

Hygge Top Investors K/S

C/O CBRE A/S
Rued Langgaards Vej 8
2300 København S
Denmark

CVR no. 41 96 46 93

Annual report 2024

The annual report was presented and approved at
the Company's annual general meeting on

30 June 2025

Jørn Jensen Holm
Chairman of the annual general meeting

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Hygge Top Investors K/S for the financial year 1 January – 31 December 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2024 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 June 2025

On behalf of General partner Hygge GP ApS

Jørn Jensen Holm

Per Alexandar Henrik
Glindtberg Weinreich

Kristian Nittka

Independent Auditor's Report

To the Shareholders of Hygge Top Investors K/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hygge Top Investors K/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial statements 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 and the Parent Company'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 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 and the Parent Company to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and contents of the Financial statements, including the disclosures, and whether the Financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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 and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 30 June 2025
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

René Otto Poulsen
State Authorised
Public Accountant
mne26718

Henrik Hornbæk
State Authorised
Public Accountant
mne32802

Hygge Top Investors K/S
Annual report 2024
CVR no. 41 96 46 93

Management's review

Company details

Hygge Top Investors K/S
C/O CBRE A/S
Rued Langgaards Vej 8
2300 København S
Denmark

CVR no.:	41 96 46 93
Established:	18 December 2020
Registered office:	Copenhagen
Financial year:	1 January – 31 December

On behalf of General partner Hygge GP ApS

Jørn Jensen Holm
Per Alexandar Henrik Glindtborg Weinreich
Kristian Nittka

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Management's review

Financial highlights for the Group

DKK'000	2024	2023	2022	18/12 2020- 31/12 2021
Key figures				
Gross profit/loss	54,772	40,646	5,346	-10,781
Profit/loss before financial income and expenses	54,772	40,646	5,346	-10,781
Fair value adjustment of investment properties	33,134	-26,991	149,492	0
Profit/loss from financial income and expenses	-95,132	-85,379	-19,056	-125
Profit/loss for the year	-23,686	-95,655	110,216	-10,906
Total assets	2,409,020	2,120,731	1,493,072	34,228
Equity	400,105	354,031	360,319	29,691
Investment in property, plant and equipment during the year	289,366	683,586	1,225,208	0
Cash flows from operating activities	-18,400	-40,426	-57,892	-26,805
Cash flows from operating activities	-18,400	-40,426	-57,892	-26,805
Cash flows from investing activities	-289,366	-683,291	-1,225,208	0
Cash flows from financing activities	290,613	728,363	1,311,393	40,597
Ratios				
Current ratio	2.9%	5.3%	10.7%	754.4%
Solvency ratio	16.6%	16.7%	24.1%	86.7%
Average number of full-time employees	0	0	0	0

The financial ratios have been calculated as follows:

Current ratio
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating review

The Group's principal activities

The purpose of the limited partnership is to own, develop, rent and manage real estate, directly and indirectly, as well as related business.

Uncertainty regarding recognition and measurement

Recognition and measurement of the Group's investment properties are subject to uncertainty. The investment properties are measured at fair value according to generally accepted accounting methods. In determining the fair value, significant estimates are used that are by nature associated with uncertainty.

Development in activities and financial position

The Parent Company's income statement for 2024 shows a loss of -52,113 thousand as against a loss of -107,584 thousand in 2023. Equity in the Parent Company's balance sheet at 31 December 2024 stood at 344,113 thousand as against 326,466 thousand at 31 December 2023.

The Group's income statement for 2024 shows a loss of -23,686 thousand as against a loss of -95,655 thousand in 2023. Equity in the Group's balance sheet at 31 December 2024 stood at 403,789 thousand as against 354,031 thousand at 31 December 2023.

The result for the year is not considered satisfactory and is due to higher vacancy in several of the properties and increased interest expenses due to market conditions.

The financial year 2024 has been characterized by the acquisition of 1 real estate company.

Profit for the year compared to expected development

The Group has realized a loss of 25,908 thousand before tax and fair value adjustments, where expectations were a profit of DKK 20,000 – DKK 25,000 thousand. The negative deviation from expectations can be attributed to higher vacancy in several of the properties during the year and includes increased costs related to reducing the vacancy rate, and increased interest expenses due to market conditions.

Expected development

The group does not expect new investment activity in 2025 compared to 2024

The Group's operations are expected to generate a positive result before tax and fair value adjustment of DKK 12,000 - DKK 15,000 thousand for the coming financial year. A higher operating margin is expected due to less vacancy and less impact from acquisition costs. The Group's gross profit for 2025 is expected to be in the range of DKK 70,000 – DKK 85,000 thousand.

The expectations for the coming year may be affected by the current geopolitical conditions, inflation and interest rate developments.

Unusual circumstances

There have been no unusual circumstances that have affected recognition or measurement.

Knowledge resources

The Group has sufficient knowledge resources, including key personnel, to secure and maintain future earnings.

Management's review

Operating review

Environmental matters

The Group's activities do not have a direct impact on the external environment, which is why no measures have been taken to mitigate this.

Research and development activities

The Group has no research and development activities. The Group has no research and development activities.

Interest rate risks

Interest rate risks are mainly related to the Group's debt to mortgage credit institutions. The Group is exposed to changes in interest rates in the market, which means that profit, cash flows and equity are affected by changes in interest rates.

The primary objective of interest rate risk management is to reduce the negative impact of fluctuations on earnings and cash flows in the short term, which contributes to increased predictability.

It is the Group's interest rate policy to hedge commercial interest rate risks. Hedging is primarily done by entering into interest rate Cap agreements to hedge within the coming years. This minimizes exposure to changes in the interest rate level, which has a negative impact on the company's earnings and cash flows. From an accounting perspective the entered hedge contracts do not meet the hedging criteria and thus value adjustments are recognized in the income statement.

Events after the balance sheet date

Reference is made to note 19, in which the matter is described.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group		Parent Company	
		2024	2023	2024	2023
Gross profit/loss		54,772	40,646	-636	-684
Fair value adjustment of investment properties	7	33,134	-26,991	0	0
Other financial income	3	1,564	1,489	656	8
Impairment losses of financial assets	8	0	0	-52,133	-106,908
Other financial expenses	4	-96,696	-86,868	0	0
Loss before tax		-7,226	-71,724	-52,113	-107,584
Tax on profit/loss for the year	5	-16,460	-23,931	0	0
Loss for the year	6	-23,686	-95,655	-52,113	-107,584

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
ASSETS					
Fixed assets					
Property, plant and equipment					
Investment properties	7	2,353,500	2,031,000	0	0
Investments					
Equity investments in group entities	8	0	0	344,156	326,526
Total fixed assets		2,353,500	2,031,000	344,156	326,526
Current assets					
Receivables					
Trade receivables		8,090	15,952	0	0
Other receivables	9	16,433	18,806	0	0
Corporation tax		305	677	0	0
Prepayments	10	1,115	7,566	0	0
		25,943	43,001	0	0
Cash at bank and in hand		29,577	46,730	254	268
Total current assets		55,520	89,731	254	268
TOTAL ASSETS		2,409,020	2,120,731	344,410	326,794

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
EQUITY AND LIABILITIES					
Equity					
Contributed capital		505,696	435,936	505,696	435,936
Retained earnings		-105,591	-81,905	-161,583	-109,470
Total equity		400,105	354,031	344,113	326,466
Provisions					
	11				
Provisions for deferred tax		61,490	66,000	0	0
Total provisions		61,490	66,000	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions					
	12				
Debt to credit institutions		1,517,883	1,341,604	0	0
Payables to group entities		340,766	296,134	0	0
		1,858,649	1,637,738	0	0

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		31/12 2024	31/12 2023	31/12 2024	31/12 2023
Current liabilities other than provisions					
Other credit institutions, current liabilities	12	5,703	5,171	0	0
Trade payables		35,885	23,809	297	328
Payables to group entities	12	656	1,246	0	0
Corporation tax		1,986	769	0	0
Other payables		3,777	0	0	0
Deferred income		8,686	5,242	0	0
Deposits		32,083	26,725	0	0
		<u>88,776</u>	<u>62,962</u>	<u>297</u>	<u>328</u>
Total liabilities other than provisions		<u>1,947,425</u>	<u>1,700,700</u>	<u>297</u>	<u>328</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,409,020</u></u>	<u><u>2,120,731</u></u>	<u><u>344,410</u></u>	<u><u>326,794</u></u>
Average number of full-time employees	2				
Contractual obligations, contingencies, etc.	13				
Mortgages and collateral	14				
Currency and interest rate risks and the use of derivative financial instruments	15				
Related party disclosures	16				
Disclosure of events after the balance sheet date	19				

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Group		
DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2024	435,936	-81,905	354,031
Cash capital increase	69,760	0	69,760
Transferred over the profit appropriation	0	-23,686	-23,686
Equity at 31 December 2024	505,696	-105,591	400,105

	Parent Company		
DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2024	435,936	-109,470	326,466
Cash capital increase	69,760	0	69,760
Transferred over the distribution of loss	0	-52,113	-52,113
Equity at 31 December 2024	505,696	-161,583	344,113

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group	
		2024	2023
Loss for the year		-23,686	-95,655
Other adjustments	17	62,853	98,436
Cash flows from operations before changes in working capital		39,167	2,781
Changes in working capital	18	38,029	42,172
Cash flows from ordinary activities		77,196	44,953
Financial income		1,564	1,489
Financial expense		-96,696	-86,868
Corporation tax paid		-464	0
Cash flows from operating activities		-18,400	-40,426
Acquisition of property, plant and equipment		-289,366	-683,291
Cash flows from investing activities		-289,366	-683,291
Paid mortgage debt		-4,293	0
Increase mortgage debt		181,104	473,390
Increase debt to group entities and associates		44,042	109,670
Increase share capital		69,760	145,303
Cash flows from financing activities		290,613	728,363
Cash flows for the year		-17,153	4,646
Cash and cash equivalents at the beginning of the year		46,730	42,084
Cash and cash equivalents at year-end		29,577	46,730

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Hygge Top Investors K/S for 2024 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and parent company financial statements are consistent with those of last year.

The consolidated financial statements and the parent company financial statements are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the company, and the value of the assets can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Hygge Top Investors K/S, and subsidiaries in which Hygge Top Investors K/S directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign currency translation

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Rental revenue is recognised as income on a straight line basis over the lease period. When the Company provides incentives to its tenants, the cost of incentives is recognised over the lease period on a straight line basis.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprises items secondary to the activities of the Company.

Other external costs

Other external costs comprise costs of administrative expenses and costs of premises.

Fair value adjustment of investment property

Value adjustment of investment comprises value adjustment of property at fair value.

Financial income and expenses

Financial income and expenses comprise interest income and expense and gains and losses on transactions denominated in foreign currencies.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Hygge Top Investors K/S is a tax transparent entity and therefore not subject to corporate tax.

Balance sheet

Investment properties

Investment properties are initially measured at cost. Cost comprises purchase price and any directly attributable expenditure until the date when the property is ready for use. Investment property is subsequently measured at fair value, equivalent to the amount for which the individual property is deemed to be sellable to an independent purchaser at the balance sheet date.

The properties are valued using the discounted cash flow where a property's fair value is estimated based on the future cash-flows generated by the property discounted by the capitalization rate. The calculated value is adjusted for expected future change in rental value, voids, capital expenses and other special circumstances.

The valuation model applied is in accordance with the International Valuation Standards.

Investment properties are not depreciated.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Adjustment for the year of the property's fair value is recognised in the income statement.

Subsequent costs are recorded under investment properties, if it is probable that the company will gain an economic benefit from them. The cost for repairs and current maintenance are recognized in the income statement as incurred.

Equity investments in group entities

Equity investments in group entities are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of insurance, lift service, waste management and other subscription costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The Parent Company is a tax transparent entity and therefore not subject to corporate tax.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Liabilities other than provisions

Financial liabilities related to borrowings are recognised at the received proceeds. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Liabilities relating to investment properties are measured at amortised cost.

Other liabilities are measured at amortised cost.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's contributed capital and costs in this respect as well as raising of loans, installments on interest-bearing debt and distribution of dividends to owners.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group		Parent Company	
	2024	2023	2024	2023
2 Average number of full-time employees				
Average number of full-time employees	0	0	0	0
3 Other financial income				
Interest income from group entities	0	30	0	0
Interest credit institutions	1,564	1,459	656	8
	1,564	1,489	656	8
4 Other financial expenses				
Interest expense to group entities	23,244	18,280	0	0
Interest credit institutions	69,314	47,017	0	0
Other financial costs	16	528	0	0
Fair value adjustments of financial instruments	4,122	21,043	0	0
	96,696	86,868	0	0
5 Tax on loss for the year				
Current tax for the year	1,681	92	0	0
Deferred tax for the year	14,879	23,839	0	0
Adjustment of tax concerning previous years	-100	0	0	0
	16,460	23,931	0	0
6 Proposed distribution of profit/loss				
Retained earnings	-23,686	-95,655	-52,113	-107,584

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7 Property, plant and equipment

	Group
DKK'000	Investment properties
Cost at 1 January 2024	1,908,499
Additions for the year	289,366
Cost at 31 December 2024	2,197,865
Revaluations at 1 January 2024	122,501
Revaluations for the year	33,134
Revaluations at 31 December 2024	155,635
Depreciation and impairment losses at 31 December 2024	0
Carrying amount at 31 December 2024	2,353,500

The management's estimate of the value of the investment properties is determined by market conforming standards and is based on an assessment of the current returns, maintenance conditions, and of the required investment property returns.

The fair value of investment properties in the annual report is estimated by the Company's management based on independent appraiser reports. The fair value is calculated as capitalised earnings value of properties determined from the expected future rent, the current tenants' abilities to fulfil their contractual obligations, periods of vacancy, operating costs, maintenance needs, expected CAPEX investments and estimates of the return requirements. Based on this, a DCF method, that the management considers most suitable for the valuation, has been applied. Budget period in the DCF model is 11 years and year 12 are used as terminal value.

The return requirement estimates are based on information about the general regional development in return requirements and other relevant local conditions.

Key assumptions:

The properties totalling 102,300 sqm. are located in Viborg, Horsens, Ringsted, Randers, Silkeborg, Kolding, Slagelse and Vorup and are used for rental. The fair value of investment properties is estimated based on the future cash-flow generated by the property discounted by the WACC.

An individually determined WACC of 6.60 - 6.75% consisting of a required rate of return of 4.60 - 4.75% and an inflation rate of 2.0% has been applied when valuating the property. According to the external report at 31 December 2024, the fair value amounts to DKK 2,353.5 million. Changes in estimated WACC for investment properties will affect the value of investment properties recognized in the balance sheet as well as value adjustments carried in the income statement.

A vacancy rate of 0-1% in year 1 and 0% from year 2 and onwards has been applied. Furthermore, a growth in rental income of 2% over the budget period has been applied.

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8 Investments

DKK'000	Parent Company Equity investments in group entities
Cost at 1 January 2024	433,434
Additions for the year	69,763
Cost at 31 December 2024	503,197
Revaluations at 1 January 2024	-106,908
Revaluations for the year, net	-52,133
Revaluations 31 December 2024	-159,041
Carrying amount at 31 December 2024	344,156

Name/legal form	Registered office	Voting rights and ownership interest	Equity DKK'000	Profit/loss for the year DKK'000
Subsidiaries of Hygge Investors K/S:				
Hygge Investors K/S	Denmark	100%	199,839	-31,598
Absalonsvej 7 ApS	Denmark	100%	26,570	-4,888
Bakken, Horsens ApS	Denmark	100%	31,256	-4,660
Gl. Hobrovej, Randers ApS	Denmark	100%	28,138	-2,679
Gudenåparken Nord ApS	Denmark	100%	23,059	-1,288
Gudenåparken Øst ApS	Denmark	100%	9,948	-1,698
HERNINGVEJ 102, SILKBEBORG ApS	Denmark	100%	33,481	-3,046
NS 1 ApS	Denmark	100%	27,170	-35
Stadionvej, Kolding ApS	Denmark	100%	21,968	-526

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8 Investments (continued)

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
Hygge II Investors K/S	Denmark	100%	144,317	-19,885
Subsidiaries of Hygge II Investors K/S:				
Ejendomsselskabet Kasernebyen delområde 1	Denmark	100%	17,222	-637
Ejendomsselskabet Kasernebyen delområde 2	Denmark	100%	24,749	-1,708
Ejendomsselskabet Kasernebyen delområde 3	Denmark	100%	34,170	267
Gudenåparken Syd ApS	Denmark	100%	16,388	-1,564
Ndr. Ringgade, Slagelse ApS	Denmark	100%	66,017	-5,306

In the financial year 2024, the company Ndr. Ringgade, Slagelse ApS has been acquired.

9 Other receivables

Other receivables include interest rate cap with value as shown below:

	Group
DKK'000	31/12 2024
Fair value at 1 January 2024	18,806
Realised / settled during the year	1,749
Fair value adjustment during the year	-4,122
Fair value at 31 December 2024	16,433

10 Prepayments

The prepayments in 2023 relates to concluded forward purchases of 3 properties where 1 property was delivered in 2024 and 2 were cancelled.

Prepayments comprise prepayment of subscription costs incurred relating to subsequent financial years.

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11 Deferred tax liability

	Group		Parent Company	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
DKK'000				
Deferred tax at 1 January	66,000	23,998	0	0
Deferred tax adjustment for the year in the income statement	-14,879	23,839	0	0
Acquisition of subsidiary	10,339	18,163	0	0
	<u>61,460</u>	<u>66,000</u>	<u>0</u>	<u>0</u>

12 Non-current liabilities other than provisions

	Group		
	Total debt at 31/12 2024	Repayment, first year	Outstanding debt after five years
DKK'000			
Debt to credit institutions	1,523,586	5,703	459,812
Payables to group entities	341,422	656	0
	<u>1,865,008</u>	<u>6,359</u>	<u>459,812</u>

At current financial year, there is interest bearing loan from BSCH III DAC, West Street Real Estate Investment Partners Master S.a.r.l, West Street Real Estate Investment Partners Employee Fund Offshore Investment Aggregator SLP, West Street (I) Hygge , LLC and Rubik Properties ApS with maturity date 31 January 2027 and 14 February 2029. Loans bears a fixed interest rate of 4.04% to 9.02%. Interest payable on the loans as at 31 December 2024 is DKK 9,213,877. (2023: DKK 1,243,434).

13 Contractual obligations, contingencies, etc.

Contingent liabilities

The entities participates in a Danish joint taxation arrangement where Hygge GP ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Mortgages and collateral

As security for debt to credit institutions, a pledge of DKK 1,534.4 million has been deposited in investment properties with a carrying amount of DKK 2,353.5 million.

Security (Virksomhedspant) has been given with a net carrying amount of DKK 9 million.

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15 Currency and interest rate risks and the use of derivative financial instruments

The Group hedges interest rate risks commercially by means of interest rate cap whereby any increase in the floating interest rates beyond the hedged threshold will be compensated. From an accounting perspective the entered hedge contracts do not meet the hedging criteria and thus value adjustments are recognised in the income statement. The fair value of the hedge is expected to be realized in future and will affect the results over the remaining term of the Cap.

Interest rate risks

DKK'000	Aggregate Premium paid	Value adjustment recognised in equity	Fair value	Remaining term
Interest rate cap	49,498	0	5,751	3 years
	49,498	0	5,751	3 years

16 Related party disclosures

Hygge Top Investors K/S' related parties comprise the following:

Control

WS Hygge JVCO S.à r.l., 2 Rue du Fossé, Luxembourg.

WS Hygge JVCO S.à r.l. holds the majority of the contributed capital in the Company.

Related party transactions

In accordance with section 98 c(6) of the Danish Financial Statements Act, related party transactions have not been disclosed in the consolidated financial statements and parent company financial statements, as they were conducted on an arm's length basis.

DKK'000	Group	
	2024	2023
Financial income	1,564	1,489
Financial expense	-96,696	-86,868
Tax on loss for the year	-1,681	0
Fair value adjustment of investment properties	33,134	-26,991
Net effect from acquisition of group entities	-3,684	55,936
Provisions of deferred tax	4,510	-42,002
	<u>-62,853</u>	<u>-98,436</u>

17 Other adjustments

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18 Change in working capital

Changes in receivables	17,058	28,342
Change in trade and other payables	<u>20,971</u>	<u>13,830</u>
	<u>38,029</u>	<u>42,172</u>

19 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.