Swiss Properties Invest A/S

Schleppegrellsgade 8, kl., 2200 København N

CVR no. 42 74 11 16

Annual report for 2024

This annual report has been adopted at the
annual general meeting on 25.04.25

Chairman of the meeting

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Group information etc.

The company

Swiss Properties Invest A/S
Schleppegrellsgade 8, kl.
2200 København N
Registered office: København N
CVR no.: 42 74 11 16
Financial year: 01.01 - 31.12

Ordinary generel meeting will be held on 25.04.2025 with publication of the annual report the 09.04.2025

Executive Board

Kirsten Sillehoved

Board of Directors

Kirsten Sillehoved
Thorbjørn Graarud
Christian Bertel Seidelin

Auditors

BDO Statsautoriseret Revisionsaktieselskab

Bank

Jyske Bank A/S

Subsidiarie

Swiss Properties Invest AG, Baar, Schweiz

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Swiss Properties Invest A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.24 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, April 9, 2025

Executive Board

Kirsten Sillehoved

Board of Directors

Kirsten Sillehoved	Thorbjørn Graarud	Christian Bertel Seidelin

Independent auditor's report

To the Shareholder of Swiss Properties Invest A/S

Opinion

We have audited the consolidated financial statements and financial statements of Swiss Properties Invest A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.24 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.24 - 31.12.24 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and financial statements, it is our responsibility to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company 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 by law and regulations.

Based on the work we have performed, we conclude that the management’s review is in accordance with the consolidated financial statements and financial statements and has been prepared in accordance with the requirements of Danish Financial Statements Act. We did not identify any material misstatement of the management’s review.

Management's responsibilities for the consolidated financial statements and financial statements

Management is responsible for the preparation of consolidated financial statements and 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 consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and 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 consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated financial statements and financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting in preparing the consolidated financial statements and 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 consolidated financial statements and 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 consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Hjørring, April 9, 2025

BDO Statsautoriseret Revisionsaktieselskab

CVR no. 20 22 26 70

Claus Muhlig

State Authorised Public Accountant

MNE-no. mne26711

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2024	2023	2022	2021
Profit/loss				
Gross result	19,158	20,217	336	-151
Operating profit/loss	77,977	24,971	-271	-151
Total net financials	-9,172	-9,728	-5,126	61
Profit for the year	57,715	13,304	-5,641	-91
Balance				
Total assets	756,681	659,339	467,836	23,231
Equity	306,473	252,440	216,913	22,417
Cashflow				
Net cash flow:				
Operating activities	16,056	-2,504	-2,679	356
Investing activities	-75,460	-215,115	-377,265	-718
Financing activities	33,819	159,891	445,106	22,500
Cash flows for the year	-25,585	-57,728	65,162	22,138

Ratios

	2024	2023	2022	2021
Profitability				
Return on equity	21%	6%	-4%	-1%
Equity ratio				
Solvency ratio	41%	38%	46%	97%
Liquidity and financing				
Liquidity ratio	45%	232%	42%	2,766%

Ratios - continued -

	2024	2023	2022	2021
Others				
Number of employees (average)	8	6	1	0
Earnings per share	25.3	5.8	-2.54	-
Numbers of outstanding shares	2,285,272	2,285,272	2,225,000	-
Average (weighted) number of outstanding shares	2,285,272	2,227,823	1,161,986	-
Book value per share	134.11	110.46	97.49	99.63

Ratios definitions

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

Liquidity ratio: $\frac{\text{Current assets x 100}}{\text{Short-term payables}}$

Primary activities

The group's activities consist of investments in realestate with the purpose of commercial lease.

Development in activities and financial affairs

Book value of properties	Book value per share
749.9 MDKK	**134.11 DKK**

Profit after tax	Earnings per share
57.7 MDKK	**25.30 DKK**

Equity	Share price (Nasdaq per 31.12.2024)
306.4 MDKK	**89.50 DKK**

2024 was our second full year as a listed company and it has again been a very successful year fulfilling our promise to build a portfolio of Swiss commercial properties to deliver long-term shareholder value.

Key results for 2024 include:

- Book value of our properties has increased to 749.9 MDKK (20% more than 2023)
- Profit after tax amounted to 57.7 MDKK (334% more than 2023)
- Equity amounted to 306.4 MDKK (21% more than 2023)
- Book value per share amounted to 134.11 DKK (21% more than 2023)
- Earnings per share amounted to 25.30 DKK (336% more than 2023)
- The share price (Nasdaq First North Growth Market Denmark) on 31.12.2024 was 89.50 DKK resulting in a price-to-book ratio of 0.67, indicating an undervaluation in the market as the shares of the Company are traded at a value lower than the value of the shareholders equity of the Company

The interest rate in Switzerland decreased in 2024, resulting in lower financing costs and increased value appreciation of our properties.

We continue to see significant opportunities in the Swiss market to acquire more commercial properties at attractive yields and we expect that we will be able to provide even better returns for our shareholders by continuing to grow our portfolio of properties over the next years - in combination with our established operational efficiency and with the compounding effect that is built into our business concept.

Additionally, we believe that the macroeconomic arguments for selecting real assets in Switzerland for investors seeking a "safe haven" against inflation and global uncertainty have, unfortunately, only become more relevant.

Hence, it is our intention to keep offering investors the opportunity to participate in our journey towards maximising shareholder value by seeking further capital increases to expand our portfolio of commercial properties for the benefit of all existing and new shareholders.

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 57,715,287 against a profit of DKK 13,304,246 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 306,473,026.
The gross profit for the group for the year totals DKK 19,157,691 against DKK 20,217,153 last year.

The management considers the net profit for the year to be satisfactory.

During the financial year, the group invested in real estate. The realised rental income totals DKK 35,215,191 and can be specified as follows:

Figures in DKK	2024	2023
Grabenstrasse 8, 8608 Nänikon, Zurich	3,116,518	3,048,017
Murgstrasse 21, 9545 Wängi, Thurgau	6,479,544	6,280,078
Industriestrasse 17+17A, 6303 Sempach, Luzern	5,449,859	5,083,507
Pilatusstrasse 2, 6036 Dierikon, Luzern	5,044,719	4,968,645
Weststrasse 15, 8570 Weinfelden, Thurgau	3,699,236	3,693,915
Ringstrasse 1, 8603 Schwerzenbach, Zürich	5,840,354	6,333,475
Burgstrasse 2 + Wasserturmplatz 3, 4410 Liestal, Baselland	2,741,592	452,748
Tüftelstrasse 50, 5322 Koblenz, Aargau	2,331,092	0
Other income from investment properties	512,277	53,119
Total	35,215,191	29,913,504

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		Group 2024 DKK	Group 2023 DKK	Parent 2024 DKK	Parent 2023 DKK
	Gross result	**19,157,691**	**20,217,153**	**314,499**	**-29,935**
1	Staff costs	-1,632,388	-1,322,731	-275,000	0
	Profit/loss before fair value adjustments	**17,525,303**	**18,894,422**	**39,499**	**-29,935**
	Fair value adjustment of investment properties	60,451,515	6,076,319	0	0
	Operating profit/loss	**77,976,818**	**24,970,741**	**39,499**	**-29,935**
	Financial income	74,229	69,712	14,426	29,893
	Financial expenses	-9,245,749	-9,798,198	-50,860	0
	Profit/loss before tax	**68,805,298**	**15,242,255**	**3,065**	**-42**
	Tax on profit or loss for the year	-11,090,011	-1,938,009	-986	74
	Profit for the year	**57,715,287**	**13,304,246**	**2,079**	**32**

Proposed appropriation account

	Group 2024 DKK	Group 2023 DKK	Parent 2024 DKK	Parent 2023 DKK
Retained earnings	57,715,287	13,304,246	2,079	32
Total	**57,715,287**	**13,304,246**	**2,079**	**32**

Balance sheet

ASSETS

Note		Group		Parent	
		31.12.24 DKK	31.12.23 DKK	31.12.24 DKK	31.12.23 DKK
	Investment properties	749,913,572	624,455,563	0	0
	Total property, plant and equipment	**749,913,572**	**624,455,563**	**0**	**0**
3	Equity investments in group enterprises	0	0	226,913,562	219,059,862
	Total investments	**0**	**0**	**226,913,562**	**219,059,862**
	Total non-current assets	**749,913,572**	**624,455,563**	**226,913,562**	**219,059,862**
	Receivables from group enterprises	0	0	0	525,000
	Deferred tax asset	0	0	54,022	55,008
	Other receivables	943,183	1,627,798	180,918	21,035
	Prepayments	1,835,672	3,683,172	43,625	47,218
	Total receivables	**2,778,855**	**5,310,970**	**278,565**	**648,261**
	Cash	**3,988,576**	**29,572,664**	**3,314,196**	**10,784,073**
	Total current assets	**6,767,431**	**34,883,634**	**3,592,761**	**11,432,334**
	Total assets	**756,681,003**	**659,339,197**	**230,506,323**	**230,492,196**

Balance sheet

EQUITY AND LIABILITIES

Note		Group		Parent	
		31.12.24 DKK	31.12.23 DKK	31.12.24 DKK	31.12.23 DKK
	Share capital	228,527,200	228,527,200	228,527,200	228,527,200
	Foreign currency translation reserve	10,852,580	14,505,064	0	0
	Retained earnings	67,093,246	9,407,959	1,591,788	1,619,709
	Total equity	**306,473,026**	**252,440,223**	**230,118,988**	**230,146,909**
	Provisions for deferred tax	12,248,052	1,538,378	0	0
	Total provisions	**12,248,052**	**1,538,378**	**0**	**0**
4	Mortgage debt	422,895,780	390,338,165	0	0
	Total long-term payables	**422,895,780**	**390,338,165**	**0**	**0**
4	Short-term part of long-term payables	8,088,554	6,796,958	0	0
	Prepayments received from customers	861,491	1,006,967	0	0
	Trade payables	1,460,747	1,109,790	250,105	345,287
	Income taxes	632,536	668,025	0	0
	Other payables	446,018	1,971,160	137,230	0
	Deferred income	3,574,799	3,469,531	0	0
	Total short-term payables	**15,064,145**	**15,022,431**	**387,335**	**345,287**
	Total payables	**437,959,925**	**405,360,596**	**387,335**	**345,287**
	Total equity and liabilities	**756,681,003**	**659,339,197**	**230,506,323**	**230,492,196**

5 Fair value information
6 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Foreign currency translation reserve	Retained earnings
Group:			
Statement of changes in equity for 01.01.24 - 31.12.24			
Balance as at 01.01.24	228,527,200	14,505,064	9,407,959
Foreign currency translation adjustment of foreign enterprises	0	-3,652,484	0
Cost of changes in capital	0	0	-30,000
Net profit/loss for the year	0	0	57,715,287
Balance as at 31.12.24	228,527,200	10,852,580	67,093,246
Parent:			
Statement of changes in equity for 01.01.24 - 31.12.24			
Balance as at 01.01.24	228,527,200	0	1,619,709
Cost of changes in capital	0	0	-30,000
Net profit/loss for the year	0	0	2,079
Balance as at 31.12.24	228,527,200	0	1,591,788

Consolidated cash flow statement

Note		Group 2024 DKK	Group 2023 DKK
	Profit for the year	**57,715,287**	**13,304,246**
7	Adjustments	-33,389,746	-4,904,118
	Change in working capital:		
	Receivables	2,532,115	-2,939,520
	Trade payables	350,957	-903,910
	Other payables relating to operating activities	-1,565,347	2,608,969
	Cash flows from operating activities before net financials	**25,643,266**	**7,165,667**
	Interest income and similar income received	74,772	69,712
	Interest expenses and similar expenses paid	-9,245,749	-9,798,198
	Income tax paid	-415,826	59,008
	Cash flows from operating activities	**16,056,463**	**-2,503,811**
	Purchase of property, plant and equipment	-75,459,761	-215,115,148
	Cash flows from investing activities	**-75,459,761**	**-215,115,148**
	Raising of additional capital	0	6,539,583
	Expenses related to changes in capital	-30,000	1,021,757
	Arrangement of mortgage debt	38,120,806	157,245,112
	Repayment of mortgage debt	-4,271,595	-4,915,621
	Cash flows from financing activities	**33,819,211**	**159,890,831**
	Total cash flows for the year	**-25,584,087**	**-57,728,128**
	Cash, beginning of year	29,572,663	87,300,791
	Cash, end of year	**3,988,576**	**29,572,663**
	Cash, end of year, comprises:		
	Cash	3,988,576	29,572,663
	Total	**3,988,576**	**29,572,663**

	Group		Parent	
	2024 DKK	2023 DKK	2024 DKK	2023 DKK

1. Staff costs

Wages and salaries	1,463,663	1,146,737	275,000	0
Pensions	25,784	23,390	0	0
Other social security costs	121,875	131,600	0	0
Other staff costs	21,066	21,004	0	0
Total	1,632,388	1,322,731	275,000	0
Average number of employees during the year	8	6	3	0

2. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	126,700	110,000	126,700	110,000

3. Equity investments

Name and registered office:	Ownership interest
Subsidiaries:	
Swiss Properties Invest AG, Baar, Schweiz	100%

4. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Group:				
Mortgage debt	8,088,554	390,541,563	430,984,334	397,135,123
Total	8,088,554	390,541,563	430,984,334	397,135,123

5. Fair value information

Figures in DKK	Investment properties
Group:	
Fair value as at 31.12.24	749,913,572
Unrealised changes of fair value recognised in the income statement for the year	60,451,515

Measurement of fair value of investment properties is calculated using a DCF-model.

A determination of the return from the individual properties is based on the expected rental income from fully leased properties less expected operating costs, administration costs, and maintenance costs. If the expected rental income is different than estimated rent potential the valuation expects the rent potential to be realized within 3 - 10 years. The subsequent value is adjusted for recognised vacant-period lease for a reasonable period of time and expected costs of improvements and large maintenance projects, etc., plus added deposits and prepaid lease payments.

The required rate of return has been determined on the basis of market statistics and management's knowledge of the property market in general. When determining the required rate of return, parameters such as type (residence, office, shop, etc.), location, age, state of maintenance, duration of rental agreements, and tenants credit quality, etc., are considered.

The determination of the market value (carrying value) is based on the following data:

Weighted average rate of return	3,83%
Highest rate of return	4,60%
Lowest rate of return	2,72%
Lowest vacancy rate	1.00%
Highest vacancy rate	10.00%

All the properties are primarily used for office, retail, storage and commercial purposes. In the Management's review the location of the properties is listed.

Sensitivity analysis:
Changes in the rates of return have a material effect on the measurement of investment properties. An increase in the rate of return could mean a decrease in market value. The market development may result in changed requirements on the return on real property.

An increase of the required rate of return by 1 percentage point would mean a reduction of the value of the investment properties of DKK 140,406,886.
A reduction of the required rate of return by 1 percentage point would mean an increase of the value of the investment properties of DKK 245,835,271.

6. Charges and security

Group:

Investment properties with a carrying amount of t.DKK 749,914 have been provided as security for mortgage debt of t.DKK 430,984.

Parent:

The company has not provided any security over assets.

	Group	
	2024 DKK	2023 DKK
7. Adjustments for the cash flow statement		
Fair value adjustment of investment properties	-60,451,515	-6,076,319
Financial income	-74,772	-69,712
Financial expenses	9,245,749	9,798,198
Tax on profit or loss for the year	11,090,011	1,938,009
Other adjustments	6,800,781	-10,494,294
Total	-33,389,746	-4,904,118

8. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for groups and enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

8. Accounting policies - continued -

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

INCOME STATEMENT

Gross result

Gross result comprises revenue, other operating income and property costs and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the rental of properties is recognised in the income statement for the relevant period. Revenue is measured at fair value and determined exclusive of VAT and discounts.

8. **Accounting policies** - continued -

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Property costs

Property costs comprise costs relating to property management, including repair and maintenance costs, real property taxes, insurance, overhead costs and other costs.

Other external expenses

Other external expenses comprise selling costs, cost of premises and administrative expenses as well as other capacity costs, including bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

Investment properties are not depreciated.

Fair value adjustment of investment properties

Unrealised value adjustments of investment properties and realised gains and losses on the sale of assets are recognised in the fair value adjustment of investment properties.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the

8. Accounting policies - continued -

profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Property, plant and equipment

Investment properties

Investment properties comprise investments in land and buildings for the purpose of earning a return on such investments in the form of regular operating income and capital gains on sale. Investment properties are recognised at cost at the date of acquisition. Cost comprises the purchase price plus expenses resulting directly from the purchase until the asset is ready for use. Investment properties are subsequently measured at fair value with value adjustments in the income statement. The fair value is calculated by applying an individually determined discount rate to the capitalisation of the cash-flow from the property. A valuer has not been used to determine the fair value.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group entreprises

Equity investments in subsidiaries are measured at cost less any impairment losses in the balance sheet of the parent. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments in the balance sheet of the parent, while transaction costs are recognised in the income statement in the consolidated financial statements.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

8. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

If dividends are distributed on equity investments in subsidiaries exceeding the year earnings from the enterprise in question, this is considered an indication of impairment.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

8. Accounting policies - continued -

Current and deferred tax

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

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

8. Accounting policies - continued -

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.

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