



THYLANDER

Annual Report 2023

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Thylander at a glance

We are a leading mid-market private equity real estate firm with a unique approach to value creation through our vertically integrated setup across the full value chain

Since our inception in 1986, we have consistently delivered market-best returns to our investors. At the core of our business model is our vertically integrated setup across the full real estate value chain, facilitating the capture of value in all phases of the investment life cycle for the benefit of our investors.

We are a partner-led firm with a time-tested and consistent best-in-class track record. We operate in the Danish mid-market segment, applying our unique value-add methodology to deliver a superior risk-return trade-off for our investors.

Working with a focused set of products, we provide investors access to our discretionary funds as well as to our transaction advisory and development advisory services – depending on their preferences.

Our business model offers two types of products to investors:

1

DISCRETIONARY FUNDS

TG Partners-series

Building on our market-leading track record, the TG Partners-series invests in well-located standing assets (residential, office) in Greater Copenhagen with a value-add potential.

Build for Life

The fund's mission is to develop rental properties in Greater Copenhagen with a pronounced emphasis on high-quality architecture and an ambitious carbon reduction scheme.

2

ADVISORY

Transaction advisory

We provide valuable insights into the Danish real estate market, offering a comprehensive range of services to support our clients' investment goals and help them make informed decisions.

Development advisory

Our experienced team, with an extensive industry network, handles complex projects in collaboration with external partners. We aim to develop high-quality products with lasting architectural value in every project.

Our business

In 2023, we successfully fundraised for two funds and further developed our organizational setup to support our ambitious growth targets

Strategic focus on discretionary funds and advisory business

Going forward, the focus of Thylander will be operating as a fund manager, fundraising for and managing discretionary funds. In addition, we will continue to grow our advisory business. This aligns with our historical core business and builds upon our market-leading track record.

Successful fundraising

Despite the tough market conditions of 2023, we successfully completed first close for our develop-to-core fund, 'Build for Life' in October. We also raised capital for the TG Partners VIII fund, which is the eighth iteration of our successful value-add strategy for prime real estate in Greater Copenhagen (first close completed in January 2024).

Continued development of the team

Our success is attributed to our driven and innovative team, to whom we extend our gratitude for their efforts. In 2024, we will prioritize further collective development as a team and company.

Planting seeds for 2024

We are cautiously optimistic for 2024, entering the year having successfully fund-raised for two new funds and seeing an early improvement in market. We believe that 2024 is likely to bring interesting opportunities as the market correction leads to new opportunities.

Sustained focus on ESG

Throughout 2023, we advanced our ambitious ESG and sustainability targets under our FIVE:FIFTY strategy, achieving notable milestones.



We are guided by our mission, vision and values which serve as our framework for decision-making

OUR VISION

Improving people's lives by creating real estate that stands the test of time

OUR MISSION

To be a leading force in creating a better world through real estate

OUR VALUES

People centricity

We are the talent magnet and the people developer in real estate

Unity

We cooperate with colleagues, investors and the broader community in a candid and helpful way to make each other better

Entrepreneurship

We dare to seek, create and execute high-value opportunities

Integrity

We dare to confront challenges and always stay true to our moral compass

Excellence

We focus on matters with the highest impact, deliver high quality in all we do and build our company on the best ideas

Letter from management

» In light of the current market environment, we are pleased to have received significant backing for our new 'Build for Life' fund, which will benefit both our investors and the families that will live in these high-quality properties in Greater Copenhagen «

Lars Thylander, Founding Partner and CEO

Tough market conditions in 2023

2023 was a challenging year. We navigated macroeconomic headwinds fueled by increasing interest rates and continued geopolitical uncertainties, leading to a significant slowdown in the commercial real estate sector. Specifically, this meant that the low transaction and development activity seen in the second half of 2022 continued into 2023.

Despite the tough market conditions, we successfully raised new capital and completed first close for our develop-to-core fund, 'Build for Life'. The fund's mission is to develop rental properties in Greater Copenhagen with a pronounced emphasis on high-quality architecture and an ambitious carbon reduction scheme. Beyond the choice of materials and quality architecture, the ambition is to build 'Build for Life' properties with carbon emissions at least 30% below stipulated building regulations. This standard is something we're committed to enhancing progressively over the coming years, without compromising returns.

In addition to 'Build for Life', we also raised capital for the TG Partners VIII fund, which is the eighth iteration of our successful value-add strategy for prime real estate in Greater Copenhagen (first close completed in January 2024). We see

sustained demand for quality rental properties in Greater Copenhagen, considering both the insufficient supply over the past decade (as well as the current slowdown in construction) and in response to projected population trends.

Both funds are ideally positioned to capitalize on market conditions in the coming years – spanning prime standing assets in Greater Copenhagen as well as residential building plots. We are positioned in the mid-market segment, where we see the best risk-reward trade-off within the asset class.

Back to core - strategic adjustment and organizational changes

Partly in response to tough market conditions, we adjusted our strategic focus. Going forward, our focus will be as a partner-led, mid-market, vertically integrated fund manager managing discretionary funds and growing our advisory business. In addition, we will continue to invest significantly to sustain our leadership within the ESG-agenda. This aligns with our historical core business and builds upon our market-leading track record.

Regrettably, this strategic shift led to organizational changes, where we unfortunately had to say goodbye to dedicated and competent employees. We would like to express our sincere thanks to them all for their efforts and their significant contributions to developing the company.

Despite the tough market conditions, our development arm, Sophienberg, has in the past year initiated, among other things, two major residential projects for external clients, initiated a local plan for a well-located housing project of 16,000 sqm owned by Thylander, and entered into a collaboration agreement for a 40,000 sqm development project in North Zealand, which is expected to be realized over the next three to five years.

Our transaction advisory business carried out various projects for clients as well as developed new client relationships. In this area, we also believe that we are well positioned to serve an even broader range of clients in 2024.

Strong historical performance attracted new investors

Despite the tough market conditions, we had the pleasure of welcoming several new investors to our develop-to-core fund, 'Build for Life', combined with backing from existing investors, who also participated in the fundraising round in 2023.

During the year 'InsideBusiness' published an article comparing the track records of Danish private equity real estate funds. The article placed Thylander as the best performing manager (measured by returns since 2007) in the Danish market.

The ability to fundraise in a difficult market has laid the groundwork for growth and we stand ready to invest as market activity increases again.

Continued focus on sustainability

Throughout 2023, we advanced our ambitious ESG and sustainability targets under our FIVE:FIFTY strategy, achieving notable milestones, including an agreement with a provider of an intelligent system for heating controls and increased data coverage on all utilities. This enables us to make data-driven decisions when it comes to energy efficiency.

Financial performance

Reflecting the challenging market dynamics, our 2023 EBITDA amounts to DKK -31,8 million. The figures largely reflect a slow market, and we expect the 2024 result to significantly improve on the 2023 result.

Our team is our business

Our success is attributed to our driven and innovative team. Despite the challenges of 2023, we extend our gratitude for their efforts and express confidence that together, we will deliver excellent results in 2024.

Outlook

Despite a challenging 2023, we are more optimistic for 2024. We enter the year having successfully fundraised for two new funds and seeing an early improvement the market. We believe that 2024, 2025 and 2026 will be strong years for new investments as the correction in the market leads to new opportunities. Our competent team

is in place and will be able to take advantage of our work in recent years to continue to position ourselves for the opportunities that we believe 2024 and beyond will bring. The management expects that the EBITDA for 2024 will amount to DKK 10 million, before any fair value adjustments, promotes and carry.

In 2023, the ECB raised its main interest rate to an all-time high of 4%, in line with other leading central banks. Predictably, these interest rate hikes significantly hurt market activity. However, Danish long-term mortgage interest rates have fallen towards the end of 2023 (due to expectations of

upcoming cuts to the main interest rate) and there is an expectation in the market that the short-term interest rates will be lowered during 2024. We believe that this can improve market conditions in 2024 and beyond. With improved market conditions, our unique mid-market value-add model can be brought even more into play and create value for investors. That is the core of what we do, reflected in our time-tested track record.

In 2024, we will continue our quest to create high-quality real estate that stands the test of time.



Lars Thylander
Founding Partner,
CEO



Lars Bigom
Partner, Head of
Development



Jarl Greve
Partner,
COO

Financial highlights

CONSOLIDATED KEY FIGURES

Profit/loss	Notes	Group				
		2023	2022	2021	2020	2019
Income Statement						
Management fees		44,847	120,227	38,824	39,484	37,300
Other operating income		8,143	13,820	46,137	13,473	31,155
Expenses for personnel and administration		-84,005	-85,340	-48,596	-44,368	-44,519
Profit/loss before financial income and expenses		-32,542	42,378	35,995	7,325	22,210
Profit/loss before tax		-39,814	34,239	61,462	13,364	27,858
Profit/loss before minorities		-31,046	24,053	50,991	12,229	21,825
Net profit/loss for the share-holders of Thylander Group		-31,046	22,808	50,991	8,702	17,312
Balance Sheet						
Equity, Thylander Group		103,929	109,975	127,667	76,676	90,974
Equity		103,929	109,975	127,667	76,676	104,133
Total assets		201,729	241,375	178,411	106,349	130,918
Ratios						
Solvency ratio	5	51.5%	45.6%	71.6%	72.1%	79.5%
Equity ratio before tax	1	-37.2%	28.8%	60.2%	14.8%	21.7%
Equity ratio after tax		-29.0%	20.2%	49.9 %	13.5%	17.0%
Number of funds under management		7	11	12	15	12
Assets under management (AuM), TDKK		8,036,514	11,292,587	9,443,598	9,841,142	6,779,327
Average number of employees		53	52	26	29	33



Sustainability and ESG in 2023

From commitment to action: Elevating our ESG journey with data-driven solutions and collaborative reporting frameworks in 2023

In 2023, we continued our data driven ESG approach initiated in 2022 by integrating several new data metrics in our data model. The list of ESG data metrics for 2023 is shown on the following pages in our ESG reporting section and compared to last year's report we have more than doubled the number of data metrics. It is important to note that the number of data metrics does not necessarily correlate with a positive impact. However, it is of our belief that concrete actions are more likely to take place when you measure.

Collaboration on "Real ESG - The Real Estate Reporting Framework"

This year also marked our involvement in the development of the "Real ESG - The Real Estate Reporting Framework." This innovative framework is a significant step towards revolutionizing ESG

reporting in the real estate sector, focusing on creating transparent, concrete, and comparable reporting standards. Our engagement in "Real ESG" is driven by our belief in collective action for substantial environmental impact. The project aims to standardize the presentation, calculation, and communication of ESG data across the industry.

This collaborative effort is crucial for fostering competition focused on reducing the climate footprint and enhancing sustainability practices in the real estate industry.

Carbon emission initiatives – FIVE:FIFTY ambition

In last year's annual report we launched our carbon emission ambition called FIVE:FIFTY which implies that we aim to reduce our carbon emissions



from our own operation and the properties we have operational control over by 50% in five years with 2022 as the baseline year. As a real estate company the vast majority of our carbon emissions derives from the operations of the properties we manage and develop. Our primary focus on carbon emission reduction in 2023 has been measuring and reducing the energy consumption on our standing assets. We have measured data on electricity and heating consumption of respectively 94 and 99 percent of the properties with operational control in 2022 and we expect the numbers to be the same for 2023 when the data is available.

In 2024 we will continue our focus on data gathering but also utilize data to decrease energy consumption without compromising the comfort of our tenants.

No new construction projects with operational control has been initiated in 2023 but as our new development fund 'Build for Life' is set to start in 2024 new projects will occur again and these will have a strong focus on reducing the carbon emissions in all lifecycle phases of the assets. We have together with an external advisor made a carbon reduction plan.

Climate change adaptation strategy

As described in the 2022 annual report, we have actively engaged in screening physical climate risks across our existing properties, as well as

properties in our investment pipeline in recent years. This has provided us with valuable insights into the climate risks that may affect our properties, while also laying the groundwork for a structured approach with concrete measurement points.

These measurement points involve conducting ongoing screenings of physical climate risks on our properties and all properties in our pipeline before they undergo initial review by the investment committee. Additionally, we are committed to conducting a climate risk assessment on all properties in our portfolio. The latter is reported in our governance reporting on page 17.

For 2023, we have completed assessments on 29% of the portfolio portion over which we have operational control. However, this falls short of our satisfaction level, as addressing these risks is a clear priority for us. Regarding climate adaptation, we do not set targets for physical solutions to climate risks, as it depends on the property's location. However, we do aspire to have contingency plans for all properties with significant risks.

Tenant satisfaction survey: Enhancing tenant experience

As part of our commitment to continuously improve our services and enhance the overall tenant experience, we have conducted a comprehensive tenant satisfaction survey across our properties. The purpose of this survey is to gather valuable

feedback from our tenants, enabling us to identify areas of strength and opportunities for improvement in our property management practices.

The survey questionnaire was carefully crafted, drawing inspiration from the annual report "Danskerne i det byggede miljø 2023"* by Videncentret Bolius and Realdania. By incorporating questions from these reports, we ensure that our survey aligns with industry standards and provides a robust benchmark index for evaluating our performance. Additionally, we have tailored our benchmark by utilizing data from rental properties in the Copenhagen region, as they are more comparable to our portfolio.

With a total of 554 residential tenancies across our properties, we achieved a satisfactory response rate of 33%. Our survey utilized the Net Promoter Score (NPS) methodology to calculate the tenant satisfaction level. Based on responses to the question "How satisfied are you with your home?", our analysis yielded a tenant satisfaction level of -7.1%. This level is satisfying when comparing our tenant satisfaction level with the benchmark at -8.9%. Our ambition for 2027 is to attain a tenant satisfaction level of 30% among residential tenants. This target is the threshold for moderate satisfaction (30%-70%) within the NPS spectrum.

GRESB and continued commitment to international standards

We are pleased to announce that we now report on the Global Real Estate Sustainability Benchmark (GRESB) for two of our property funds, marking a significant step towards transparency and accountability in our sustainability efforts.

Building upon our annual report from 2022, we continue to uphold and advance our commitment to international standards. These commitments encompass the following key frameworks:

UN Principles for Responsible Investment (PRI): Guided by the principles of responsible investment, we integrate environmental, social, and governance (ESG) factors into our investment decision-making processes, ensuring alignment with long-term value creation and sustainable development goals.

UN Global Compact (UNGC): We adhere to the principles of the UN Global Compact, striving to uphold human rights, labor standards, environmental protection, and anti-corruption practices throughout our operations and value chain.

Task Force on Climate-Related Financial Disclosures (TCFD): Recognizing the importance of climate risk disclosure, we align with the recommendations of the TCFD to enhance transparency and understanding of climate-related risks and opportunities within our investment portfolio.

* English: "Danes in the built environment 2023"

ESG key highlights and goals

2022

- Strong data foundation
- FIVE:FIFTY ambition launch
- SFDR disclosures

2023

- Involvement in "Real ESG – The Real Estate Reporting Framework"
- Climate change adaptation strategy
- Tenant satisfaction survey
- Industry benchmarking through GRESB

2024

- Biodiversity strategy
- Limited assurance
- Renewable energy production on standing assets

2027

- Fulfil FIVE:FIFTY ambition
- Tenant satisfaction level of +30 for residential tenants with a response rate of at least 60%.
- Conduct climate risk assessment on all properties

ESG Reporting

Utilizing “Real ESG – The Real estate reporting framework” for increased transparency and guidance on industry specific ESG reporting

The implementation of the Real ESG reporting template has significantly enhanced our company's understanding of various data points, particularly those related to social and governance aspects. This development not only reinforces our commitment to transparency but also broadens our perspective beyond just GHG (Greenhouse Gas) emissions, highlighting our dedication to comprehensive sustainability and responsible corporate behavior.

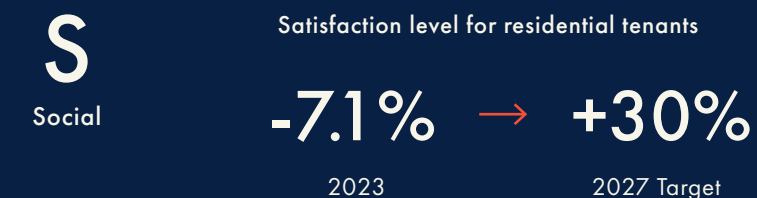
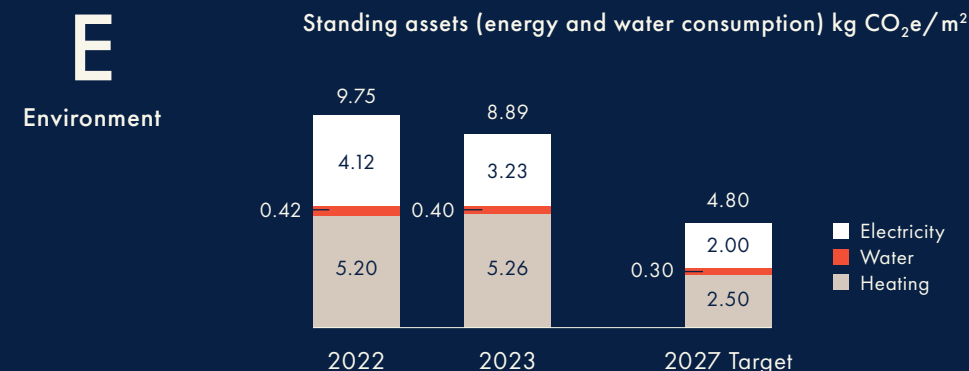
Our ESG data has not been under limited assurance by an auditor. However, the data in our 2023 GRESB reporting will be checked and reviewed by an external company.

At Thylander, we update emission factors and GHG data on an ongoing basis. This means that the figures presented in this report will change in

next year's report and so on. This is in line with the GHG protocol and since we work with a recalculated baseline year in 2022 numbers will vary significantly in the upcoming years when the portfolio changes. However, this will not affect our firm ambition of reducing our carbon footprint.

It is key for us to state that the reported GHG figures are deficient. As we also stated in the annual report for 2022, we do not have any GHG data on important categories such as “Renovation and transformation” and “Repairs, operations, and maintenance” on our standing asset portfolio. We are continuously investigating how to gather that data.

KPI'S



BUSINESS ACTIVITIES

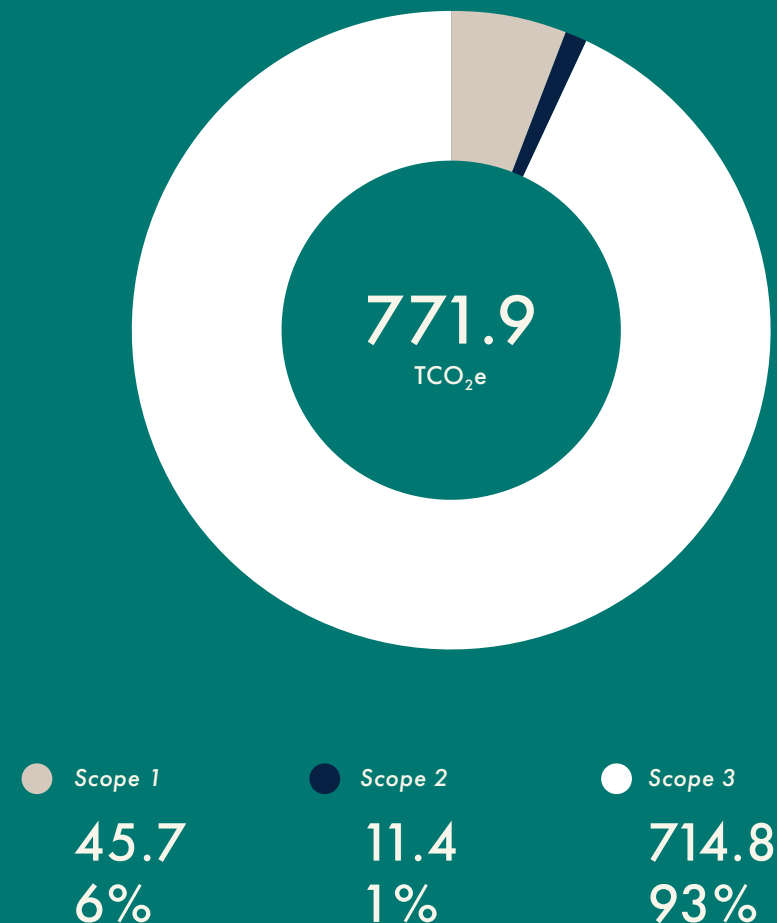
	Unit	2023	2022
Properties with operational control			
Included building areas in the reporting			
Building areas in Denmark with operational control	m ²	78,827	78,827
Added building areas with operational control	m ²	0	11,016
Discontinued building areas with operational control	m ²	0	0
The property portfolio's year of construction			
After 2020	%	0.0	0.0
2000-2020	%	1.3	1.3
1950-1999	%	48.9	48.9
Before 1950	%	49.8	49.8
The property portfolio's usage			
Residential	%	58.2	58.2
Commercial	%	41.8	41.8
Office and services	%	7.0	7.0
Retail and shopping centres	%	14.1	14.1
Warehouses and commercial production	%	2.5	2.5
Hotels, inns and conference centres with accomodation	%	3.3	3.3
Buildings for parking- and transportation facilities	%	0.5	0.5
Other build commercial areas	%	14.3	14.3
Rental units in the property portfolio			
Residential units	no.	554	0
Commercial units	no.	113	3
All properties under management			
Total building areas in Denmark (with and without operational control)	m ²	460,299	557,093
Building areas in Denmark with operational control	m ²	78,827	78,827
Building areas in Denmark without operational control	m ²	0	0
Building areas under management areas without ownership	m ²	381,472	478,266

ENVIRONMENTAL

	Unit	2023	2022
Property reporting			
Carbon footprint (GHG)			
Carbon footprint (scope 1-3)	ton CO ₂ e	771.9*	864.9*
Direct carbon footprint (scope 1, location-based)	ton CO ₂ e	45.7	58.4
Indirect carbon footprint (scope 2, location-based)	ton CO ₂ e	11.4	12.9
Other indirect carbon footprint (scope 3, location-based)	ton CO ₂ e	714.8	793.6
Purchasing of goods and services (scope 3, C1)	ton CO ₂ e	-	-
Goods etc.	ton CO ₂ e	-	-
Property management, leasing, and real estate operations	ton CO ₂ e	-	-
Other advisors and service providers	ton CO ₂ e	-	-
Capital goods (scope 3, C2)	ton CO ₂ e	0.0	0.0
Demolition	ton CO ₂ e	0.0	0.0
Site preparation	ton CO ₂ e	0.0	0.0
New construction	ton CO ₂ e	0.0	0.0
Renovation and transformation	ton CO ₂ e	-	-
Repairs, operations, and maintenance	ton CO ₂ e	-	-
Waste from business operations (scope 3, C5)	ton CO ₂ e	-	-
Business-related employee transportation (scope 3, C6)	ton CO ₂ e	8.8	18.1
Employee transportation to workplace - commute (scope 3, C7)	ton CO ₂ e	4.8	7.9
Operation, maintenance, and consumption in sold new construction (scope 3, C11)	ton CO ₂ e	0.0	0.0
Rental properties (scope 3, C13)	ton CO ₂ e	701.2	767.7
Energy and water consumption	ton CO ₂ e	701.2	767.7
Waste	ton CO ₂ e	-	-
Investments (scope 3, C15)	ton CO ₂ e	-	-
Building areas in Denmark without operational control	ton CO ₂ e	0.0	0.0
Building areas abroad	ton CO ₂ e	0.0	0.0
Investments in companies and funds	ton CO ₂ e	-	-
Other investments	ton CO ₂ e	-	-

* We acknowledge that our estimated CO₂ emissions are not comprehensive.

TOTAL EMISSIONS IN 2023 (TCO₂E)



ENVIRONMENTAL (CONTINUED)

	Unit	2023	2022
Portfolio energy consumption			
Energy usage in real estate	kWh / m ²	150.4	150.1
Grid electricity consumption	kWh / m ²	49.8	49.8
Measured electricity consumption	%	6.1	94.0
Energy usage for heating	kWh / m ²	100.6	100.4
Measured energy usage for heating	%	76.1	99.7
Energy usage for cooling	kWh / m ²	-	-
Measured energy usage for cooling	%	-	-
Water consumption	L / m ²	522.1	553.8
Measured water consumption	%	40.8	99.7
Relative carbon footprint			
New construction – residential	kg CO ₂ e / m ² / year	0.0	0.0
New construction – commercial	kg CO ₂ e / m ² / year	0.0	0.0
Standing assets (energy and water consumption)	kg CO ₂ e / m ²	8.9	9.8
Energy labeling			
Building areas with energy labeling requirement	m ²	77,705	77,705
Energy label A-C	%	71.5	61.1
Energy label A	%	1.3	1.3
Energy label B	%	5.6	5.6
Energy label C	%	64.7	54.3
Energy label D	%	9.7	20.1
Energy label E	%	9.6	9.6
Energy label F	%	2.7	2.7
Energy label G	%	6.5	6.5
Missing energy label	m ²	0	0
Building areas not subject to energy labeling requirement	m ²	1,122	1,122
Company reporting			
Carbon footprint per employee (scope 1-2, location-based)	kg CO ₂ e / FTE	1,173	1,469



SOCIAL

	Unit	2023	2022
Property reporting			
Tenant satisfaction			
Residential tenants satisfaction level	%	-7.1	-
Surveyed tenants	no.	554	-
Response rate	%	33	-
Corporate tenants satisfaction level	-	-	-
Surveyed tenants	no.	113	-
Response rate	%	12.4	-



	Unit	2023	2022
Disputes in residential tenancies			
Rent cases and appeals board cases per residential tenancy	%	2.53	-
Termination per residential unit	%	0.72	-
Debt collection cases per residential tenancy	%	0.72	-
Company reporting			
Composition of the business			
Employees	no.	48	61
Full-time employees	no.	35	51
FTEs	no.	49	49
Overall employee turnover rate	%	31	-
Managers with personnel responsibility	%	10	10
Women in the organization	%	19	23
Women among executive members*	%	0	0
Women among managers with personnel responsibility (excluding executive members)*	%	14	29
Women among full-time employees (excluding managers and executive members)	%	7	9
Employee conditions			
Percentage of full-time employees entitled to family-related leave	%	100	-
Employer-paid family-related leave for men	weeks	16	-
Employer-paid family-related leave for women	weeks	28	-
Employer-paid days off and vacation days for full-time employees	days	32	32
Percentage of full-time employees covered by employer-paid health insurance	%	100	100
Work environment			
Sick leave among full-time employees per employee	days	-	-
Reports of discrimination	no.	0	0
Reports of harassment	no.	0	0

In categories marked[*] there has been 0 % women in the years 2021, 2020 and 2019.

GOVERNANCE

	Unit	2023	2022
Property reporting			
Climate Risk Assessments			
Climate risk assessments conducted on properties			
Heavy precipitation	%	29	0
Flood (coastal and fluvial)	%	29	0
Ground water	%	29	0
Storm	%	29	0
Heat	%	29	0
Climate risk adaptation solutions			
Climate change adaptation plans			
Heavy precipitation	%	0	0
Flood (coastal and fluvial)	%	0	0
Ground water	%	0	0
Storm	%	0	0
Heat	%	0	0

	Unit	2023	2022
Company reporting			
The board of directors			
Board members	no.	6	7
Independent board members	%	50	57
Women among board members	%	33	29
Board meetings	no.	4	5
Attendance at board meetings	%	92	94
Company policies			
Anti-corruption and anti-money laundering policy	yes / no	yes	yes
Whistleblower policy	yes / no	yes	yes
Data privacy policy	yes / no	yes	yes
Data ethics policy	yes / no	no	no
Code of conduct for suppliers and consultants	yes / no	yes	yes
Diversity, equality, and inclusion (DE&I) Policy	yes / no	yes	yes
Additional aspects			
Reports in whistleblower policy	no.	0	0

APPLIED ACCOUNTING PRACTICE

Applied ESG Accounting Practice - January 1 to December 31
The ESG key figures have been prepared in accordance with Real ESG – The Real Estate Reporting Framework v0.9.1 with the following clarifications and exceptions:

The climate footprint for GHG Scope 1 and 2 is not calculated using the market-based method and is therefore omitted.

The climate footprint for GHG in some categories in Scope 3 is not included in the climate account as they are considered immaterial to our business.

Missing and partial data

If the necessary data to report on a given key figure is missing, “-” is indicated in the data point. If the company only has partial data regarding a data point, “*” is inserted

after the key figure in the report, and a footnote about this is inserted.

Emission factors

The emission factors are accounted for in accordance with supplier-specific emission factors and Real ESG – The Real Estate Reporting Framework v0.9.1 with the following additions, clarifications, and exceptions:

Emission factors for electricity in 2023 follow Energinet's preliminary average of environmental declarations 2023. Business-related transport and commuting are calculated based on employee responses to a questionnaire. For car transport, the emission factor for the specific model used differs from the Real ESG framework but is assessed to be more accurate.

Our commitments

UN PRINCIPLES OF RESPONSIBLE INVESTMENTS (PRI)

In 2023, Thylander significantly advanced our commitment to sustainability and responsible investment under the umbrella of the UN Principles for Responsible Investment (UN PRI). This year has been pivotal, with our efforts concentrated on deepening ESG integration across our operations and investments, in line with the guiding ethos of the UN PRI.

Strategic actions and policy development

We've taken meaningful strides in embedding ESG considerations firmly within our investment analysis and decision-making processes. This has involved updating our investment policies and corporate governance structures to better reflect our dedication to sustainability and responsible investment. These policies are designed to address ESG risks proactively and capitalize on opportunities that align with our long-term objectives for sustainable growth.

Adopting 'Real ESG - The Real Estate Reporting Framework'

A cornerstone of our commitment this year has been our active involvement with the "Real ESG - The Real Estate Reporting Framework." This participation

underscores our dedication to setting new benchmarks for transparency and ESG reporting within the real estate sector. The framework enables us to provide detailed disclosures that are both meaningful and standardized, facilitating better comparability and accountability.

International collaborations

Our journey towards integrating the UN PRI principles more deeply into our business model has been enriched through strategic collaborations with international partners. These partnerships have been instrumental in sharing best practices, learning from global sustainability leaders, and contributing to collective efforts aimed at fostering a more sustainable investment landscape.

As we look to the future, Thylander is enthusiastic about continuing to lead by example in responsible real estate investment, leveraging our policy enhancements, framework adoption, and international collaborations to drive positive change and create lasting value for our stakeholders and the wider community.

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

United Nations Global Compact commitment

In 2023, Thylander remains committed to the United Nations Global Compact's Ten Principles, guiding our strategies and daily practices in human rights, labor, environment, and anti-corruption. These core principles shape our dedication to sustainable and ethical business conduct.

Progress and metrics

Our efforts this year have concentrated on enhancing ESG metrics, particularly in the realms of social responsibility and governance. By improving our data collection on employee well-being, diversity, and inclusion, along with strengthening our governance practices, we're setting concrete benchmarks for progress. Key metrics now include detailed tracking of CO₂ emissions, energy usage, and water consumption, supporting our goals to reduce environmental impact and foster a sustainable future.

Forward-looking commitment

As we advance, Thylander is dedicated to driving positive societal impact and upholding high standards of governance. By aligning our business with global sustainability objectives, we are committed to transparency, ethical practices, and contributing to a more sustainable and equitable world.

» In our second year as a UNGC signatory, we've strengthened our commitment through valuable partnerships, underscoring the power of collaboration in embedding UNGC principles across our business. «

Lars Thylander, Founding Partner and CEO

DESCRIPTION OF PRACTICAL ACTIONS (UN GLOBAL COMPACT)

We have identified the 10 principles with focuses on the four issues of human rights, labour, environment, and anti-corruption. In the section below, we outline where our actions, policies and progress on these principles can be assessed.

Human Rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 Make sure that they are not complicit in human rights abuses

These principles are addressed and discussed in Thylander's Code of Conduct and Supplier Code of Conduct, these can found via. <https://thylander.dk/policies/>.

Labour

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4 The elimination of all forms of forced and compulsory labour;
- 5 The effective abolition of child labour; and
- 6 The elimination of discrimination in respect of employment and occupation

These principles are addressed and discussed in Thylander's Code of Conduct, Supplier Code of Conduct and Wage Policy, these can found via. <https://thylander.dk/policies/>. In addition, our values incorporate these.

Environment

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 Undertake initiatives to promote greater environmental responsibility; and
- 9 Encourage the development and diffusion of environmentally friendly technologies

These principles are addressed and discussed in Thylander's Code of Conduct, Supplier Code of Conduct, and annual reports, these can found via. <https://thylander.dk/esg-sustainability>. In addition, on our website we state our sustainability targets, goals and initiatives, these can be found via. <https://thylander.dk/esg-sustainability>.

Anti-corruption

- 10 Businesses should work against corruption in all its forms, including extortion and bribery

These principles are addressed and discussed in Thylander's Code of Conduct, Supplier Code of Conduct, and Whistleblower Scheme, these can found via. <https://thylander.dk/policies/>.

TCFD disclosure

Below we report on our climate-related financial disclosures based on the four thematic areas from the TCFD framework

TCFD Recommendation

2023 Disclosures

Describe the board's oversight of related risk and opportunities

Thylander's Board oversees all significant changes in the company and internal policies. Some board members possess expertise in sustainability, enabling them to ensure that climate-related issues are addressed and represented in our decisions actively. Climate and sustainability are integral to the Board's agenda, with these issues discussed at least annually. Climate-related risks and opportunities are embedded across Thylander in our strategic decision-making, planning, and reporting processes.

Describe management's role in assessing and managing climate-related risks and opportunities

Our leadership team plays a crucial role in the development of our ESG strategy, including the identification and prioritization of climate-related risks relevant to the properties across our portfolios. Additionally, when significant climate-related risks or opportunities are identified beyond our standard assessment scope, they are promptly escalated to management. This ensures that such scenarios are addressed on a case-by-case basis, allowing for tailored management strategies that align with our overall climate risk management framework.

Governance



Strategy	TCFD Recommendation	2023 Disclosures
	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	In 2023, Thylander has undertaken a comprehensive assessment of both transition and physical climate-related risks. In the short term (1 to 2 years), transition risks are identified as predominant, arising as market actors increasingly prioritize sustainability, leading to shifts in perspectives regarding the acquisition and divestment of assets. Additionally, we have experienced direct impacts from physical climate events, notably heavy rainfall, affecting our properties. Over the medium term (3 to 9 years), transition risks related to the continuous introduction of new regulations are anticipated to have a broad impact across all stakeholders in the real estate sector. Our internal assessment, incorporating various IPCC scenarios, has begun to reveal the initial impacts of physical climate-related risks on the properties we manage. For the long term (10 to 30 years), we expect a growing demand from tenants for properties that address both sustainability and physical climate-related risks. This shift underscores the importance of integrating climate considerations into our long-term strategic planning and investment decisions.

Strategy	TCFD Recommendation	2023 Disclosures
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	The identification of climate-related risks and opportunities has significantly influenced Thylander's business, strategy, and financial planning in 2023. Our approach to climate change and sustainability is continuously evolving to effectively address these challenges and capitalize on emerging opportunities. We have successfully implemented our climate change adaptation strategy, underscoring our commitment to resilience and sustainability. Additionally, we plan to launch our biodiversity strategy in 2024, further enhancing our environmental stewardship. In response to climate-related risks and opportunities, we have adjusted our financial planning processes, including the allocation of funds towards investments aimed at mitigating climate-related risks. Our commitment to reducing carbon emissions is encapsulated in the FIVE:FIFTY initiative, launched in our 2022 annual report, highlighting our ongoing efforts to integrate climate considerations into our core business activities and financial strategies.
Strategy	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario	Thylander's organizational strategy is designed with resilience at its core, aiming to navigate climate-related risks and opportunities effectively. Recognizing the inherent uncertainties associated with the extent and timing of these risks and opportunities, we are committed to an adaptive strategy framework. This approach involves continuous monitoring of climate science developments and regulatory landscapes to inform our strategic adjustments.

	TCFD Recommendation	2023 Disclosures
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks	At Thylander, we screen and identify the physical climate-related risks for each investment. Based on this, we assess each investment's climate risk according to various climate-related scenarios and incorporate this assessment into our investment decisions. This approach is further supported by considering climate-related risks within the Due Diligence process, thereby influencing the negotiation process.
	Describe the organisation's processes for managing climate-related risks	We assess and identify climate-related risks before proceeding with investments, determining the need and timing for action. Our existing properties and investments are regularly monitored for increased climate risks, prompting necessary actions. Additionally, we conduct quarterly ESG reporting on our portfolios, tracking our management effectiveness and informing our mitigation strategies.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The Head of ESG at Thylander also acts as the Risk Manager, ensuring climate-related risks are prioritized alongside other forms of risk. This integration into our overall risk management strategy underscores our commitment to holistic risk assessment and management. We embed climate and sustainability considerations into the development of our funds, properties, and products, reflecting a comprehensive approach to managing both traditional and environmental risks.

	TCFD Recommendation	2023 Disclosures
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Please see page 17
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Please see page 14
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Currently, the targets used at Thylander are based on our FIVE:FIFTY ambition. From 2022 to 2023, our total estimated GHG emissions have decreased from 864.9 ton CO ₂ e to 771.9 ton CO ₂ e, which is a decrease of approximately 10.75 percent. Additionally, we have set a target of 100% for conducting climate risk assessments on properties, and we are currently at 29%. This is the first year we report on this measure, and as with the FIVE:FIFTY ambition, the target year is 2027

Risk management

Navigating economic dynamics and embracing ESG factors

In 2023, Thylander Gruppen reinforced its commitment to stringent risk management practices, ensuring that our portfolio remains robust against a backdrop of fluctuating economic conditions and evolving market dynamics. Reflective of the insights garnered from our 2022 Annual Report, our risk management strategy continued to prioritize the identification, assessment, and mitigation of a broad spectrum of risks, with a particular emphasis on interest rate risk, operational risks, and, to a more measured extent, ESG-related risks.

Interest rate risk remained a critical focus for us in 2023, as shifts in the interest rate landscape directly impact our financing costs and investment performance. Our strategic approach to managing this risk included a diversified financing structure that balanced fixed and variable interest rates, enabling us to mitigate the impact of rate fluctuations and safeguard our investment returns.

Operational risks, including cybersecurity threats, regulatory changes, and the execution of internal processes, were meticulously managed to prevent disruptions to our business operations. The lessons learned from the previous year informed enhancements to our IT security measures, internal controls, and compliance frameworks. This focus on operational resilience is crucial in maintaining the integrity and continuity of our business in an increasingly complex regulatory and technological landscape.

While ESG risks were considered within our comprehensive risk management framework, our approach in 2023 sought to integrate these considerations in a manner that aligns with our core investment strategies and risk appetite. By carefully evaluating environmental sustainability, social responsibility, and governance factors in our investment decisions, we aimed to contribute positively to our communities and the environment, while also addressing the expectations of our stakeholders.

Our commitment to advanced risk management practices is unwavering. By continuously refining our strategies to address interest rate risk, operational risks, and ESG considerations, Thylander is well-positioned to navigate the uncertainties of the real estate market. Our disciplined approach to risk management not only aims to protect our investments but also to identify opportunities for growth and value creation.

In summary, 2023 was a year marked by our dedication to upholding the highest standards of risk management, as delineated in our 2022 Annual Report. As we move forward, we remain focused on adapting our strategies to meet the challenges and leverage the opportunities that lie ahead, ensuring the long-term sustainability and success of our investment portfolio.



Overview of management's other positions



Lars Thylander
Founding partner, CEO

Board member of:

Anpartsselskabet 9. december 2021
ApS af 1986
I/S Brentwood Management
Komplementarselskabet 17. december ApS
Klejngaard Angels ApS
TGHFKH ApS
Thylander Gruppen Holding A/S
Komplementaranpartsselskabet Strandvejen 195-199
Jøra Invest ApS

Member of management at:

Build-for-life GP ApS
Jøra Invest ApS
Komplementarselskabet TGP VIII ApS
Komplementarselskabet TPF 3 ApS
ApS af 1986
Anpartsselskabet 9. december 2021
I/S Brentwood Management
Komplementarselskabet TPF 1 ApS
Komplementarselskabet TGP VII ApS
Komplementarselskabet TPF 2 ApS
Komplementarselskabet TGP VI Holding ApS
Komplementarselskabet TGP VI ApS
TGHFKH ApS
Esplanadens Komplementarselskab ApS
Thylander Gruppen Holding A/S
Komplementaranpartsselskabet Strandvejen 195-199
TANK INVEST ApS
Havnegade Invest ApS
TG Partners VI P/S Holding
TG Partners VI P/S
Power Hall A/S
Esplanadens Ejendomsselskab P/S
Sophienberg Gruppen A/S
I/S Brentwood Management
K/S Strandvejen 195-199
TG Partners II P/S
Thylander Gruppen Holding A/S
Burrito Venture Partners A/S
Falsled Kro Holding A/S
Falsled Kro A/S
Klejngaard Security ApS
Klejngaard Safety ApS
Klejngaard Angels ApS
Danske Boligejendomme P/S



Jarl Greve
Partner, COO

Member of management at:

Thylander Asset Management ApS
TG Transaction Management APS

Board member of:

Sophienberg Gruppen A/S
Sophienberg Gruppen Holding ApS
TG Partners II P/S
TGP VIII Feeder 1 A/S
I&T Feeder VIII A/S



Lars Bigom
Partner, Head of Development

Member of management at:

Sophienberg Gruppen A/S
Sophienberg Gruppen Holding ApS
Komplementarselskabet Smedeland 30 ApS
Ejendomsselskabet Smedeland 30 P/S
Ejendomsselskabet Lauretsvej 18-22 ApS
H. C. Ørstedesvej 57 ApS
K/S H. C. Ørstedesvej 57
JACC HOLDING ApS

Board member of:

Sophienberg Gruppen A/S
Sophienberg Gruppen Holding ApS
TGP VIII Feeder 1 A/S
Ejendomsselskabet Smedeland 30 P/S
H.C. Ørstedesvej 57 ApS

Overview of management's other positions



Maria Helene Hjorth
Chairman

Member of management at:

Nolu Holding ApS

Board member of:

Topdanmark A/S
Topdanmark Forsikring A/S
Adform A/S
Maj Invest Holding A/S
Fondsmæglerselskabet
Maj Invest A/S
Maj Invest Equity A/S
Asetek A/S
Trifork Holding AG



Lykke Friis
Board Member

Member of organisation at:

Tænketanken Europa

Board member of:

Team Danmark
Landsholdskomiteen (DBU)
Ombold
Kræftens Bekæmpelse (Præsident)
ECFR (European Council of Foreign Affairs)



Per H. Jensen
Board Member

Member of management at:

Alsapeka Invest ApS
J-F. Lemvigh-Müller Holding A/S

Board member of:

LEMVIGH-MÜLLER A/S HLM Fond III K/S
K Alternativ Private Equity 2024 K/S
K Alternativ Private Equity 2023 K/S
K Alternativ Private Equity 2022 K/S
K Alternativ Private Equity 2021 K/S
K Alternativ Private Equity 2020 K/S
K Alternativ Private Equity 2019 K/S

Core Bolig VIII Investoraktieselskab nr. 1-8 og 10-14
Core Bolig VIII Investor Kommanditaktieselskab nr. 9
Core Bolig VII Investoraktieselskab nr. 1-10
Core Bolig VII Kommanditaktieselskab
Core Bolig VIII Kommanditaktieselskab

Overview of management's other positions



Per Klitgård Poulsen
Board Member

Member of management at:

Strandparksvej 28 ApS
Coco ApS
Søhusvej Ejendomme ApS
Søhusvej PE ApS
Gruts Allé ApS

Board member of:

TG Partners VII Holding P/S
Padel Yard Holding ApS
TG Helgolandsgade P/S
Advantage Investment Partners A/S
C WorldWide Group Holding A/S
C WorldWide Holding A/S
Søhusvej A/S



Peter Reedtz
Board Member

Member of management at:

Asset Allocation Instituttet Reedtz
Invest ApS
Reedtz Fodbold ApS

Board member of:

Private Global Property GP ApS, Formand
TG Partners VII Holding P/S
NCI Credit Opportunity Fund A/S
Hypokredit A/S
Hypoteket A/S Hypoflex A/S
Det Frederiksborgske Ejendoms-Societet
Aktieselskab.
Eva Werner Holding ApS
Core Bolig IX Investoraktieselskab Nr. 1-20
Core Bolig IX Kommanditaktieselskab
TG Partners VI P/S
TG Partners VI P/S Holding
Newcap Holding A/S



Jørgen Rugholm
Board Member

Member of management at:

Cabris ApS
FHR Invest ApS
RUFR Invest ApS
FutureConsumer Invest 2 ApS
FutureConsumer Invest 3 ApS
FutureConsumer Invest ApS

Board member of:

22. november 2021 ApS
The Fiddler ApS
Bactolife ApS
Advantage Investment Partners A/S
BG40-5 A/S
Cabris ApS
FutureConsumer Invest ApS
RUFR Invest 1 K/S
OLIOLI Holding ApS
Controlan

Financial statements

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Thylander Gruppen A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Alternative Investment Fund Managers etc. Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations for 2023. In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company. We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 17 April 2024

Executive Board

Lars Thylander
Founding Partner, CEO

Lars Bigom
Partner, Head of Development

Jarl Greve
Partner, COO

Board of Directors

Maria Helene Hjorth
Chairman

Jørgen Rugholm

Per H. Jensen

Peter Reedtz

Per Klitgård Poulsen

Lykke Friis



Independent Auditor's report

To the Shareholders of Thylander Gruppen A/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 2023 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Alternative Investment Fund Managers etc. Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thylander Gruppen A/S for the financial year 1 January - 31 December 2023, which comprise income statement, comprehensive income for the year, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Alternative Investment Fund Managers etc. 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 Alternative Investment Fund Managers etc. Act. We did not identify any material misstatement in Management's Review.

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 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 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 Company's and the Group'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 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 Company to cease to continue as a going concern.
- 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.

Copenhagen, 17 April 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Henrik Ødegaard

state authorised public accountant
mne31489

Christian Bo Gjelstrup Pedersen

state authorised public accountant
mne50612

Income statement

1 January - 31 December

DKK	Note	Group		Parent Company	
		2023	2022	2023	2022
Management fees	1	44,846,808	120,226,503	35,502,633	61,547,572
Other operating income	2	8,142,586	13,819,747	5,196,923	2,797,553
Expenses for personnel and administration	3, 4	-84,004,620	-85,339,757	-60,684,606	-72,109,911
Other operating expenses	5	-823,425	-5,589,254	-1,027,500	0
Depreciation, and property, plant and equipment	7	-703,133	-739,250	-703,133	-739,250
Profit/loss before financial income and expenses		-32,541,784	42,377,989	-21,715,683	-8,504,036
Income from investments in subsidiaries		0	0	-12,251,637	36,014,102
Income from investments in associates		-679,361	-781,116	-206,395	764,754
Financial income	8	1,370,167	3,145,177	2,373,626	1,757,250
Financial expenses	9	-3,141,618	-9,998,740	-3,269,600	-3,246,894
Fair value adjustments	10	-4,821,445	-504,355	-2,191,160	-5,662,175
Profit/loss before tax		-39,814,041	34,238,955	-37,260,849	21,123,001
Tax on profit/loss for the year	11	8,767,882	-10,186,205	6,214,690	1,684,891
Profit/loss before minority interests		-31,046,158	24,052,750	-31,046,158	22,807,892
Minority interests' share of net profit/loss of subsidiaries		0	-1,244,858	0	0
Net profit/loss for the year		-31,046,158	22,807,892	-31,046,158	22,807,892
Comprehensive income for the year		-31,046,158	22,807,892	-31,046,158	22,807,892

Distribution of profit

DKK	Parent Company	
	2023	2022
Proposed distribution of profit		
Extraordinary dividend paid	0	1,745,396
Reserve for net revaluation under the equity method	0	-13,585,805
Retained earnings	-31,046,158	34,648,301
	-31,046,158	22,807,892

Balance sheet

31 December

DKK	Note	Group		Parent Company	
		2023	2022	2023	2022
ASSETS					
Goodwill		24,164,552	24,078,142	0	0
Intangible assets	12	24,164,552	24,078,142	0	0
Investment properties	13	25,359,534	25,915,000	0	0
Other fixtures and fittings, tools, and equipment	14	2,117,004	2,737,442	2,117,004	2,737,442
Leasehold improvement	15	134,748	784,141	134,748	784,141
Property, plant and equipment		27,611,286	29,436,583	2,251,752	3,521,583
Fixed assets		51,775,838	53,514,725	2,251,752	3,521,583
Trade receivables		1,028,901	27,921,363	345,888	26,512,697
Receivables from group enterprises		0	0	57,920,281	53,902,875
Receivables from associates		6,665,441	12,392,683	456,944	434,951
Other receivables	16	8,341,310	22,556,198	5,936,418	14,188,958
Corporation tax		0	0	0	1,299,691
Deferred tax	21	2,516,128	0	815,037	0
Receivables		18,551,780	62,870,244	65,474,568	96,339,172
Investments in subsidiaries	17	0	0	56,768,836	68,494,063
Investments in associates	18	16,531,269	15,897,279	107,689	314,084
Other investments	19	47,188,809	50,735,471	47,188,809	50,735,471
Current asset investments		63,720,079	66,632,750	104,065,334	119,543,618
Cash at bank	20	67,681,383	58,357,698	50,245,345	46,156,654
Currents assets		149,953,242	187,860,692	219,785,247	262,039,444
Assets		201,729,080	241,375,417	222,036,999	265,561,027

DKK	Note	Group		Parent Company	
		2023	2022	2023	2022
LIABILITIES AND EQUITY					
Share capital		1,125,012	1,000,000	1,125,012	1,000,000
Retained earnings		102,804,026	108,974,633	102,804,026	108,974,633
Equity		103,929,038	109,974,633	103,929,038	109,974,633
Provision for deferred tax	21	0	5,585,223	0	4,459,485
Provisions		0	5,585,223	0	4,459,485
Payables to group enterprises		26,201,760	25,194,000	26,201,760	25,194,000
Other payables		0	26,000,000	0,00	7,000,000
Long-term debt		26,201,760	51,194,000	26,201,760	32,194,000
Credit institutions		0	1,182	0	1,182
Payables to group enterprises		34,762,815	37,265,813	80,660,905	96,854,878
Corporation tax		0	10,736,909	0	0
Other payables	22	36,835,469	26,617,657	11,245,298	22,076,849
Debt		97,800,044	125,815,561	118,107,963	151,126,909
Liabilities and equity		201,729,080	241,375,417	222,036,999	265,561,027
Fee to auditors appointed at the general meeting	6				
Contingent assets, liabilities and other financial obligations	23				
Related parties	24				
Accounting Policies	25				

Statement of changes in equity

Group							
DKK	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
2023							
Equity at 1 January	1,000,000	0	108,974,633	0	0	0	109,974,633
Capital increase	125,012	0	24,875,551	0	0	0	25,000,563
Comprehensive income for the year	0	0	-31,046,158	0	0	0	-31,046,158
Equity at 31 December	1,125,012	0	102,804,026	0	0	0	103,929,038
2022							
Equity at 1 January	1,000,000	0	86,667,279	40,000,000	127,667,279	0	127,667,279
Ordinary dividend paid	0	0	0	-40,000,000	-40,000,000	0	-40,000,000
Extraordinary dividend paid	0	0	-1,745,396	0	-1,745,396	0	-1,745,396
Other equity movements	0	0	1,244,858	0	1,244,858	-1,244,858	0
Comprehensive income for the year	0	0	22,807,892	0	22,807,892	1,244,858	24,052,750
Equity at 31 December	1,000,000	0	108,974,633	0	109,974,633	0	109,974,633
Parent Company							
2023							
Equity at 1 January	1,000,000	0	108,974,633	0	0	0	109,974,633
Capital increase	125,012	0	24,875,551	0	0	0	25,000,563
Comprehensive income for the year	0	0	-31,046,158	0	0	0	-31,046,158
Equity at 31 December	1,125,012	0	102,804,026	0	0	0	103,929,038
2022							
Equity at 1 January	1,000,000	13,585,805	73,081,474	40,000,000	127,667,279	0	127,667,279
Ordinary dividend paid	0	0	0	-40,000,000	-40,000,000	0	-40,000,000
Extraordinary dividend paid	0	0	-1,745,396	0	-1,745,396	0	-1,745,396
Other equity movements	0	0	1,244,858	0	1,244,858	0	1,244,858
Comprehensive income for the year	0	-13,585,805	36,393,697	0	22,807,892	0	22,807,892
Equity at 31 December	1,000,000	0	108,974,633	0	109,974,633	0	109,974,633

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Notes to the Financial Statements

DKK	Group		Parent Company	
	2023	2022	2023	2022
1 Management fees				
TG funds	11,710,515	12,501,863	11,710,515	12,501,863
Other funds	33,136,293	106,818,826	23,792,118	45,948,669
Other	0	905,814	0	3,097,040
	44,846,808	120,226,503	35,502,633	61,547,572
2 Other operating income				
Transaction and development fees	6,681,500	5,243,000	2,681,500	0
Real estate projects	0	5,616,000	0	0
Rental income	1,077,095	2,536,716	2,216,243	2,448,554
Other income	383,991	424,031	299,180	348,999
	8,142,586	13,819,747	5,196,923	2,797,553
3 Other external expenses				
Other expenses	9,177,057	4,909,107	6,420,673	2,918,030
Depository	324,956	911,243	319,956	877,993
Consultants and other external assistance	5,580,441	11,025,998	4,722,961	8,129,389
Expenses relating to premises	6,952,086	7,173,621	6,676,691	7,046,086
Selling expenses	1,389,117	1,930,678	1,381,775	1,870,580
Travel expenses	329,121	335,759	327,782	291,507
Development projects	0	0	0	9,600,000
	23,752,778	26,286,406	19,849,838	30,733,585

DKK	Group		Parent Company	
	2023	2022	2023	2022
4 Staff expenses*				
Wages and salaries	53,211,400	50,425,307	38,011,185	36,388,947
Pensions	4,109,322	2,184,931	403,034	309,943
Other social security expenses	323,275	375,615	267,963	287,672
Other staff expenses	2,607,845	6,067,498	2,152,586	4,389,764
	60,251,842	59,053,351	40,834,768	41,376,326
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	5,873,078	2,437,423	4,486,001	1,296,881
Board of Directors	1,603,601	3,655,446	1,603,601	2,643,369
	7,476,679	6,092,869	6,089,602	3,940,250
Number of Executive Board	6	3	6	3
Number of Board of Directors	7	7	7	7
Average number of employees	53	52	36	42
5 Other operating expenses				
Expenses, investment properties	0	624,997	0	0
Real estate projects	823,425	4,964,257	1,027,500	0
	823,425	5,589,254	1,027,500	0

* The individual remuneration to the Executive Board and Board of Directors has been published separately on the Thylander Groups website: <https://thylander.dk/policies/>

Notes to the Financial Statements

DKK	Group		Parent Company	
	2023	2022	2023	2022
6 Fee to auditors appointed at the general meeting				
PWC				
Fee regarding statutory audit	274,000	235,600	156,500	124,000
Tax advisory services	152,225	133,800	152,225	33,800
Other services	360,900	379,200	360,900	369,200
	787,125	748,600	669,625	527,000
7 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation of property, plant and equipment	703,133	739,250	703,133	739,250
	703,133	739,250	703,133	739,250
8 Financial income				
Interest received from group enterprises	0	0	1,280,511	1,151,180
Interest received from associates	252,101	750,856	20,014	239,830
Other financial income	1,118,066	2,394,321	1,073,101	366,240
	1,370,167	3,145,177	2,373,626	1,757,250
9 Financial expenses				
Interest paid to group enterprises	2,252,251	2,153,458	2,868,614	2,444,499
Interest paid to banks	41,036	458,277	41,036	132,541
Other financial expenses	848,332	7,387,005	359,952	669,854
	3,141,618	9,998,740	3,269,600	3,246,894

DKK	Group		Parent Company	
	2023	2022	2023	2022
10 Fair value adjustments				
Impairment losses on receivables	0	-1,914,278	0	-1,914,278
Fair value adjustments on other investments	-2,191,160	-3,747,897	-2,191,160	-3,747,897
Fair value adjustments on investment properties	-2,630,285	5,157,820	0	0
	-4,821,445	-504,355	-2,191,160	-5,662,175
11 Tax on profit/loss for the year				
Current tax for the year	-807,165	-9,882,759	0	2,216,751
Deferred tax for the year	8,632,632	-304,008	5,274,523	-531,860
Adjustment of tax concerning previous years	942,415	562	940,167	0
	8,767,882	-10,186,205	6,214,690	1,684,891
Tax on profit/loss for the year is calculated as follows:				
Profit/loss before tax	-39,814,040	34,238,955	-37,260,848	21,123,001
Calculated 25.2% tax on profit/loss for the year before tax	10,033,138	-7,532,570	9,389,733	-4,647,060
Tax effect of:				
Non-taxable income and non-deductible costs	-1,265,256	-2,653,635	-3,175,043	6,331,951
	8,767,882	-10,186,205	6,214,690	1,684,891

Notes to the Financial Statements

DKK	Group	
	2023	2022
12 Intangible assets		
Cost at 1 January	24,078,142	0
Additions for the year, acquisition of Sophienberg	0	24,078,142
Adjustment of the acquisition of Sophienberg	86,410	0
Group Cost at 31 December	24,164,552	24,078,142
Impairment losses at 1 January	0	0
Impairment losses at 31 December	0	0
Carrying value at 31 December	24,164,552	24,078,142

Management makes several accounting estimates, judgements, and assumptions as a basis for recognising and measuring goodwill. These decisions are based on experience and other factors deemed prudent by Management, yet inherently subject to uncertainty and volatility. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may cause actual results to differ from the estimates and judgments made. Management considers goodwill accounting estimates significant.

Goodwill related to the acquisition of Sophienberg Gruppen A/S in January 2022 undergoes yearly impairment testing. A discounted cash flow (DCF) analysis is conducted, utilising expected cash flows for the next 6 years. Management has evaluated goodwill's recoverability, concluding it is not impaired.

This assessment is based on an optimistic outlook with market condition improvements and various initiatives such as organizational changes and fundraising for new funds. The subsidiary's acquisition is estimated to continue to strengthen the group's market position and ensure an increased long-term earnings profile.

This assessment is supported by observable market condition improvements in the first quarter of 2024, an improved cost base, and the completion of the first close for our develop-to-core fund, 'Build for Life'. The pipeline for new projects remains positive, with management anticipating additional project closures in 2024, further supporting the assessment.

DKK	Group	
	2023	2022
13 Investment properties		
Cost at 1 January	23,284,715	0
Net effect from merger and acquisition	0	70,637,992
Additions for the year	2,074,819	57,810,221
Disposals for the year	0	-105,163,498
Cost at 31 December	25,359,534	23,284,715
Value adjustments at 1 January	2,630,285	0
Net effect from merger and acquisition	0	37,359,018
Revaluations for the year	-2,630,285	5,157,820
Reversal of revaluations of sold assets	0	-39,886,553
Value adjustments at 31 December	0	2,630,285
Carrying amount at 31 December	25,359,534	25,915,000

The investment properties fair value is based on the company's purchase price and acquired building rights.

Notes to the Financial Statements

DKK	Group	
	2023	2022
14 Other fixtures and fittings, tools and equipment		
Cost at 1 January	4,553,838	3,552,294
Additions for the year	126,747	1,178,194
Disposals for the year	0	-176,650
Cost at 31 December	4,680,585	4,553,838
Impairment losses and depreciation at 1 January	1,816,396	1,274,116
Depreciation for the year	747,185	718,930
Reversal of impairment and depreciation of sold assets	0	-176,650
Impairment losses and depreciation at 31 December	2,563,581	1,816,396
Carrying amount at 31 December	2,117,004	2,737,442

DKK	Parent Company	
	2023	2022
Cost at 1 January	4,553,838	3,552,294
Additions for the year	126,747	1,178,194
Disposals for the year	0	-176,650
Cost at 31 December	4,680,585	4,553,838
Impairment losses and depreciation at 1 January	1,816,396	1,274,116
Depreciation for the year	747,185	718,930
Reversal of impairment and depreciation of sold assets	0	-176,650
Impairment losses and depreciation at 31 December	2,563,581	1,816,396
Carrying amount at 31 December	2,117,004	2,737,442

DKK	2023	2022
15 Leasehold improvements		
Group		
Cost at 1 January	861,110	0
Additions for the year	-693,444	861,110
Cost at 31 December	167,666	861,110
Impairment losses and depreciation at 1 January	-76,969	0
Depreciation for the year	-20,958	-76,969
Reversal of impairment and depreciation of sold assets	65,010	0
Impairment losses and depreciation at 31 December	-32,918	-76,969
Carrying amount at 31 December	134,748	784,141

Parent Company		
Cost at 1 January	861,110	0
Additions for the year	0	861,110
Disposals for the year	-693,444	0
Cost at 31 December	167,666	861,110
Impairment losses and depreciation at 1 January	-76,969	0
Depreciation for the year	-20,958	-76,696
Reversal of impairment and depreciation of sold assets	65,010	0
Impairment losses and depreciation at 31 December	-32,918	-76,696
Carrying amount at 31 December	134,748	784,141

DKK	Group		Parent Company	
	2023	2022	2023	2022
16 Other receivables				
Escrow accounts	1,786,625	916,473	1,786,625	0
Deposit	1,595,242	2,490,143	1,164,127	2,059,028
Other receivables	4,959,443	19,149,582	2,985,666	12,129,930
	8,341,309	22,556,198	5,936,418	14,188,958

Notes to the Financial Statements

DKK	Parent Company	
	2023	2022
17 Investments in subsidiaries		
Cost at 1 January	71,797,023	22,457,334
Additions for the year	486,410	44,239,740
Transfers for the year	0	5,099,949
Cost at 31 December	72,283,433	71,797,023
Value adjustments at 1 January	-3,302,960	-203,825
Net profit/loss for the year	-12,251,637	36,014,102
Dividend to the Parent Company	0	-55,070,295
Other adjustments	40,000	2,254,468
Transfers for the year	0	13,702,590
Value adjustments at 31 December	-15,514,597	-3,302,960
Carrying amount at 31 December	56,768,836	68,494,063
Positive differences arising on initial measurement of subsidiaries at net asset value	24,164,552	24,078,142

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
TG Transaction Management ApS	Copenhagen	80,000	100%	3,768,824	4,851,590
Esplanadens Komplementarselskab ApS	Copenhagen	50,000	100%	65,600	-13
Komplementarselskabet TGP II ApS	Copenhagen	100,000	100%	69,912	-13,040
Komplementarselskabet TGP VI ApS	Copenhagen	50,000	100%	8,277	8,277
Komplementarselskabet TGP VI Holding ApS	Copenhagen	50,000	100%	117,639	7,167
TG Partners II P/S	Copenhagen	17,000,000	100%	16,694,880	-36,993
Komplementaranpartselskabet Danske Boligejendomme	Copenhagen	50,000	100%	52,821	6,550
Komplementaranpartsselskabet S272 ApS	Copenhagen	40,000	100%	50,795	0
TG Helgolandsgade Komplementarselskab ApS	Copenhagen	50,000	100%	57,201	-1,006
Thylander Asset Management ApS	Copenhagen	40,000	100%	-2,900,492	-2,558,544
Komplementarselskabet TPF Holding ApS	Copenhagen	40,000	100%	46,240	0
Komplementarselskabet TPF 1 ApS	Copenhagen	40,000	100%	40,000	0
Komplementarselskabet TPF 2 ApS	Copenhagen	40,000	100%	40,000	0
Komplementarselskabet TPF 3 ApS	Copenhagen	40,000	100%	40,000	0
Build-for-life GP ApS	Copenhagen	40,000	100%	43,720	-180
TGP VIII Feeder 1 A/S*	Copenhagen	400,000	100%	400,000	0
Komplementarselskabet TGP VIII ApS	Copenhagen	40,000	100%	75,453	35,453
Sophienberg Gruppen Holding A/S	Copenhagen	200,000	100%	14,068,394	-13,251,041
Sophienberg Gruppen A/S	Copenhagen	500,000	100%	41,115,964	-12,406,526
K/S Lauretsvej 14-16, Bagsværd	Copenhagen	1,000	100%	8,851	-8,851
Lauretsvej 14-16, Bagsværd 2005 ApS	Copenhagen	125,000	100%	96,176	-21,250
Ejendomsselskabet Lauretsvej 18-22 ApS	Copenhagen	40,000	100%	-846,312	-228,812

* TGP VIII Feeder 1 A/S was founded in 2023 and the first accounting period ends on 31.12.2024

Notes to the Financial Statements

DKK	Group		Parent Company	
	2023	2022	2023	2022
18 Investments in associates				
Cost at 1 January	386,667	5,426,616	166,667	5,426,616
Additions for the year	0	7,940,500	0	0
Disposals for the year	0	-7,880,500	0	-160,000
Transfers for the year	0	-5,099,949	0	-5,099,949
Cost at 31 December	386,667	386,667	166,667	166,667
Value adjustments at 1 January	15,510,612	13,789,630	147,417	13,789,630
Disposals for the year	0	-4,312,849	0	-704,377
Net profit/loss for the year	-679,361	-781,116	-206,395	764,754
Other adjustments	1,313,351	1,009,610	0	0
Transfers for the year	0	5,805,337	0	-13,702,590
Value adjustments at 31 December	16,144,602	15,510,612	58,979	147,417
Carrying amount at 31 December	16,531,269	15,897,279	107,688	314,084

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
I/S Brentwood Management	Copenhagen	0	50%	22,293	0
Power Hall A/S	Copenhagen	500,000	33%	222,171	34,013
Ejendomsselskabet Smedeland 30 P/S	Copenhagen	400,000	50%	32,803,109	1,678,566
Komplementarselskabet Smedeland 30 ApS	Copenhagen	40,000	50%	44,052	2,207

DKK	Group		Parent Company	
	2023	2022	2023	2022
19 Other investments				
Cost at 1 January	28,026,300	34,935,028	28,026,300	34,935,028
Additions for the year	0	2,266,831	0	2,266,831
Disposals for the year	0	-9,175,559	0	-9,175,559
Cost at 31 December	28,026,300	28,026,300	28,026,300	28,026,300
Value adjustment at 1 January	22,709,171	28,676,235	22,709,171	28,676,235
Revaluations for the year	-2,142,241	-3,883,520	-2,142,241	-3,883,520
Reversals for the year of revaluations in previous years	-1,404,421	-2,083,544	-1,404,421	-2,083,544
Value adjustment at 31 December	19,162,509	22,709,171	19,162,509	22,709,171
Carrying amount at 31 December	47,188,809	50,735,471	47,188,809	50,735,471
20 Cash at bank and in hand				
Bank receivables on request	67,681,383	58,357,698	50,245,345	46,156,654
	67,681,383	58,357,698	50,245,345	46,156,654
21 Provision for deferred tax				
Temporary differences including fair value adjustments	1,213,750	5,585,223	2,914,841	4,459,485
	1,213,750	5,585,223	2,914,841	4,459,485

Notes to the Financial Statements

DKK	Group		Parent Company	
	2023	2022	2023	2022
22 Other payables				
Deposit and prepaid rent	627,115	627,115	627,115	627,115
Trade payables	1,290,654	4,292,066	1,176,623	3,429,918
Value added tax etc	783,189	3,596,860	1,187,495	2,256,509
Shareholders and management	0	4,439,036	0	4,439,036
Payables related to wages and salaries	11,786,414	2,976,385	7,179,447	783,467
Loan	19,000,000	3,000,000	0	3,000,000
Other payables	3,348,097	7,686,195	1,074,619	7,540,804
	36,835,469	26,617,657	11,245,298	22,076,849

23 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with other long-term payables of DKK 19,000,000:

DKK	Group		Parent Company	
	2023	2022	2023	2022
Investment properties	25,359,534	25,915,000	0	0

Rental and lease obligations

The Company has lease obligations under operating leases of DKK 16,517k (2022: DKK 42,874k). The Group has lease obligations under operating leases of DKK 18,131k (2022: DKK 44,349k)

Other contingent liabilities

The Company and Group has invested in three funds with a remaining commitment of up to DKK 30,153k (2022: DKK 9,603k).

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of ApS af 1986, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

24 Related parties

	Basis
Controlling interest	
Thylander Gruppen Holding A/S, Copenhagen	Main shareholder
Other related parties	
FutureConsumer Invest 2 ApS, Holte	Shareholder
JACC Holding ApS, Gentofte	Shareholder
Søhusvej A/S, Allerød	Shareholder
Lars Thylander, Copenhagen	Executive Board
Lars Bigom, Gentofte	Executive Board
Jarl Greve, Copenhagen	Executive Board
Maria Helene Hjorth, Hellerup	Board of Directors
Per H. Jensen, Hellerup	Board of Directors
Peter Reedtz, Charlottenlund	Board of Directors
Per Klitgård Poulsen, Hellerup	Board of Directors
Jørgen Rugholm, Holte	Board of Directors
Lykke Friis, Frederiksberg	Board of Directors

Group enterprises cf. note 17
Associates cf. note 18

Transactions

There have been no transactions with the Board of Directors, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Thylander Gruppen Holding A/S, Copenhagen
FutureConsumer Invest 2 ApS, Holte
JACC Holding ApS, Gentofte
Søhusvej A/S, Allerød

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
ApS af 1986	Copenhagen

The Group Annual Report of ApS af 1986 may be obtained at the following address:

c/o Assure Wealth A/S
Gammel Strandvej 16
2990 Nivå

Notes to the Financial Statements

25 Accounting Policies

The Annual Report of Thylander Gruppen A/S for 2023 has been prepared in accordance with the provisions of the Danish Alternative Investment Fund Managers etc. Act, the Danish FSA's Executive Order on general rules for financial statements and audit of Alternative Investment Fund Managers and the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2023 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 asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Thylander Gruppen A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

When accounting for business combinations, the acquisition method is applied. Acquired entities are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which Thylander Gruppen A/S obtains control of the entity.

The consideration transferred as payment for the acquired entities consists of the fair value of assets transferred, liabilities incurred to former owners of the acquired entities and equity instruments issued.

Identifiable assets, liabilities and contingent liabilities of the acquired entities are measured at fair value at the date of acquisition by applying relevant valuation methods.

Identifiable intangibles are recognised if they are separable or arise from a contractual right.

Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation. The excess of the total consideration transferred over the total identifiable net assets measured at fair value is recognised as goodwill.

If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts.

Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. After the end of the measurement period, goodwill is no longer adjusted.

Transaction costs inherent from the acquisition are recognised in the income statement when incurred.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Income Statement

Management fees

Management fees comprise management fees of the funds under management.

Notes to the Financial Statements

25 Accounting Policies (continued)

Expenses for personnel and administration

Staff costs and administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and expenses comprises income of a secondary nature as viewed in relation to the Company's primary activities.

Performance fees are recognised as income when the company obtains definitive rights to the fee.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Fair value adjustments

Fair value adjustment relates to realised and unrealised gain and losses on other investments and investment properties.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Entity is jointly taxed with all Danish group enterprise. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill arising from business acquisitions is recognised in the financial statements.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is, from the acquisition date, allocated to the cash-generating units (CGUs) that are expected to obtain the benefit.

Goodwill is considered to have indefinite useful life and CGUs are tested for impairment at least once a year or if there are any impairment indications.

The impairment test is based on the higher of fair value less costs of disposal and value in use.

Impairment of goodwill is not reversed. When performing an impairment test, we assess whether the recoverable amount exceeds the net book value of a CGU.

In determining the recoverable amount, we calculate the value in use to test if the CGU will be able to generate positive net cash flows sufficient to support the net book values. The value-in-use calculations are based on expected future cash flows from financial forecasts and include a number of assumptions and estimates related to future market conditions.

Investment properties

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for

labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Notes to the Financial Statements

25 Accounting Policies (continued)

Other property, plant and equipment

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 5 years
Leasehold improvements 5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Other investments

Other investments, which consist of unlisted investments and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the equity method as the investments relates to investment properties and financial liabilities, which are measured to fair value using a returnbased model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising

between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

25 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Solvency ratio	Equity at year end x 100 Total assets at year end
Equity ratio after tax	Net profit for the year x 100 Average equity
Equity ratio before tax	Profit/loss before tax x 100 Average equity



Company information

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Financial period: 1 January - 31 December

Municipality of reg. office: Copenhagen

Board of Directors

Maria Helene Hjorth, Chairman

Jørgen Rugholm

Per H. Jensen

Peter Reedtz

Per Klitgård Poulsen

Lykke Friis

Executive Board

Lars Thylander

Lars Bigom

Jarl Greve

Auditors

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