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 2022

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

7 July 2023

Jørn Jensen Holm
Chairman of the annual general meeting

Contents

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 2022.

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 2022 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 2022.

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, 7 July 2023
On behalf of Komplementar Hygge GP ApS

Jørn Jensen Holm	Per Alexander Henrik Glindtborg 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 2022, 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 2022 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 2022, 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 ("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 the 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 Financials 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 Statement Act. We did not identify any material misstatement in Management's Review.

Independent auditor's report

Management's responsibility for the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 judgment and maintain professional skepticism 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.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance 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.

Hellerup 7 July 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

René Otto Poulsen State Authorised Public Accountant mne26718	Henrik Hornbæk State Authorised Public Accountant mne32802

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 Komplementar Hygge GP ApS

Jørn Jensen Holm
Per Alexander Henrik Glindtborg Weinreich
Kristian Nittka

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup
Denmark

Management's review

Financial highlights for the Group

DKK'000	2022	18/12 2020-31/12 2021
Key figures		
Gross profit/loss	5,346	-10,781
Profit/loss before financial income and expenses	5,346	-10,781
Profit/loss from financial income and expenses	-19,056	-125
Profit/loss for the year	110,216	-10,906
Total assets	1,493,072	34,228
Equity	360,319	29,691
Investment in property, plant and equipment	1,225,208	0
Cash flows from operating activities	-57,892	-26,805
Cash flows from investing activities	-1,225,208	0
Cash flows from financing activities	1,311,393	40,597
Ratios		
Current ratio	10.7%	754.4%
Solvency ratio	24.1%	86.7%
Average number of full-time employees	0	0

The financial ratios have been calculated as follows:

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

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

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 2022 shows a loss of -1,665 thousand as against -221 thousand in 2021. Equity in the Parent Company's balance sheet at 31 December 2022 stood at 288,747 thousand as against 40,376 thousand at 31 December 2021.

The Group's income statement for 2022 shows a profit of 110,216 thousand as against a loss of -10,906 thousand in 2021. Equity in the Group's balance sheet at 31 December 2022 stood at 360,319 thousand as against 29,691 thousand at 31 December 2021.

The financial year 2022 has been characterized by the acquisition of 7 real estate companies.

Expected development

The Group is expected to continue the investment activity in 2023 in the same order of magnitude as in 2022.

The Group's operations are expected to generate a positive result for the coming financial year with the same Operating Margin as in 2022.

Total earnings are expected to be around zero with no impact from value adjustment of the properties.

The expectations for the coming year are based on a relatively stable interest rate level and the planned acquisitions being completed.

Unusual circumstances

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

Knowlegde resources

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

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.

Management's review

Operating review

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 fixing 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.

Events after the balance sheet date

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

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

Income statement

		Group		Parent Company	
DKK'000	Note	2022	18/12 2020-31/12 2021	2022	18/12 2020-31/12 2021
Gross profit/loss		5,346	-10,781	-1,665	-221
Fair value adjustment of investment properties		149,492	0	0	0
Other financial income	3	2,502	0	0	0
Other financial expenses	4	-21,558	-125	0	0
Profit/loss before tax		135,782	-10,906	-1,665	-221
Tax on profit/loss for the year		-25,566	0	0	0
Share of profit/loss for the year	5	110,216	-10,906	-1,665	-221

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	31/12 2022	31/12 2021	31/12 2022	31/12 2021
ASSETS					
Fixed assets					
Property, plant and equipment	6				
Investment properties		1,374,700	0	0	0
Investments	7				
Equity investments in group entities		0	0	288,633	40,597
Total fixed assets		1,374,700	0	288,633	40,597
Current assets					
Receivables					
Trade receivables		10,841	0	0	0
Receivables from group entities		4,945	280	0	0
Other receivables		45,300	0	270	0
Prepayments	8	15,202	20,156	0	0
		76,288	20,436	270	0
Cash at bank and in hand		42,084	13,792	308	0
Total current assets		118,372	34,228	578	0
TOTAL ASSETS		1,493,072	34,228	289,211	40,597

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

Balance sheet

		Group		Parent Company	
DKK'000	Note	31/12 2022	31/12 2021	31/12 2022	31/12 2021
EQUITY AND LIABILITIES					
Equity					
Contributed capital		290,633	40,597	290,633	40,597
Retained earnings		69,686	-10,906	-1,886	-221
Total equity		360,319	29,691	288,747	40,376
Provisions	9				
Provisions for deferred tax		23,998	0	0	0
Total provisions		23,998	0	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	10				
Debt to credit institutions		873,385	0	0	0
Payables to group entities		187,972	0	0	0
		1,061,357	0	0	0
Current liabilities other than provisions					
Trade payables		22,133	4,286	175	81
Payables to group entities		4,683	140	289	140
Corporation tax		24	0	0	0
Other payables		2,091	111	0	0
Deferred income		1,435	0	0	0
Deposits		17,032	0	0	0
		47,398	4,537	464	221
Total liabilities other than provisions		1,108,755	4,537	464	221
TOTAL EQUITY AND LIABILITIES		1,493,072	34,228	289,211	40,597

Average number of full-time employees	2
Contractual obligations, contingencies, etc.	11
Mortgages and collateral	12
Currency and interest rate risks and the use of derivative financial instruments	13
Related party disclosures	14

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 2022	40,597	-10,906	29,691
Net effect from acquisition of group entities	0	-29,624	-29,624
Cash capital increase	250,036	0	250,036
Transferred over the profit appropriation	0	110,216	110,216
Loss from investments in group enterprises	0	0	0
Equity at 31 December 2022	290,633	69,686	360,319

	Parent Company		
DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	40,597	-221	40,376
Cash capital increase	250,036	0	250,036
Transferred over the distribution of loss	0	-1,665	-1,665
Equity at 31 December 2022	290,633	-1,886	288,747

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

Cash flow statement

DKK'000	Note	Group 2022	Group 18/12 2020-31/12 2021
Profit/loss for the year		110,216	-10,906
Other adjustments of non-cash operating items	15	-136,062	125
Cash generated from operations before changes in working capital		-25,846	-10,781
Changes in working capital	16	-12,990	-15,899
Cash generated from operations		-38,836	-26,680
Financial income		2,502	0
Financial expenses		-21,558	-125
Cash flows from operating activities		-57,892	-26,805
Acquisition of property, plant and equipment		-1,225,208	0
Cash flows from investing activities		-1,225,208	0
Shareholders:			
Increase of mortgage debt		873,385	0
Increase of debt to group entities and associates		187,972	0
Increase in share capital		250,036	40,597
Cash flows from financing activities		1,311,393	40,597
Cash flows for the year		28,293	13,792
Cash and cash equivalents at the beginning of the year		13,792	0
Cash and cash equivalents at year-end		42,084	13,792

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 2022 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 depriciation, 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 assts can be mesasured reliable.

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.

The Parent Company 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 mpairment 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 and 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 or equity, respectively.

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 therefor 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 entities and activities, 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

		Group		Parent Company	
	DKK'000	2022	18/12 2020-31/12 2021	2022	18/12 2020-31/12 2021
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	2,074	0	0	0
	Fair value adjustments of financial instruments	428	0	0	0
		2,502	0	0	0
4	**Other financial expenses**				
	Interest expense to group entities	8,233	0	0	0
	Other financial costs	13,325	125	0	0
		21,558	125	0	0
5	**Proposed distribution of profit/loss**				
	Retained earnings	110,216	-10,906	-1,665	-221

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

Notes

6 Property, plant and equipment

	Group
DKK'000	Investment properties
Cost at 1 January 2022	0
Additions for the year	1,225,208
Cost at 31 December 2022	1,225,208
Revaluations for the year	149,492
Revaluations at 31 December 2022	149,492
Depreciation and impairment losses at 31 December 2022	0
Carrying amount at 31 December 2022	1,374,700

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. 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.

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

Key assumptions:

The property totalling 59,034 sqm. is located in Silkeborg, Ringsted, Randers, Viborg and Horsens and is mainly used for rental. The fair value of investment properties is estimated based on the future cash-flows generated by the property discounted by the capitalization rate.

An individually determined discounted interest rate of 6.35 - 6.5 % consisting of a required rate of return of 4.35 - 4.5 % and an inflation rate of 2,0% has been applied when valuating the property. According to the external report at 31 December 2022, the valuation amounts to DKK 1,375 million. Changes in estimated required rate of return 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.

Sensitivity analysis:

An increase of discounted interest rate by 0.5 percentage points would reduce the property value by DKK 56,4 million, and a decrease in discounted interest rate by 0.5 percentage points would increase the property value by DKK 59,4 million at the balance sheet date.

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

Notes

7 Investments

	Parent Company
DKK'000	Equity investments in group entities
Cost at 1 January 2022	40,597
Additions for the year	248,036
Cost at 31 December 2022	288,633
Carrying amount at 31 December 2022	288,633

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
NS 1 ApS	Denmark	100%	30,702	11,989
Bakken, Horsens ApS	Denmark	100%	45,691	13,914
HERNINGVEJ 102, SILKEBORG ApS	Denmark	100%	55,426	28,260
Ejendomsselskabet Kasernebyen delområde 1 ApS	Denmark	100%	16,869	23,048
Gudenåparken Øst ApS	Denmark	100%	16,053	3,251
Gl. Hobrovej, Randers ApS	Denmark	100%	47,580	22,387
Absalonsvej 7 ApS	Denmark	100%	44,335	7,605
Hygge Investors K/S	Denmark	100%	214,264	-4,944
Hygge II Investors K/S	Denmark	100%	45,465	-13,274
			516,385	92,236

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

Notes

8 Prepayments

The prepayments in 2022 relates to concluded forward purchases of 8 properties that will be delivered in 2023.

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

	Group		Parent Company	
DKK'000	31/12 2022	31/12 2022	31/12 2022	31/12 2022
9 Deferred tax				
Deferred tax at 1 January	0	0	0	0
Deferred tax adjustment for the year in the income statement	23,998	0	0	0
	23,998	0	0	0

10 Non-current liabilities other than provisions

	Group	
DKK'000	31/12 2022	Outstanding debt after five years
Debt to credit institutions	873,385	745,188
Payables to group entities	187,972	0
	1,061,357	745,188

11 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.

12 Mortgages and collateral

Investment properties with a carrying amount of DKK 1,375 million at 31 December 2022 have been provided as collateral to credit institutions to secure loan of 878 million.

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

Notes

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

The Group hedges interest rate risks by means of interest rate swaps whereby floating interest payments are converted to fixed interest payments. The hedged cash flows are expected to be realised and will affect results over the remaining term of the swap.

Currency risks

DKK'000	Amount	Value adjustment recognised in equity	Fair value	Remaining term
Interest rate swaps	49,498	0	43,444	4
	49,498	0	43,444	4

14 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.
West Street Hygge Holdco 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.

Consolidated financial statement

Hygge Top Investors K/S is part of the consolidated financial statements of The Goldman Sachs Group Inc., 200 West Street, New York, N.Y, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of The Goldman Sachs Group can be obtained by contacting the companies at the addresses above.

Related party transactions

In accordance with section 98 c(7) 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.

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

Notes

DKK'000	Group 2022	Group 18/12 2020-31/12 2021
15 Other adjustments		
Financial income	2,502	0
Financial expense	-21,558	-125
Fair value adjustment of investment properties	149,492	0
Net effect from acquisition of group entities	29,624	0
Provisions	-23,998	0
	136,062	-125
16 Change in working capital		
Changes in receivables	-55,852	-20,436
Change in trade and other payables	42,862	4,537
	-12,990	-15,899