82,096)</u>
		<u>6,201</u>	<u>5,342</u>
Result before taxation		5,810	4,920
Tax on result	12	<u>(1,146)</u>	<u>(738)</u>
		<u>(1,146)</u>	<u>(738)</u>
Net result after tax		<u>4,664</u>	<u>4,182</u>

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Cashflow statement for the period 01-01-2023 – 31-12-2023

	01-01-2023 - 31-12-2023	01-01-2022 - 31-12-2022
<i>(in EUR)</i>		
Cash flow from operating activities		
Profit before tax	5,810	4,920
<i>Adjustments for:</i>		
Interest income	(14,532,321)	(13,777,940)
Interest expense	<u>14,532,712</u>	<u>13,778,362</u>
	<u>391</u>	<u>422</u>
Movement in working capital	(16,969)	(6,412)
Loans granted to Group companies	<u>0</u>	<u>(298,455,000)</u>
	<u>(16,969)</u>	<u>(298,461,412)</u>
Cash generated from operating activities	<u>(10,768)</u>	<u>(298,456,070)</u>
Cash flow from financing activities		
Proceeds from Shareholder contributions	0	0
Proceeds from issuance of bonds	0	298,455,000
Corporate income tax paid	(2,921)	0
Interest paid	<u>(391)</u>	<u>(421)</u>
Cash flow from financing activities	<u>(3,312)</u>	<u>298,454,579</u>
Change in Cash and cash equivalents	<u>(14,080)</u>	<u>(1,491)</u>
Cash and equivalents opening balance	<u>14,851</u>	<u>16,342</u>
Cash and equivalents closing balance	<u>771</u>	<u>14,851</u>

Notes to the financial statements

Group affiliation and principal activities

Sagax EURO MTN NL B.V. has its statutory seat in Rotterdam, the Netherlands. The Company is one of the companies of AB Sagax. The term "Companies of AB Sagax" ("Group companies") means companies in which AB Sagax, based in Stockholm, Sweden, either directly or indirectly, has control either through majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits -and be exposed to the majority of the risks. The financial information of the Company has been consolidated in the financial information of AB Sagax, a public listed company incorporated in Stockholm, is known as the " Ultimate Parent Company".

The shares of the Company are held by AB Sagax.

The Company's principal activity is to acquire funds by issuing listed bonds and to make such funds available to Group companies through AB Sagax or Sagax EURO MTN AB.

AB Sagax is a property company investing in commercial properties, primarily in the warehouse and light industrial segment. Sagax's property holdings on 31 December 2023 amounted to 4,331,000 square meters, (2022: 3,895,000) distributed over 903 (2022: 751) properties. AB Sagax (publ) is listed on the Nasdaq Stockholm, Large Cap.

Basis of preparation

The annual accounts are drawn up in accordance with the legal requirements of Part 9, Book 2 of The Netherlands Civil Code. The Company's financial statements were prepared in April 2024. The Company's financial statements are prepared on a going concern basis.

The Company has a EUR functional currency, which reflects the primary economic environment in which the Company operates.

The financial information of the Company and other Group companies is incorporated in the consolidated financial Statements of AB Sagax, which forms part of the Annual Report for the year ended 31 December 2023, which has been deposited at the office of the Chamber of Commerce in Rotterdam, The Netherlands.

The balance sheet and profit and loss account include reference numbers, matching the corresponding numbers in the notes.

1 Accounting policies

Historical cost

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred.

Judgments and estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates and uncertainties. If necessary for the purposes of providing the insight required under Section 362 (1), Book 2 of The Netherlands Civil Code, the nature of these estimates and judgements, including key related assumptions, is disclosed in the notes to the financial statement items in question.

Foreign currency translation

The financial statements are prepared in EUR, the functional and presentation currency of the entity. Each entity in AB Sagax determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies in the reporting period are recognised in the annual accounts at the exchange rate ruling at the transaction date. Monetary assets and liabilities in foreign currencies of the Company are translated into the functional currency at the year-end rate of exchange. Rate of exchange differences resulting from the translation are debited or credited to the profit and loss account.

Non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Impairment of assets

The Company assesses at each balance sheet date whether an asset or group of assets is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognised in the profit and loss account for all categories of assets.

The amount of impairment losses on financial assets stated at amortised cost is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the profit and loss account.

External bonds

External bonds are initially recognised at fair value less attributable costs and subsequently recognised at amortised cost, including the corresponding discount or premium. The discount or premium is amortised on an effective interest rate basis over the life of the debt and taken to the profit and loss account. Coupon payments are recognised on an accrual basis.

Internal loans and receivables from Group companies

Internal loans -and receivables from Group companies are initially recognised at fair value plus attributable costs and subsequently recognised at amortised cost, including the corresponding discount or premium. The discount or premium is amortised on an effective interest rate basis over the life of the debt and taken to the profit and loss account. Coupon payments are recognised on an accrual basis.

1 Accounting policies (continued)

Current assets

On initial recognition, current assets are carried at fair value plus transactions costs and subsequently carried at amortized cost less a provision for doubtful debts when necessary.

Cash at bank

Cash at bank includes bank balances with a maturity of less than twelve months and are stated at face value.

Current liabilities

On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs (in the case of financial liabilities not carried at fair value through profit or loss).

After initial measurement, other current liabilities are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when the liabilities are de-recognised, as well as through the amortisation process.

Non-current liabilities

Non-current liabilities are initially recognised at fair value, less directly attributable transaction costs, in the case of financial liabilities not carried at fair value through profit or loss.

After initial measurement, liabilities are carried at amortised cost using the effective interest method. Gains and losses are taken to the profit and loss account when the liabilities are de-recognised, as well as through the amortisation process.

Shareholder's equity

Direct changes in Equity are recognized net of the relevant income tax effects. The presentation of debt versus equity is based on its legal form, which is in conformity with Dutch regulation.

Financial instruments

Financial instruments on the balance sheet include accounts receivable, other financial fixed assets and current and non-current liabilities.

The principal risks arising from the Company's financial instruments are, interest rate risk, credit risk and liquidity risk. Risks are managed centrally for AB Sagax as a whole. The Company's policy to mitigate this risk is set out below. The Company applies no hedge accounting.

Interest rate risk

The Company's balance sheet includes financial assets and liabilities that have been contracted at fixed interest rates. These assets and liabilities mainly concern lending of funds from financial institutions and on-lending of these funds to a Group company on a back-to-back basis. Any change in market rates affects both assets and liabilities. The Company is therefore not exposed to interest rate risks.

Credit risk

The Company on-lends funds generated from bond issuance to AB Sagax. In turn AB Sagax on-lends the funds to Group companies, all of significant size and importance within AB Sagax. These companies have a proven track record of being reliable creditors. AB Sagax has a credit rating of Baa2 (rating performed by Moody's).

The Company has procedures and policies in place to limit the amount of credit exposure. AB Sagax is guarantor under the EMTN programme.

The contract notional amounts of the financial instruments outstanding give an indication of the extent that these financial instruments are used but not of the exposure to credit or market risk.

Liquidity risk

As the terms and conditions of the loan are aligned to those of the bond issued, also in date and time, the Company does not have any significant concentrations of liquidity risks.

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Contractual maturities of the Company's financial instruments are:

(in EUR)

	Due within 1 year	Due within 1 - 5 years	Due after more than 5 years	Total
2023				
Long-term loan to group	-	800,000,000	500,000,000	1,300,000,000
Interest on loan to group	13,625,000	44,750,000	5,000,000	63,375,000
Total	<u>13,625,000</u>	<u>844,750,000</u>	<u>505,000,000</u>	<u>1,363,375,000</u>

(in EUR)

	Due within 1 year	Due within 1 - 5 years	Due after more than 5 years	Total
2023				
Bond	-	800,000,000	500,000,000	1,300,000,000
Interest payable on bond	13,625,000	44,750,000	5,000,000	63,375,000
Total	<u>13,625,000</u>	<u>844,750,000</u>	<u>505,000,000</u>	<u>1,363,375,000</u>

(in EUR)

2022				
Long-term loan to group	-	300,000,000	1,000,000,000	1,300,000,000
Interest on loan to group	13,625,000	49,625,000	13,750,000	77,000,000
Total	<u>13,625,000</u>	<u>349,625,000</u>	<u>1,013,750,000</u>	<u>1,377,000,000</u>

(in EUR)

	Due within 1 year	Due within 1 - 5 years	Due after more than 5 years	Total
2022				
Bond	-	300,000,000	1,000,000,000	1,300,000,000
Interest payable on bond	13,625,000	49,625,000	13,750,000	77,000,000
Total	<u>13,625,000</u>	<u>349,625,000</u>	<u>1,013,750,000</u>	<u>1,377,000,000</u>

Derecognition of financial assets and liabilities

A financial instrument is derecognised if a transaction results in the transfer, to a third party, of all or nearly all rights to economic benefits and of all or nearly all the risks attached to the position.

Interest income

Interest income is recognised pro rata in the profit and loss account. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received.

Interest expenses

Interest expense is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the interest rate, together with the interest payable on the loan, is recognised in profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.

1 Accounting policies (continued)

Taxation

For the assessment of Dutch income tax, the Company does not form a fiscal unity with any other Group company.

Deferred tax assets and liabilities are recognised in respect of timing differences between fiscal valuation of assets and liabilities and valuation principles as used in these annual accounts. Deferred tax assets and liabilities are calculated based on the statutory tax rates as at year-end or future applicable rates, insofar as already decreed by law.

Deferred tax assets, including those from losses carried forward, are recognised if it is probable that fiscal profit will be available to offset losses, and settlement possibilities can be utilised.

Income tax is calculated on the profit/(loss) before tax in the profit and loss account, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

Deferred income taxes are recognised at face value.

Amortised cost

Amortised cost is the amount at which a financial asset or liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortization using the effective interest method for any difference between this initial amount and the maturity amount, and less any reductions (effected directly or through a provision being formed) for impairment and doubtful debts.

Cash flow statement

The Cash flow statement has been prepared in accordance with the indirect method.

Cash and cash equivalents consist of cash at bank. Any cash flows denominated in foreign currencies have been translated into the functional currency using the exchange rates prevailing at the dates of the transactions. For the purpose of cash flow statement disclosure, the Company treats cash flows associated with the lending of funds to Group companies as operating activities. Cash flows associated with borrowings made from third parties are classified as financing activities.

Notes to the balance sheet

2 Non-current financial assets

	01-01-2023 - 31-12-2023	01-01-2022 - 31-12-2022
<i>(in EUR)</i>		
Carrying amount at start period	1,295,883,796	996,556,678
New loans to Group companies	0	300,000,000
Discounts/transaction costs	0	(1,545,000)
Amortization of discounts/transactions costs	935,674	872,118
Carrying amount at 31 December	1,296,819,470	1,295,883,796

Loans to Group companies

The maturity profiles, fair values and weighted annual rates of interest applicable to long term debt (as detailed in note 6) are consistent with those for financial assets due to the back-to-back nature of lending arrangements.

Besides the amortized cost price of the bond, the premiums, discounts and broker fees have also been added to the Group loan. The Company did not identify any objective indicator triggering that the loan to group companies might be impaired as at 31 December 2023. No allowance for bad debt has been recognised in statement of the accounts. As detailed in note 6, credit risk is judged to be minimal' given that on-lending of funds is made to Group companies with a good credit history.

The interest on the intercompany loans varies between 0.75% and 1.625% (2021: 0.75% and 1.00%).

3 Current assets

	Dec. 31, 2023	Dec. 31, 2022
<i>(in EUR)</i>		
Accrued interest income	10,752,698	10,781,050
Amounts receivable from Group companies	114,452	92,086
Corporate income tax	185	0
Total	10,867,335	10,873,136

Accrued interest income relates to on-lending to Group companies.

4 Cash and cash equivalents

The cash at banks is at the company's free disposal. No bank guarantees have been issued at the balance sheet date.

5 Shareholder's equity

The Company's authorised share capital comprises 1 ordinary share of EUR 0.01, amounting to a nominal value of EUR 0.01. As of 31 December 2023, 1 ordinary share was issued and fully paid with a nominal value of EUR 0.01 (2022: EUR 0.01).

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	January 1 2023	Movements for the period	December 31 2023
<i>(in EUR)</i>			
Issued and paid-up capital	0	0	0
Retained earnings	4,828	4,182	9,010
Share Premium	11,793	0	11,793
Net result	<u>0</u>	<u>4,664</u>	<u>4,664</u>
Total	<u>16,621</u>	<u>8,846</u>	<u>25,467</u>

6 Non-current liabilities

	01-01-2023 - 31-12-2023	01-01-2022 - 31-12-2022
<i>(in EUR)</i>		
Carrying amount at start period	1,295,883,796	996,556,678
New debts issued to the public	0	300,000,000
Bond discounts/transaction costs	0	(1,545,000)
Amortization of discounts/transactions costs	<u>935,674</u>	<u>872,118</u>
Carrying amount at 31 December	<u>1,296,819,470</u>	<u>1,295,883,796</u>

The coupons on bonds vary between 0.75% and 1.625% (2022: 0.75% and 1.625%). AB Sagax, with a credit rating of Baa2 (stable outlook) (Moody's), guarantees all debt issuance programmes.

Fair value

Set out below is a comparison by category of carrying amounts and fair values of all financial assets and liabilities that are carried in the financial statements at amounts other than fair values. All financial assets and liabilities are carried at amortized cost. The carrying amounts of cash and payables and receivables with group companies approximate their fair value and are as a result excluded from the analysis below. No assets are held for sale.

	Dec. 31, 2023		Dec. 31, 2022	
<i>(in EUR)</i>				
Non-current assets	Fair value	Carrying amount	Fair value	Carrying amount
Loan of EUR 500,000,000 due 2028	432.750.537	497.700.746	380.152.087	497.149.496
Loan of EUR 500,000,000 due 2029	414.154.990	499.968.005	354.139.052	499.959.783
Loan of EUR 300,000,000 due 2026	289.461.900	299.150.720	268.303.644	298.774.516
Total	<u>1.136.367.427</u>	<u>1.296.819.471</u>	<u>1.002.594.783</u>	<u>1.295.883.795</u>

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	Dec. 31, 2023		Dec. 31, 2022	
<i>(in EUR)</i>				
Non-current liabilities	Fair value	Carrying amount	Fair value	Carrying amount
Bond of EUR 500,000,000 due 2028	432.750.537	497.700.746	380.152.087	497.149.496
Bond of EUR 500,000,000 due 2029	414.154.990	499.968.005	354.139.052	499.959.783
Bond of EUR 300,000,000 due 2026	289.461.900	299.150.720	268.303.644	298.774.516
Total	1.136.367.427	1.296.819.471	1.002.594.783	1.295.883.795

The fair values and face values of the Group loan receivables are consistent with those shown above for the external bonds. This is due to the mirroring of the terms and conditions of the Company's debt structure. Fair value is calculated based on discounted cash flows.

No loan covenants are in place with respect to the bonds issued by the Company.

7 Current liabilities

	Dec. 31, 2023	Dec. 31, 2022
<i>(in EUR)</i>		
Accrued interest expenses	10,752,698	10,781,050
Amounts payable to Group companies	4,816	4,683
Other accrued expenses	85,125	79,861
Corporate Income Tax	0	1,590
Total	10,842,639	10,867,184

8 Arrangements and commitments not shown in the balance sheet

Contingent liabilities

There are no contingent liabilities.

Notes to the profit and loss account

9 Financial income

	01-01-2023 - 31-12-2023	01-01-2022 - 31-12-2022
<i>(in EUR)</i>		
Interest Income	13,596,647	12,905,822
Amortization	935,674	872,118
Total	14,532,321	13,777,940

10 Financial expenses

	01-01-2023 - 31-12-2023	01-01-2022 - 31-12-2022
<i>(in EUR)</i>		
Interest expense	(13,597,038)	(12,906,244)
Amortization	(935,674)	(872,118)
Total	(14,532,712)	(13,778,362)

11 Other operating expenses and income

The other operating expenses relate to audit and consultancy fees of EUR 67,500 (2021:66,000), recharged management fees of EUR 6,527 (2022: 6,592) and other costs of EUR 22,417 (2022: 13,860). These costs are being recharged to AB Sagax.

12 Taxation

The effective rate in 2023 is 20% (2022: 15%) in comparison to the nominal corporation tax rate in the Netherlands of 19% on the first EUR 200,000 (2022: 15% on the first EUR 395,000) of the profit and 25.8% (2022: 25.8%) on the profit in excess of EUR 200,000 (2022: 395,000). The effective tax rate in 2023 is slightly higher than the nominal corporation tax rate due to a small previous year tax impact.

13 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

All transactions with related parties are transacted under normal market conditions.

14 Employees and salary costs

The Company employed no personnel during the financial year and, therefore, incurred no salary or related costs. The board is not rewarded as they do not spend material time on managing the entity.

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15 Audit fees

The following audit fee and assurance expenses were accrued in the income statement during the year:

	Year ended 31 December 2023	Year ended 31 December 2022
<i>Ernst & Young Accountants LLP</i>		
Audit of the financial statements	55,000	53,500
Other assurance services	12,500	12,500
Total	67,500	66,000

16 Events after the balance sheet date

There have been no noteworthy events affecting the company's business since year end.

The Company has not issued any additional bonds during the first quarter of 2024.

Signatories to the financial statements

For signature of annual accounts:

The Board of Directors

Other information

Articles of Association provisions governing profit appropriation

Profit is appropriated in accordance with Article 21, paragraph 2 of the Articles of Association, which states that profits shall be at the disposal of the General Meeting of Shareholders.

Independent auditor's report

The next pages contain the independent auditor's report pertaining to the Annual Report of the Company for 2023.

Independent auditor's report

To: the shareholder and the board of directors of Sagax EURO MTN NL B.V.

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

Our opinion

We have audited the financial statements for the financial year ended 31 December 2023 of Sagax EURO MTN NL B.V., based in Rotterdam, the Netherlands.

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

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The profit and loss account for 2023
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

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

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

Information in support of our opinion

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

Our understanding of the business

The company was incorporated as a wholly-owned subsidiary of AB Sagax (publ) to raise external finance for AB Sagax (publ) and its subsidiaries (the group). AB Sagax (publ), headquartered in Stockholm, Sweden, is a property company whose business concept is to invest in commercial properties. The main income of Sagax EURO MTN NL B.V. is the interest income from the loans issued to the group and a recharge of operating costs to AB Sagax (publ) with a mark-up. The loans issued to the group are guaranteed by AB Sagax (publ). Interest risks and foreign exchange risks are offset by the loans to the group in the same currency and having identical terms and conditions.

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

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

Materiality

Materiality	€6.5 million (2022: €6.5 million)
Benchmark applied	0.5% of total assets as at 31 December 2023
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflect the source of income and repayments to the holders of the bonds issued by the company. We determined materiality consistent with previous year.

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

We agreed with the board of directors that misstatements in excess of €325 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

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

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

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

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

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

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

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

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

As described in our key audit matter "Valuation of the loans issued to group companies", we specifically considered whether the risks related to management override of controls in assessing whether there is any objective evidence that a financial asset is impaired, and, if any such evidence exists, determining the size of the impairment loss, indicated a management bias that may represent a risk of material misstatement due to fraud.

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

We considered available information and made enquiries of relevant members of the board of directors as well as the group auditor of AB Sagax (publ).

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

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

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

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

Our audit response related to going concern

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

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism.

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

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

Our key audit matter

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

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

Valuation of loans issued to group companies

Risk	The company is exposed to the risk that AB Sagax (publ), Sagax EURO MTN AB (publ) and other group companies, default on meeting their obligations. As the loans issued to group companies (non-current financial assets) represent the most significant portion of the company's assets, any impairment may have a material impact on the company's financial position and result.
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Valuation of loans issued to group companies

	<p>Assessing whether there is any objective evidence that a financial asset is impaired, and, if any such evidence exists, determining the size of the impairment loss, requires significant judgment and determines the ability of the company to fulfil its obligations and to continue as a going concern. We considered the potential risk of management override of controls or other inappropriate influence over the financial reporting process. As such, we identified valuation of loans issued to group companies as key audit matter.</p> <p>We refer to section “Impairment of assets” in Note 1 to the financial statements, where the board of directors has disclosed the accounting policies and procedures in respect of the impairment loss assessment. As disclosed in Note 2 “Non-current financial assets”, the board of directors did not identify any objective indicators triggering that the loans issued to the group companies might be impaired.</p>
<p>Our audit approach</p>	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the company’s accounting policy relating to the impairment of financial assets in accordance with Part 9 of Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 “Financial instruments” and the criteria set to determine that there is objective evidence of an impairment loss and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the identification and assessment of objective evidence for impairment as part of the financial statement closing process.</p> <p>Furthermore, we challenged the board of directors’ assessment based on, amongst others, our analysis of the financial position of AB Sagax (publ), Sagax EURO MTN AB (publ) and other group companies by identification of indicators of non-recoverability of loans issued to these group companies. This includes an assessment on the fair value developments of the bonds issued and whether the group companies met their financial obligations towards the company throughout the year and up to the date of our report, as well by reviewing publicly observable data and by inquiring the group auditor of AB Sagax (publ). Also, we took the impact of events subsequent to 31 December 2023 into account.</p> <p>Finally, we evaluated the related disclosures in the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code.</p>
<p>Key observations</p>	<p>Based on our procedures performed, we concur with the board of director’s assessment that there is no objective evidence as at 31 December 2023 that loans issued to group companies are impaired.</p>

Report on other information included in the annual report

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

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

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

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

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

Report on other legal and regulatory requirements

Engagement

We were engaged by the board of directors as auditor of Sagax EURO MTN NL B.V. on 22 March 2022, as of the audit for the year ended 31 December 2021 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

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

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

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

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

In this respect we also submit an additional report to the audit committee of AB Sagax (publ) and the board of directors in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

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

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

Rotterdam, 19 April 2024

Ernst & Young Accountants LLP

signed by W.P. de Pater