ALFA DEVELOPMENT

Annual report 2023

Urban areas that improve quality of life

"We are urban and residential developers. We innovate to create the best conditions for people and nature. We challenge to raise the standard of the built environment."

Contents

Owner's review

Foreword

Despite a challenging real estate market, in 2023, we have made significant progress according to our growth strategy. With a focus on developing homes and urban neighborhoods, we expect to continue on this positive trajectory with several new projects in the pipeline.

Progress in a challenging market
2023 was a challenging year in the real estate market. Continued high interest rates, inflation and construction prices put a brake on many activities and turned many development projects unprofitable across the market. Against this background, we are proud to report solid progress for ALFA Development in the pursuit of our growth strategy targeting homes and neighbourhoods for the mid-market in the metropolitan areas of Copenhagen and Aarhus.

Our development teams had a busy year and by the end of 2024, we expect to have approved local plans for urban development projects amounting to more than 100,000 m^2, while additional 60,000 m^2 are in the pipeline for 2025 before further acquisitions. In order to keep up with the project portfolio, we employed several new developers and continued our close partnerships with external key specialists in architecture, design, and sustainable building practices.

Our new building program, including a separate plan for development of more sustainable buildings, will be applied to all development projects going forward. The program ties all development partners – from architects to contractors – together around a shared vision and framework for the entire project. Furthermore, the program ensures an unrelenting focus on our key development pillars, which are Customer centricity, Quality of life, Environmental impact and Biodiversity impact.

Living by ALFA – an innovative living concept

One of the big milestones in 2023 was the inauguration of our first Living by ALFA community. Situated in IrmaByen, one of our biggest urban development projects ever, 163 families have moved into a brand-new rented community with a wide range of shared services. Living by ALFA IrmaByen marks an important step in our innovative approach to property development, always focusing on high aesthetic standards and quality of life for the residents.

One of the questions addressed by Living by ALFA is whether people can share more, while living in smaller apartments. This discussion is extremely relevant and would solve several issues facing the building industry related to energy and climate, natural resources and biodiversity and the generally high cost of homes in Scandinavia.

Nine months into occupancy, we performed an in-depth qualitative customer satisfaction survey of the Living by ALFA residents. The respondents reported very high satisfaction and gave valuable input as to how the concept can be improved. They especially stressed the feeling of togetherness as important and rated the role of the community manager as instrumental for the lively and inspirational community life. They praised the local restaurant for bringing the Copenhagen vibe closer to home, even though IrmaByen is located outside the city centre.

The Living by ALFA concept now undergoes further development with an aim to expand the concept to upcoming development projects in Denmark and Sweden. In 2023, our director of Living by ALFA was appointed chairman of ULI in Denmark, a role that provides us with valuable insights into the latest development trends, which can be used in our work.

Contributing to the world around us

In 2023, ALFA Development transferred a significant amount to the Planetary Responsibility Foundation. The Foundation was founded by my husband and myself in 2022 with the purpose to protect and preserve our planet's nature and biodiversity and promote sustainable development.

During the past year, the Foundation especially focused on knowledge sharing about sustainable building methods and topics related to nature as well as biodiversity. The Foundation invested in the international media Foresight, renowned for its science-based dissemination of knowledge on climate and energy. Besides, PRF published a series of interviews with Danish and international researchers to share new insights and best practices.

In 2023, our venture sister company ALFA Ventures was focused on developing the existing portfolio of start-ups. The common denominator of the portfolio is innovative breakthroughs in building practices, resource efficiency and digitalization of processes in the building industry.

Outlook for 2024

We enter 2024 with a strong will to succeed with our strategy of profitable, sustainable growth. We are looking for new project opportunities, where we can realize our vision of creating high-quality, innovative and attractive homes and neighborhoods.

Due to the present market conditions and future uncertainties, we apply a financial, precautionary principle in all our activities. Furthermore, we take care to minimize risk and safeguard our values in the best possible way in order to prepare for future growth.

An old saying goes that it is always darkest just before dawn. We believe that right now we are on the threshold of a new era. The serious challenges facing the world force us to change our thinking and do things differently. At ALFA Development we want to take lead in this transformative journey.

Andreea Kaiser
Co-founder, co-owner & Group CEO

Management's review

Satisfactory profit of DKK 80 million before tax

Free cash flows from our investment portfolio better than expected

We have taken a conservative approach to the property market over the past few years and have therefore increased our solvency and cash resources. This has enabled us to capitalise on opportunities as they emerge.

Our land bank is relatively small. In 2021 and 2022, we acquired only investment properties with development potential, while at the same time, we sold newly built investment properties that we had developed, built and leased in-house.

In addition, we optimised the operations of our portfolio of older investment properties, thereby increasing our rental and operating income. In 2023, we sold commercial properties from our investment portfolio at unchanged yield requirements compared to the previous year. As a result, we were not affected by the higher yield requirements on investment properties or by a lack of buyer interest.

Obviously, the higher yield requirements for investment properties in the market have weighed on the value of our remaining portfolio of investment properties. However, the impact was partly offset by the increase in our regular rental and operating income.

We are pleased with the increasing operating income from our investment properties, which ensure satisfactory operating cash flows for our investment portfolio thanks to our low loan-to-value rates and relatively long refinancing intervals.

Over the past few years, we have been preparing for the tightened capital requirements and the challenging markets which the real estate sector is facing today, partly by divesting investment properties.

Increasing yield requirements, rising interest expenses and higher construction costs seen in

Profit for the year (DKKm)

71

Equity (DKKm)

1,129

ROE

6%

Avg. ROE 2019–2023

12%

recent years are squeezing our current developer margins. Of course, it has also affected the expected returns on our investment properties with development potential, as the values of the expected building rights have declined.

Real estate is a cyclical industry, and we have prepared as much as we can for a downturn, while also preparing for the next recovery by diversifying our risk. For example, we have acquired projects with different development and construction periods in order to diversify the timing of when the properties we sell or lease will hit the market.

Our solid balance sheet and strong cash position enable us to be opportunistic, and we expect to close deals and agreements in 2024 at higher yields and earnings than we have managed to deliver in recent years. In other words, we expect the next few years to provide better opportunities for acquiring attractive building rights and investment properties with development potential at reasonable prices.

We do not know when the next recovery will set in, but we expect it will happen eventually and we are preparing for it. In other words, we are ready to invest for the future.

Through 2022 and 2023, we aligned our organisation to our low construction activity and projected revenue from project sales in 2024–2026. Meanwhile, we have added to our skills and expertise in property development, strengthening our organisation in the fields of land acquisition, building rights, development of local plans, etc.

We do not expect to deliver large newbuild projects for sale or for rent in the market until in 2027 and 2028.

Kristian Hare
Chief Financial Officer

ALFA at a glance

ALFA Development is a family-owned company engaged in urban and property development and in development and management of a proprietary portfolio of investment properties. The company has grown steadily since it was founded in 2006, evolving into a strong organisation with a solid network of dependable business partners.

We are a young company with solid experience. Since 2006, we have been developing modern urban and residential areas.

We are family-owned. That means we think long-term. We create places where people love to live not just today, but also tomorrow. We are a niche player and choose our development projects carefully to ensure that we can realize our visions.

We work internationally, bringing the best from abroad to Denmark and the best from Denmark to the world. We build mixed communities, for owners and tenants, for young and old, for families and singles.

Our purpose is...

... to create the best conditions for people and nature by raising the standards of our industry.

We see our approach to being a property developer in a greater context than merely in relation to a specific building in a given location, but rather as a part of the community and society at large. We want to make a positive difference and focus consistently on the implications of our actions.

To that end, we always strive to improve. We listen to the needs of our clients and are at the forefront of innovation and technological developments. Only in this way can we heighten the standards of our building projects in terms of design, functionality and climate impact.

Our commitment

Focus on the client

We seek to understand the different life stages of our customers and to build housing and develop solutions that match their needs and make their lives easier. Generally more functional products: storage, patios, entrances, etc.

Quality of life

Our work is driven by an ambition to enhance the quality of life of our customers. Safety, more green spaces, better areas where children can play safely, better services, common areas that support the community spirit and feel cosy – places where people can come together and have shared experiences.

Sustainability

In order to remain competitive, we must consistently become more innovative, more efficient and more sustainable. Working closely together with the operations team to optimise buildings, minimise waste and make better choices from the beginning while taking into account our product's life cycle is the key to our success.

Values

Credibility and trust

We stand by our word. We prioritise long-term and close relationships based on fairness and mutual respect.

Passion

We work with dedication and passion to deliver excellent results for ourselves, our partners and our customers.

Professionalism

We have in-depth market knowledge and work with a high degree of integrity. Being part of a competent and diverse group of people, we are agile, tolerant and work well together.

Quality

We take responsibility for creating lasting value with well thought-through solutions. We work with reliable partners who deliver the quality we want to bring to our customers.

"We know that cities and homes shape people's lives. We don't just build, we put the customer at the center. We ask our future customers what they want and turn their dreams into reality."

Andreea Kaiser
Co-founder, co-owner & Group CEO

Financial overview

The profit for the year before tax amounted to DKK 80 million, which lifted equity by 7% after dividend. Equity amounted to DKK 1,129 million, for an equity ratio of 50%.

Revenue and earnings

Revenue for the year amounted to DKK 257 million (2022: DKK 310 million), of which DKK 154 million (2022: DKK 247 million) was attributable to project sales from the development portfolio and DKK 100 million (2022: DKK 63 million) was rental income stemming mainly from the investment portfolio.

Rental income from the investment portfolio was up by 57% year on year, driven by a combination of NPI adjustments and a larger investment portfolio. In 2023, we grew our rental income from the investment portfolio after acquiring an investment property at the end of 2022 and due to the completion and letting of the investment property Living by ALFA IrmaByen.

The group's head office at Knud Højgaards Vej 2 in Søborg is still not recognised as part of the investment portfolio, but is recognised as a long-term fixed asset measured at cost less depreciation.

Value adjustments of investment properties amounted to DKK -32 million (2022: DKK 110 million), of which DKK -3 million stems from investment properties under construction (2022: DKK 11 million), which are stated at fair value.

A lower turnover from project sales had been expected and guided for in 2023, because a turnkey contractor underwent bankruptcy proceedings in 2022, which caused a delay in the handover of a project from 2023 to 2024/2025.

Gross profit before value adjustments amounted to DKK 57 million (2022: DKK 64 million) for a gross margin of 22,0% (2022: 20.6%).

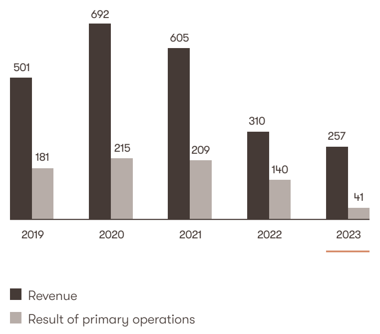
Distribution costs, comprising sales and marketing costs, were reduced to DKK 13 million (2022: DKK 15 million), a drop from than last year's figure due to the lower revenue. Administrative expenses were largely unchanged at around DKK 20 million (2022: DKK 21 million). The organisation consisted of 38 full-time employees at 31 December 2023 (2022: 32 FTEs), the increase being due to the establishment of our restaurant and takeaway service in the Living by ALFA community in IrmaByen.

Profit before financial items and tax (EBITDA) amounted to DKK 41 million (2022: DKK 140 million). Net financial items amounted to DKK 39 million (2022: DKK 13 million) including one-off financial income of DKK 73 million from fixed-income products (2022: DKK 32 million).

Profit before tax amounted to DKK 80 million (2022: DKK 152 million) and tax on the profit for the year was DKK 9 million (2022: DKK 19 million), bringing the profit for the year to DKK 71 million (2022: DKK 133 million).

In our 2022 Annual Report, we guided for 2023 profit of DKK 80-90 million before value adjustments of investment properties and tax. Profit for

Revenue
DKK'000



the year before value adjustments of investment properties and tax amounted to DKK 112 million (2022: DKK 42 million).

The negative effects of events impacting project development operations did not significantly exceed the effects of the one-off financial income and the increased operating profit from the investment portfolio. The value adjustments of the investment properties of DKK -32 million (2022: DKK 110 million) were mainly due to the higher operating profit, which is expected to continue increasing in 2024. Overall, the profit for the year was satisfactory.

The higher interest rates will reduce the expected profit on ongoing and planned projects and will thus increase the required rate of return on future projects.

Balance sheet and equity

Total assets amounted to DKK 2,249 million (2022: DKK 2,718 million), consisting of DKK 1,321 million attributable to the investment portfolio (2022: DKK 2,020 million), DKK 155 million attributable to the project and development portfolios (2022: DKK 223 million), DKK 625 million in cash and cash equivalents (2022: DKK 188 million) and DKK 148 million in other assets (2022: DKK 287 million).

Equity amounted to DKK 1,129 million (2022: DKK 1,198 million), for an equity ratio of 50%, which was 6 percentage points higher than in the previous year (2022: 44%).

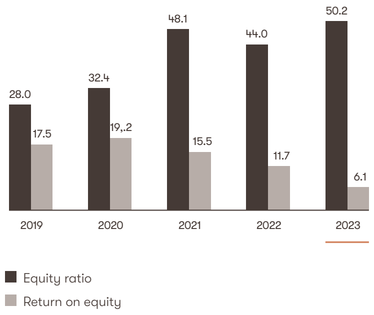
Expectations for the coming year

The increase in earnings from the investment portfolio will be a key driver of our consolidated financial results for 2024, as we do not expect to make any handovers from project sales during the year. At the present time, we do not have plans for any significant handovers until in 2027-28. On that background, we expect to incur a loss for 2024 of DKK 0-10 million before tax and value adjustments of investment properties.

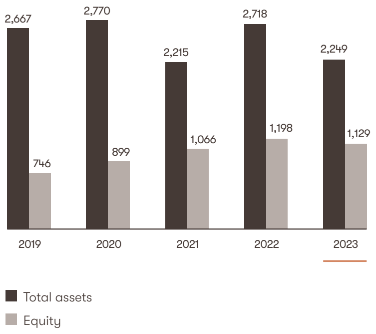
Value adjustments of investment properties will depend on changes in operating profit and yield requirements. Yield requirements are affected by the general level of interest rates, inflation expectations and the risk premium determined by alternative investment options available to investors.

Assuming unchanged yield requirements, a 2% improvement in operations will produce a value adjustment of DKK 25 million, all else being equal.

Return on equity
%



Assets and equity
DKK'000



EBIT

41 DKKm

Equity ratio

50%

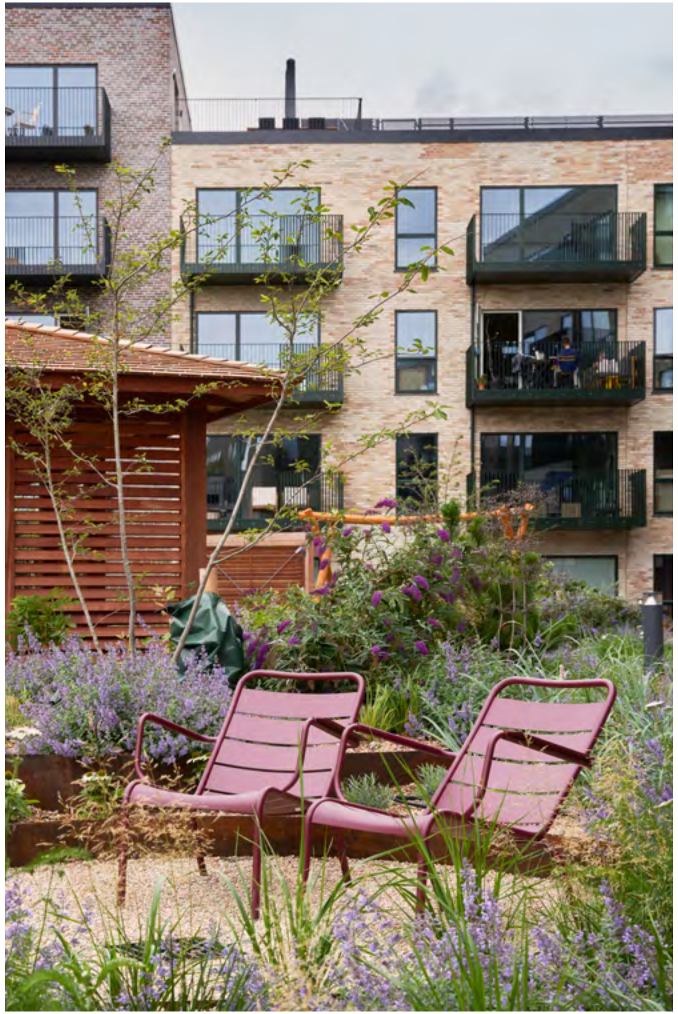
Assets

2,249 DKKm

Equity

1,129 DKKm

We do not just build, we put the customer at the center. We build high-quality, mixed-use developments for owners and tenants, young and seniors, families and singles.



Financial highlights for the Group

DKK'000	2023	2022	2021	2020	2019
Income statement					
Revenue	256,871	310,048	605,198	691,671	501,226
Gross profit	24,651	174,138	249,713	251,915	210,305
Ordinary operating profit	40,758	139,564	208,561	215,248	181,164
Net financials	39,244	12,528	-15,370	-15,646	-27,743
Profits before tax	80,002	152,092	193,191	199,602	153,421
Profit for the year	70,885	132,602	152,459	158,049	121,004
Balance sheet					
Total assets	2,249,429	2,718,136	2,215,179	2,769,936	2,667,048
Investments in property, plant and equipment	103,381	662,378	335,145	202,695	452,026
Equity	1,129,051	1,198,166	1,065,563	898,722	745,593
Cash flow					
Operating activities	111,713	264,612	94,388	280,802	68,024
Investing activities	646,826	-634,260	599,664	-197,131	-372,606
Financing activities	-283,583	441,321	-714,447	-74,712	385,249
Total cash flows	474,956	71,673	-20,395	8,959	80,667

DKK'000	2023	2022	2021	2020	2019
Employees					
Average number of full-time employees	44	40	42	33	31
Financial ratios in %					
Current ratio	264.1	79.5	243.5	87.0	98.0
Equity ratio	50.2	44.1	48.1	32.4	28.0
Return on equity	6.1	11.7	15.5	19.2	17.5

Financial highlights have been calculated in accordance with 'Recommendations & Ratios' issued by the Danish Finance Society.

As can be seen from the accounting policies, the Group has carried out, in relation to the statement of cash flows, reclassification of receivables from affiliated enterprises. The main figures for 2022 and 2021 are adapted accordingly. The changes have no significant impact on the main figures for the period 2019-2020.

Business model

Development portfolio

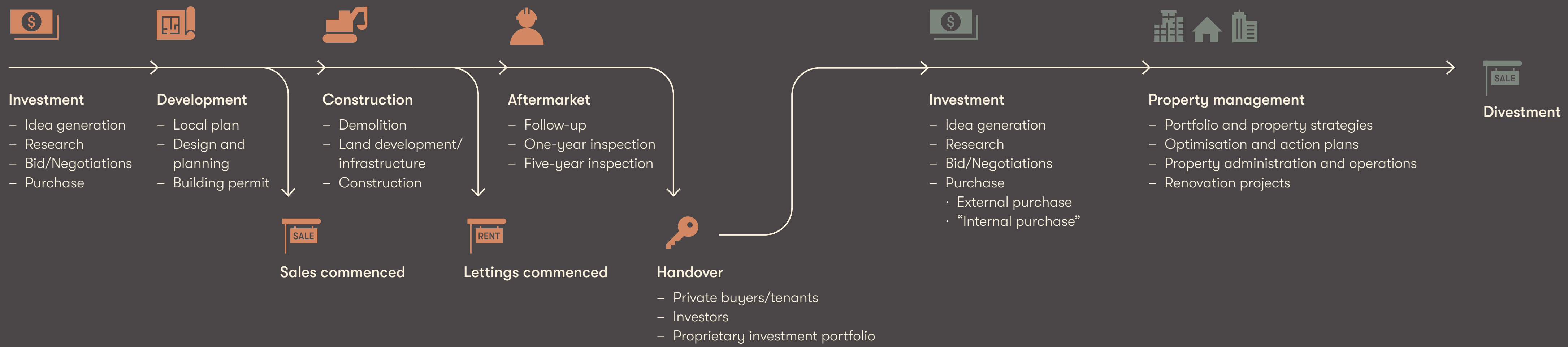
Our property development projects generally involve residential properties. We sell our projects to private buyers, either individually or to professional investors buying one or more properties in a single transaction.

We may also build residential units for our proprietary investment portfolio. Once construction is completed and units are let, they are then transferred in-house from one core activity to the other. Our development projects may also involve commercial properties that either form an integral part of a residential project (typically retail space) or constitute the entire project, such as an office building, serviced/multi-tenant office facility or similar.

Investment portfolio

Our portfolio of investment properties consists of a combination of residential and commercial properties. The portfolio is reviewed and adjusted on a regular basis through additions, divestments, optimising operations or extensive renovations. As an alternative to external acquisitions, we also add properties constructed by ALFA Development to the portfolio.

The following pages provide individual presentations of our respective business areas in terms of market overview, performance and an individual case from each area of the 2021 financial year.



Market overview

Development portfolio

For the Danish housing market, 2023 was a year of recovery and stabilisation following a very volatile year of economic uncertainty. The introduction of new housing taxes in 2024 led to increased activity in the owner-occupied housing market towards the end of 2023, especially in Denmark's Capital Region, as both buyers and sellers sought to position themselves before the new tax rules would take effect.

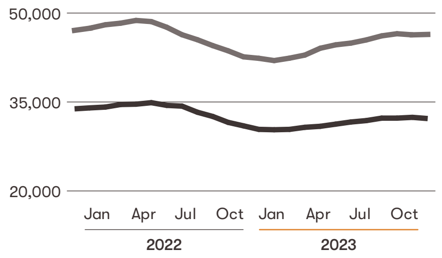
In the Capital Region, the supply of owner-occupied flats dropped by 10.5%, while the figure for detached/terraced houses fell by 5.1%. The reduced supply was part of the reason for the 8.9% drop in prices of owner-occupied flats and the 10.8% drop for detached/terraced houses. Time on the market fell by 22.7% for owner-occupied flats and by 1.0% for detached/terraced houses, indicating an increase in transaction activity.

In Aarhus, supply was up by 17.3% for owner-occupied flats and by 32.2% for detached/terraced houses, but that was not enough to prevent increases of 2.8% in the price of owner-occupied flats and of 3.2% for detached/terraced houses. That would suggest that demand was robust enough to absorb the increased supply. Time on the market dropped by 2.0% over the course of the year for owner-occupied flats, while this led to an increase in the figure for detached/terraced houses, which rose by 18.9%.

For some development projects, profitability was severely challenged due to sharply rising construction costs, interest rates and the growing yield requirements which investors made and are still making. This further slowed the launch of housing projects in 2023. For the longer term, the reduced start-up of housing projects will lower the supply of new housing in the Capital Region and in Aarhus, and will likely cause upward pressure on housing prices in the two regions. The prospects of tighter lending conditions for real estate investments may further reduce the launch of construction projects.

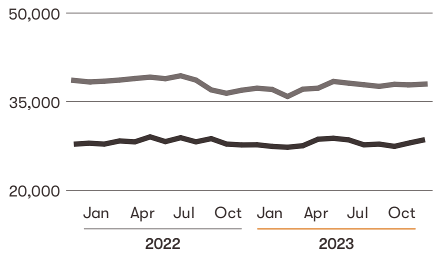
Selling prices, Capital Region

DKK per m²



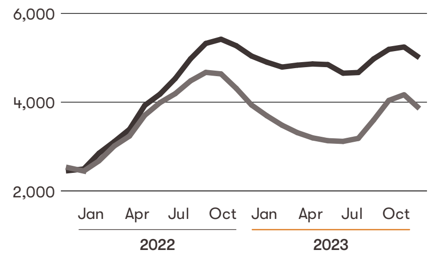
Selling prices, Aarhus

DKK per m²



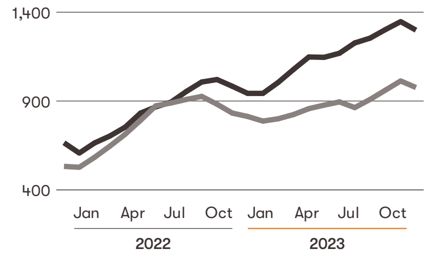
Supply, Capital Region

Units



Supply, Aarhus

Units



Townhouse Owner-occupied apartment

Source: Boligsiden

In harmony with nature and cultural heritage in Kgs. Lyngby, ALFA Development has developed a new urban neighborhood with 187 eco-labelled homes. Like a modern village with small, winding roads, and lush meadows.

Construction cost index

Index 2015 = 100

Performance

Development portfolio

We completed and handed over the final stage of owner-occupied units in IrmaByen.

In 2023, we completed and handed over 50 (2022: 32) new housing units in Espeporten at IrmaByen in Rødovre, the final stage of owner-occupied units in the district.

At 31 December 2023, we had a total of 64 housing units in production (2022: 114), of which we had signed final sales agreements for 31 (2022: 81). Hence, at the end of the year, we had just 33 housing units under construction (2022: 33) for which final sales agreements had not yet been signed. None of the unsold units were reserved for buyers (2022: 0%) or conditionally signed (2022: 0%), as sales efforts with respect to these units will not commence until 2025.

The only construction projects under way at the end of the year was Astas Have in Sundholmsvej, Copenhagen. The bankruptcy in 2022 of the turnkey contractor Q-Construction caused a delay in this project, as work was suspended in 2022. Construction resumed at the beginning of 2023, when the shell of the basement for underground parking was built. Astas Have involves the building of 31 residential units for VIBO housing association, 33 residential units that we expect to put up for sale in 2025, with dedicated parking spaces and a commercial unit scheduled for handover in 2026. The final financial results of the project will not be known until new construction contracts for the entire project have been concluded and the last residential units have been sold. Based on current selling prices and building costs, however, the profit previously anticipated is no longer achievable, and accordingly, we made a DKK 20 million provision for the anticipated loss in 2022. The provision is still considered to be at an appropriate level.

We continued our strategic efforts to establish a long-term presence in Aarhus, where we acquired a large area of land at the end of 2018. Situated just six kilometres from the Aarhus city centre, this continues to be an attractive area for developing high-quality housing at reasonable prices in Denmark's second city. We have renewed our option agreements for this area, which secures us the right to buy attractive land with building rights as long as the desired building opportunities can be achieved.

We expanded our presence around Aarhus in 2020 with the purchase of 18 hectares of rural land in Malling, some 13 kilometres south of Aarhus, which we consider to be an attractive location for future housing projects.

The project development portfolio represented assets of DKK 155 million at 31 December 2023 (2022: DKK 223 million). This amount does not include residential rental units being built for our proprietary investment portfolio, which is categorised – for accounting purposes – as investment properties under construction, nor does it include development properties with development potential.

We define as our 'land bank', the proportion of the project portfolio where actual construction projects have not yet commenced. At the end of the year, our land bank had assets of DKK 99 million (2022: DKK 83 million), consisting of land with and without building rights, options for land with building rights and project properties with potential for building rights.

The usual one-year and five-year inspections with customers and contractors for housing projects were conducted in accordance with applicable statutory rules. In the vast majority of cases, we concur with buyers on the issues raised during the inspections, and these are rectified in collaboration with the design-and-build contractor on an ongoing basis. In a few cases, we disagree with the issues and claims raised. We seek to resolve such cases through dialogue to the greatest extent possible, but in some cases when an agreement cannot be reached, a matter will have to be resolved through an expert survey or, in a very limited number of cases, a legal assessment and decision.

The Group is a party to a single major legal dispute, which is recognized with the expected loss of DKK 10 million. The requirement significantly exceeds the project company's equity. The loss is recognized in the consolidated accounts, but not in the parent company's account as the parent company is not liable for the project company's obligations.

IrmaByen

Development portfolio

IrmaByen is Rødovre's new urban area, developed on the piece of land where the former headquarters of Irma was located. ALFA Development has developed over 1,000 new housing units spread across 115,000 m^2. In 2023, IrmaByen was completed, and today the neighborhood is home to approximately 3,000 residents.

Considerable imagination was required to envision a future, modern urban neighbourhood when ALFA Development stopped by this former industrial area with concrete buildings at Korsdalsvej in Rødovre in the autumn of 2012. Nevertheless, our development team had no doubts. In 2015, the local plan was approved, and 13 residential projects have since been initiated, of which 11 have been handed over to private buyers.

Among others, the Build-to-Rent housing concept Living by ALFA is located in IrmaByen: 163 rental units in a unique, serviced community. It was handed over to the new residents in 2023 and is part of ALFA Development's own portfolio.

IrmaByen received the award for Best Masterplan at the European Property Awards in 2020, and was awarded the prize for Best Architecture in the Multiple Residence category in 2021.

DGNB

IrmaByen

Location	Rødovre
Construction started	2015
Handover	2023
Segment	Townhouses, cooperative housing units og apartments
Number of residential units	Approximately 1,000

Read more about IrmaByen here

Market overview

Investment portfolio

The challenging economic setting continued to dominate the Danish investment landscape in 2023, with rising interest rates and high inflation, driving yield requirements substantially higher and pushing investment activity in residential and commercial real estate to the lowest level for many years.

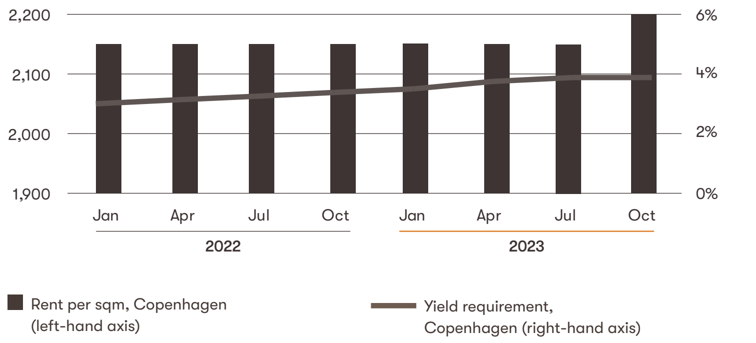
Residential properties in Copenhagen

For Copenhagen rental units in general, 2023 was a year of both rising net initial yields and higher rents, as market players continued to align activity to the financial reality. Net initial yields are currently at about 4% (from 3.5% in 2022), while rents rose by 4.3% during the year. Vacancy rates fell during the year, landing at 2.3% at year end. Although still a low rate, this follows a temporary increase at the start of 2023, when the vacancy rate rose from 1.9% at the end of 2022 to 2.5% in early 2023. We expect demand for residential housing to remain generally at a reasonable level. Despite the rising level of interest rates, we still expect stable rent levels in Copenhagen, supported by a drop in building starts in 2022 and 2023.

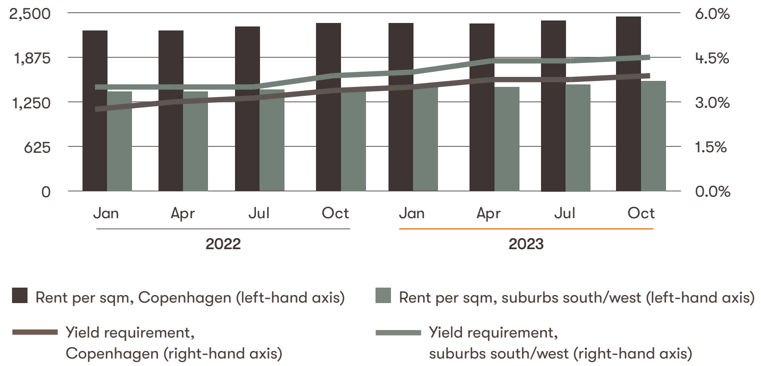
Office properties in Copenhagen

Net initial yields in the market for prime-location office properties in Copenhagen fell slightly during 2023 and are now at around 4%. While relatively stable in recent years, rent levels rose by 2.3% during 2023. Vacancy rates have trended lower in recent years, dropping further to 6.7% in the Capital Region at the end of 2023. This indicates continued strong demand for prime-location office space and a certain market resilience. We expect sustained demand for prime-location office space with stable rental levels and still low vacancy rates.

Office properties, Copenhagen, prime location



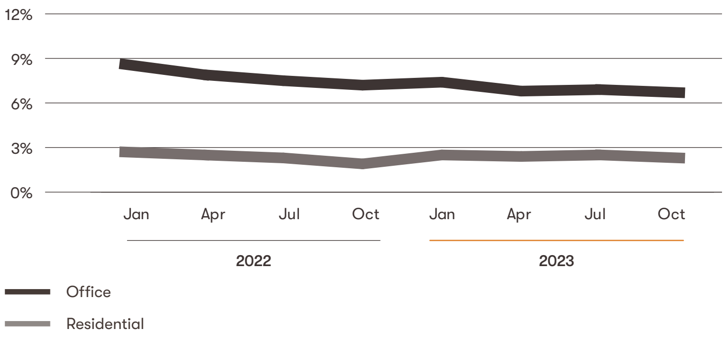
Residential rental properties, prime location



Source: Colliers

Vacancy rate, Capital Region

%



Source: Ejendom Danmark

Living by ALFA in IrmaByen is the first property of the Living by ALFA concept. The property consists of 101 apartments for families, singles and younger couples, as well as 62 apartments for adults without children living at home.

Performance

Investment portfolio

Operating profit and cash flow improvements

Value adjustments of investment properties for the financial year amounted to a total of DKK -32 million (2022: DKK 110 million). The value adjustment for the year of 81 million was driven by the improved operating profit resulting mainly from rent increases, and DKK 63 million in negative value adjustments due to an increase in return ratios (2022: DKK 0 million). Due to the market conditions of 2023 and the current market outlook for construction and selling prices, we have taken a DKK 50 million writedown on acquired building rights and development costs incurred relating to investment properties with development potential located at Smedeland in Glostrup and Mileparken/ Marielundvej in Herlev. These properties will still be treated as investment properties.

The Njalsgade complex and Strandkanten were both sold at the rate of return at which they were previously recognised for accounting purposes. Accordingly, the gain recognised on the sale was due entirely to the improved operating income during the year. In addition to the value adjustment on the investment properties, capital gains were altså realized on loans and liabilities.

Divestments from the property portfolio are part of a strategic move to allocate additional resources to continuing our ambitious growth strategy. For that purpose, we are strongly focused on acquiring land suitable for urban and residential development projects for middle-income groups in the Greater Copenhagen area and in Aarhus as well as Stockholm and Malmo locations for our sister company. We also aim to expand our unique serviced housing concept, Living by ALFA, to new locations.

Living by ALFA IrmaByen is our first property built according to the Living by ALFA concept. The property consists of 101 rental units for families, singles and young couples, 62 units for adults without children living at home and a number of common areas, including a lounge area, a home cinema, events room and more. The property also houses a restaurant, two supermarkets and a few small businesses (sales and services). Total floor space is 17,305 sqm, and the project was completed with tenants taking possession in three stages in January, March and June 2023. In June 2022, Living by ALFA was named Best Emerging Coliving Concept at the international Coliving Awards held in connection with UN-Habitat's Eleventh Session of the World Urban Forum.

Investment properties under construction were recognised in the balance sheet at DKK 0 million at 31 December 2023 (2022: DKK 434 million), consisting only of Kaffetårnet at Irma-Byen following the completion of the Living by ALFA project. Kaffetårnet is recognised at DKK 0, because it is a preservation-worthy building currently awaiting approval by the Danish Agency for Culture and Palaces of submitted renovation proposals.

The investment portfolio accounted for DKK 1,321 million of the total assets at 31 December 2023 (2022: DKK 1,587 million), and the amount rose when Living by ALFA IrmaByen was transferred from the 'investment properties under construction' category. Total assets were reduced by the sale of the Njalsgade complex and of Strandkanten at Amager Strandpark as well as by value adjustments.

Acquired in September 2022, the investment properties in Rovsingsgade are currently let to car dealerships. The plot where the investment properties are located covers just over 20,000 sqm in the old industrial estate where the districts of Nørrebro, Østerbro and Nordvest meet. Rovsingsgade connects Tagensvej with Lyngbyvej and extends from the old railway line that has now been converted to a very popular park, Nørrebropark. Our goal at Rovsingsgade is to support local planning in close cooperation with the City of Copenhagen and the other land owners in the area and to create a new, safe urban area shared by the Nørrebro, Østerbro and Nordvest districts, with particular focus on diversity, community and sustainability.

The plan is to create a mixed-use urban area with a combination of housing and light commercial operations that will accommodate a broad target group, ranging from small families, who value city life, a secure neighbourhood and proximity to schools and day-care institutions, to active mid-life singles or couples looking for close communities, green open spaces and good infrastructure.

The investment portfolio is mainly funded through mortgage loans and equity with bank loans making up a small proportion. In accordance with the Danish Financial Statements Act, we have recognised our bank loans and mortgage loans at amortised costs.

In 2023, we sold the iconic property, Njalsgade 17-23, in the heart of Copenhagen to a pension fund. The property comprises 78 commercial leases with an area of over 26,000 m².

ALFA WORK

Investment portfolio

On Knud Højgaards Vej 2 in Søborg ALFA Development's headquarters, ALFA WORK, is located. In 2022, ALFA WORK received the award for best commercial redevelopment project at this year's Property Award.

The property on Knud Højgaards Vej has undergone a thorough transformation from a typical office building with cellular offices to a state-of-the-art, flexible multi-office building with a focus on innovation, aesthetics, user satisfaction and sustainability.

The flexible, aesthetically pleasing and innovative surroundings at ALFA WORK provide the best conditions for growing, sparring and inspiring each other. Moreover, the office building encompasses a wide range of eye-catching and original details as you move around in it. Among other things, the building is adorned with more than 100 living plants, including a five-meter-high palm tree, moss-covered walls, an atrium with "floating" meeting rooms and several sustainably produced kitchens from Stykka.

ALFA Development has been joined by other companies that share the same values and ambitions, especially when it comes to inspiring and making a positive impact on the environment. The innovative solutions and the stylish design have also contributed to ALFA WORK winning the award for best commercial redevelopment project at this year's European Property Award.

Each year, the European Property Awards recognize and award the most original and innovative initiatives in the real estate and construction industry within several categories.

Read more here

2022 Property Awards

Living by ALFA Irmabyen

Investment portfolio

In 2023, the last tenants moved into Living by ALFA IrmaByen. This completes the award-winning IrmaByen in Rødovre. Living by ALFA is the first of its kind in Denmark: A serviced Build-to-Rent concept with a unique service for tenants and exclusive common areas as an extension of the tenants' own homes. In 2022, LIVING BY ALFA was named Best Emerging Coliving Concept at the international Coliving Awards.

LIVING BY ALFA consists of 101 rental units appealing to families, singles and young couples, as well as 62 units designed for adults without childrent living at home. All residents will form part of the unique housing environment built around the Clubhouse, the heart of the building. The Clubhouse features a lobby, a lounge environment, a home cinema, a children's playroom, common events room complete with kitchen facilities for larger events, guest rooms and a community team on hand to facilitate the many activities and services created by and for the community.

COLIVING AWARDS

"We dare to ask the hard questions and find answers. Can we live smaller and share more? How do we create well-functioning communities? We find the answers by investing in thorough research and by testing innovative development concepts in practice."

Andreea Kaiser
Co-founder, co-owner & Group CEO

The residents can connect to the community team, the restaurant, shopping, specialty shops and other local area services through a purpose-developed app. The app helps residents to stay up to date on the latest news at LIVING BY ALFA and Irmabyen, communicate with fellow residents, book services and sign up for local activities and events.

From the outset, the foundation for LIVING BY ALFA has been our focus on mega trends, such as the sharing economy, community, convenience, interaction across generations, social responsibility and sustainability. The concept has also drawn inspiration from other successful concepts around the world that encompass the real estate, hotel and hospitality industries.

In 2022, LIVING BY ALFA was named Best Emerging Coliving Concept at the international Coliving Awards, which annually features the most thought-provoking and innovative initiatives of the coliving sector.

Read more here

Risk management

Risk is inherent to running our business. The purpose of the risk management process is to assess on a regular basis the risks associated with our business activities to ensure that we use our efforts and resources efficiently and thereby minimise the most significant risks.

We define risks as non-recurring events or trends that may have an impact on our business activities or ability to execute strategic decisions in the best possible way as well as have an adverse impact on our earnings capacity and reputation.

Our flat organisational structure and agile business approach secure swift and timely reactions to any risks identified. The risk management is based on a structured process with a view to analysing, acting on and evaluating measures initiated to reduce the impact of the risks identified. Subsequently, we follow up on an ongoing basis to ensure that risks remain at an acceptable level. The risk management process may be divided into two parallel processes:

Strategic risk management – Managing short- and long-term strategic scenarios of the business.

Operational risk management – Managing identified risks in connection with the daily business operations.

Strategic risk management

ALFA Development's Board of Directors meets four times a year to discuss short- and long-term strategic risks. Significant risks identified are analysed and recommendations for risk mitigation measures are communicated to senior management as part of the risk management process. Senior management monitors the risk management process and will verify whether adequate measures have been initiated to reduce risks to an acceptable level.

Operational risk management

Senior management meets weekly and holds monthly meetings with the department management team concerning significant incidents, activities and events in the business. Moreover, they evaluate and follow up on any risk mitigation measures initiated by the department management team.

The department management team is responsible for identifying risks, initiating risk mitigation measures, evaluating the measures and for following up on managed risks associated with their business area. The functions help support and facilitate the implementation of the risk management processes as well as handling the day-to-day operational risk management. Follow-up on managed risks are documented and discussed at status meetings to provide an insight into and an understanding of any risks occurred and their future impact on the business activities.

Continuous risk assessment

Research
Risks will be identified and analysed to determine the cause, consequences and the likelihood of occurrence.

Action
Significant risks are prioritised and departments responsible for the individual risks are appointed. Necessary actions are initiated to reduce the risk.

Evaluation
Completed risk mitigation measures are evaluated and implemented in the daily business practices. Reporting to stakeholders.

Monitoring

Follow-up
Ongoing follow-up on implemented measures and verification that managed risks remain at an acceptable level.

Risk analysis in 2023

ALFA Development's latest strategic and operational risk analysis was conducted in the fourth quarter of 2022.

The analysis identified seven risks that may have a significant impact on our earnings capacity and reputation as well as their likelihood of occurrence.

The identified risks and risk mitigation measures are described below and on the following pages.

1 **Macroeconomics**
- Economic slowdown
- Increased competition
- Force majeure

2 **Political conditions**
- Changes to statutory framework
- Changed infrastructural planning and local plan

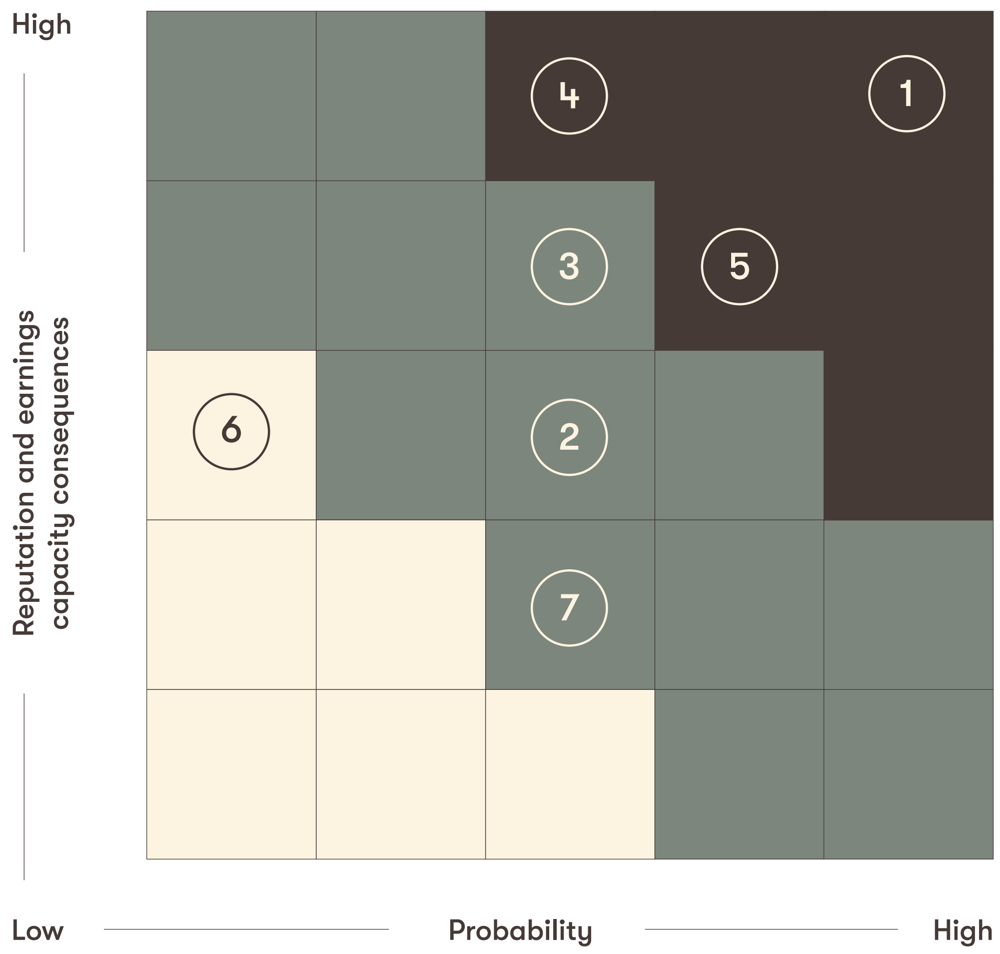
3 **Credit facilities**
- Inadequate financing
- Impaired credit terms
- Market rate fluctuations

4 **Liquidity**
- Higher vacancy rate
- Decline in sales
- Unforeseen costs

5 **Valuation**
- Subjective estimates
- Volatile external and internal cost drivers

6 **Compliance**
- Non-compliance with legislation
- Unethical conduct

7 **IT**
- Cyberattacks
- System failure
- Unsuccessful IT implementations



	1 Macroeconomics The property market and macroeconomics	2 Political conditions Legislation and local plans	3 Credit facilities The capital market and interest rate developments	4 Liquidity Payment obligations
Key risks	Positive demand and price trends in relation to buildings and rental properties require a healthy competitive environment, a well-balanced property market and a stable economy. Increased competition may reduce the supply of investment opportunities and limit access to competent staff resources. A decline in the property market may affect our sales opportunities and earnings capacity.	Changes to legislation or infrastructural planning may have an impact on our business activities. Changes to tax and VAT legislation, tenancy legislation, credit legislation or changes to infrastructural and local planning may potentially affect our development and rental business activities, the pipeline and future investment opportunities.	Access to credit facilities is a requirement for maintaining the desired level of investments in both the development and investment portfolios. Reduced access to financing, impaired financing terms or market rate fluctuations may affect the pipeline, the profitability of the development portfolio as well as the valuation of the investment portfolio.	Insufficient liquidity to meet our payment obligations in a timely manner or to finance the Company's development is referred to as liquidity risk. Declining sales in the development portfolio, a low occupancy rate in the investment portfolio or unforeseen costs are factors that may have a cash flow impact. Lastly, our liquidity may be affected by tenants' inability or unwillingness to pay.
Risk-mitigating actions	ALFA Development continuously monitors the market to foresee changes to market conditions and competition as early as possible. It is our ambition to be an agile business with a flat organisational structure which enables us to transform the business swiftly in the event of changing market conditions. Our business model provides a natural hedge, reducing the sensitivity to the cyclicality of the property market. Weaker demand in one business area, i.e. the development and sale of properties, may be absorbed by greater demand in the other business area, purchase and letting of properties.	In order to reduce political risks, ALFA Development actively monitors the political landscape so as to be able to respond in a timely manner to changes that may affect our business operations. We make every effort to influence the political process by being an active participant when decisions are made. This entails that to the extent possible we are involved in local politics and play an active role in the preparation of future local plans.	ALFA Development has detailed and risk-focused business procedures and a well-balanced capital structure. A prudent mortgaging and interest rate risk profile with an overweight of long-term financing commitments in the investment portfolio ensures appropriate risk hedging in terms of the asset side. In addition, we have built good relationships with several of Denmark's largest financial institutions during many years based on transparency, influence and trust. The above-mentioned issues reduce the funding risk to an acceptable level.	ALFA Development operates with a fixed minimum level of liquidity to secure our ability to pay. The liquidity resources are secured by a structured forecast process, regularly monitoring and forecasting future cash flows. In the event of any signs of deviations relative to the minimum level, timely actions may be initiated to ensure that we always maintain optimum financing and adequate liquidity.
Risk	Force majeure: Natural disasters, pandemics, war, etc. Decreasing property values Construction costs	Changes to statutory framework Changed infrastructural planning and local plan	Inadequate financing Impaired credit terms Market rate fluctuations	Higher vacancy rate Decline in sales Unforeseen costs

5 Valuation Accounting estimates

Key risks

The fair value of the investment portfolio is based on estimates, and thus the valuation is subject to some degree of uncertainty.

Factors that may affect the valuation include initial yield requirements, developments in conditions in the property market and in the financial markets as well as fluctuations in matters related to the individual property, e.g. occupancy rates, maintenance, etc.

The above-mentioned factors have a direct effect on valuations and could impact the earnings of ALFA Development.

Risk-mitigating actions

The financial management process consists of business procedures and controls, ensuring that operating and balance sheet items are optimised and that the basis of valuation is true and fair.

Regardless of these controls, valuation is based on an estimated rental income and any expected future costs for operations and maintenance.

The controls initiated ensure that the estimates made are well-founded and objectively justified based on the experience amassed in the organisation, which reduces the risk to an acceptable level.

Risk

Subjective estimates

Volatile external and internal cost drivers

6 Compliance Rules and standards

Key risks

It is important that we and our business partners operate within the rules of law, comply with policies and ethical standards and that we act responsibly in every respect.

Many of our business activities are regulated, whereas in some areas we are responsible for setting high standards. Failure to comply with legislation or to meet external expectations may have an adverse impact on our business.

Risk-mitigating actions

Responsible and ethical conduct is deeply embedded in our organisation. Communication, politics, guidelines, internal controls and business processes provide the framework for how we and our business partners should address particularly risky situations or issues.

Business partners are expected to meet the same high standards. Partners are selected not only on the basis of their finances and skills, but also on values such as integrity, honesty and responsibility to ensure a mutual understanding of good business practice.

Ongoing follow-up from the functions and management ensures that we and our partners are compliant to the full extent possible.

Risk

Non-compliance with legislation

Unethical conduct

7 IT System failure and cyberattacks

Key risks

Stable IT systems are essential for day-to-day operations – from managing investments, servicing customers to analysis and reporting.

We rely on safe, up-to-date and scalable systems to ensure that we may continuously make data-driven decisions, increase productivity and strengthen our business.

Risk-mitigating actions

The IT strategy is focused on cloud migration, standardisation and centralisation of systems and processes. Having systems which support the users with the focus on efficient business procedures and value creation is essential to obtaining a stable platform with high user acceptance.

The platform is managed centrally in order to handle and reduce the volume of applied software and hardware. Centralisation provides better opportunities for managing and monitoring the platform, master data, standards, controls and security.

Our IT supplier handles maintenance and operation of systems, security standards and controls.

Risk

Cyberattacks

System failure

Unsuccesful IT Implementations

Corporate governance

ALFA Development is owned by SeedALFA Holding S.A.R.L., which elects the members of the Board of Directors. The Board of Directors is responsible for the Company's overall vision and strategy, while the Executive Management is responsible for day-to-day management.

ALFA Development A/S is fully owned by Seed ALFA Holding S.A.R.L., which is owned equally by the married couple Andreea Ioana Kaiser and Ludvig Find.

The Board of Directors currently consists of Head of the Board Andreea Ioana Kaiser, Deputy Chair Ludvig Find and the external and independent members Peter Winther and Klaus Kaae, who joined the Board in 2020 and in September 2022.

The Board of Directors is responsible for the Company's overall vision and strategy as well as following up on their implementation, with a view to ensuring value creation in the company in the short as well as long term.

The Board of Directors determines the division of work between the Board of Directors and the Executive Management, as well as the Executive Management's tasks and employment conditions. In addition, the Board of Directors ensures clear guidelines for accountability, planning, follow-up and risk management.

The Board of Directors supervises the Executive Management and lays down guidelines for the exercise of supervision. In its supervision, the Board of Directors must ensure that day-to-day operations and management are satisfactory and that the Executive Management possesses the right competencies.

In 2022, the Executive Management consisted of Jan Kristensen (CEO) and Kristian Hare (CFO). In April 2023, Jan Kristensen resigned from the Executive Management to join the Board of Directors.

Over the coming years, focus will be to grow the Danish business, finding new attractive projects for the development business as well as the investment portfolio. The strategy dictates a permanent presence in Aarhus, where we see great opportunities with our current landholdings and options, for which reason the organisation in Aarhus is expected to increase in the coming years.

Based on the Board of Directors' guidelines, the Executive Management is responsible for the day-to-day management of ALFA Development A/S, which among other things consists of ensuring reasonable liquidity and capital resources. In addition, the Executive Management works for a professional organisational structure and a corporate culture that, based on skilled and passionate employees, focuses on quality and customer satisfaction. The organisation works with quality, environment, safety as well as the optimisation and streamlining of the Company's business processes, with a view to creating quality buildings and integrated urban neighbourhoods within a financially and sustainably satisfactory framework.

Furthermore, the Executive Management is responsible for ALFA Development's financial development, planning and reporting systems, as well as internal controls and risk management processes.

Internal controls

The purpose of ALFA Development's control environment is to minimise significant risks associated with the business activities as well as to ensure that the financial reporting gives a true and fair view of the assets, liabilities and financial position of the company.

The Board of Directors and the Executive Management are responsible for supervising the efficiency of ALFA's control environment. The Executive Management is responsible for implementing and following up on internal controls for the staff functions and together with the Management Team for implementing and following up on internal controls in the respective functions. Under the staff functions, the finance department is responsible for the control environment in relation to financial reporting.

The control environment of the business activities consists of several mandatory standard processes such as segregation of functions, powers of procuration and powers to bind the company, approval procedures and documentation requirements.

Internal controls in relation to financial reporting are planned with a view to ensuring that the reporting is free from material misstatement, whether due to error or fraud.

The efficiency of the internal controls is continuously monitored, and ongoing efforts are made to improve the control environment.

Management structure

General meetings

↓ Board of Directors

↓ Executive Management

↓ Staff functions

↓ Department management team

Functions:

- Development
- Sales
- Construction
- Facility management

In 2023, we handed over the last project in Irma-Byen, completing the urban neighbourhood. IrmaByen is ALFA Development's largest development project to date, and today the neighbour-hood is home to more than 3,000 residents.

Responsibility at ALFA Development

ALFA Development’s business principles are based on professionalism, quality, credibility and passion. We work systematically with these principles within the framework of the UN Sustainable Development Goals, focusing on the six goals in relation to which we believe that our efforts will matter the most.

Society is becoming increasingly aware of players assuming responsibility for the challenges the world is facing today. Employees want to work for companies which share their core values and to engage in meaningful tasks, and investors increasingly focus on corporate social responsibility as well as financial performance.

It is our responsibility to contribute to finding solutions to some of the challenges the world is facing. Operating our business in a responsible manner has helped to shape our organisation from the start, whereas sustainability is a new factor which is equally important to us. Being a responsible and sustainable business may at times be cost-intensive and demanding, but it represents a strategic position we have taken because it makes sense and will be to the advantage of our business in the long term.

Selected UN Sustainable Development Goals

5 Gender equality

8 Decent work and economic growth

11 Sustainable cities and communities

12 Responsible consumption and production

13 Climate action

16 Peace, justice and strong institutions

Environment and climate

At ALFA Development, we continuously work with our advisers and contractors to become more sustainable and to ensure that we reduce our carbon footprint. We have defined specific climate goals, and in 2023, we further developed our Construction Programme and the associated Sustainability Plan. This enables us not only to evaluate our own starting point, but also to create a mutual commitment between our community and ourselves.

The construction industry is a major contributor to the emission of greenhouse gases as well as the consumption of raw materials and natural resources. Acknowledging the industry's significant carbon footprint, we at ALFA Development have identified how we can reduce our future carbon footprint.

Construction Programme and Sustainability Plan

In 2023, we further developed our Construction Programme and associated Sustainability Plan in collaboration with our sustainability consultant. In the Sustainability Plan, we have defined three fundamental principles of sustainability, which guide us in the planning and execution of all ALFA development projects: Climate Effects, Social Effects and Biodiversity Effects, covering both a local and a global perspective. The programme and the three principles should be seen as a tool with which we and our business partners can highlight what is important to ALFA Development and how to prioritise the development and execution specific projects within general focus areas such as design, materials, construction, operation and disposal. That way, we define the framework and our expectations for collaboration and process, while seeking to render some of our ambitions very practical and tangible.

Sustainability principles

Climate effects
Responsible and sustainable solutions

Social effects
Quality of life, diversity and community

Biodiversity effects
In harmony with nature

Climate effects

Locally

- Requiring all construction projects to obtain at least DGNB Gold certification
- The climate impact from construction and operation of a building must not exceed 8 kg of CO_2e/sqm/year for a minimum of 50 years (in accordance with the threshold values of the voluntary low-energy class)
- Choosing climate-friendly materials that minimise overall carbon emissions over the life of the building and prioritising Swan-labelled products
- Applying circular design strategies, promoting reuse and recycling of materials
- Prioritising passive measures and design solutions before applying technical solutions (e.g. in terms of daylighting, heating, cooling and ventilation opportunities)
- Buildings must incorporate energy-efficient systems and technical solutions that reduce operational carbon emissions

Globally

- ALFA Development's sister company, ALFA Ventures, invests in innovative, sustainable start-ups that develop proptech solutions for the future for the benefit of the entire industry
- Donating funds to the Planetary Responsibility Foundation, established by Andreea Kaiser og Ludvig Find, to promote biodiversity and raising awareness of innovative and sustainable solutions in the real estate industry
- Serving as a model for the industry in terms of reducing the carbon footprint globally by continuously seeking to increase our requirements for carbon emissions

Social effects

Locally

- All development projects focus on fostering community and supporting residents' quality of life and sense of security
- Securing landscaped areas, meeting spaces and shelter zones that facilitate communal and recreational activities and encourage social interaction on a large or small scale
- Residential planning and layout must support diversity among residents
- Choosing building materials that ensure the residents' health and well-being
- All development projects must respect the history and cultural heritage of the local neighbourhood

Globally

- ALFA has developed the LIVING BY ALFA housing concept which is a serviced and intergenerational coliving community. The concept underpins ALFA's values of focusing on the client and ensuring the quality of life, while embracing future generations
- The UN Sustainable Development Goals are reflected in ALFA's target group and corporate culture, including the focus on equality and diversity

Biodiversity effects

Locally

- Building design and orientation should enhance the natural experience all year round
- Landscaping focused on increasing local biodiversity and supporting a varied local plant and animal life. A regenerative landscape that improves the local biodiversity and biofactor
- Designing maintenance-friendly landscapes with room for natural habitats
- Incorporating urban farming, e.g. in the form of edible trees and plants
- Including a forest theme in all developments and planting at least one new tree for every housing unit in new developments
- Local rainwater drainage and harvesting for recreational purposes

Globally

- Through donations to the Planetary Responsibility Foundation, which was established by Andreea Kaiser and Ludvig Find, ALFA re-establishes and protects areas of land where plant and animal life is threatened
- ALFA plants trees for the benefit of people and nature, e.g. 250,000 trees in collaboration with #teamtrees

Objectives for 2024

In our role as an employer, ALFA Development has the power to influence how we want our business partners and suppliers to approach climate and environmental issues on our projects. By highlighting sustainability and setting standards, we hope to inspire other construction industry players to make positive changes based on a philosophy similar to ours.

In 2024, we will further increase our efforts to implement environmental and climate value-adding initiatives in our work procedures and processes, based on the identified principles and our Sustainability Plan. In 2023, we will continue working with our specific climate goals for our journey towards becoming an increasingly climate neutral company. These climate goals will be a benchmark against which we can evaluate our starting point and gauge whether we are on the right track. We will also create a mutual commitment between our community and ourselves to ensure that our ambitions do not merely remain ambitions but are put into effect in our day-to-day operations. In 2023, we will continue our collaboration with FRAME, a digital DGNB management platform, ensuring that all projects are planned, monitored and documented according to our sustainability strategy going forward. We will also continue collaborating with our sustainability consultant, who will help us define, prioritise and monitor sustainability measures across our project portfolio. We aim to accomplish this through the Construction Programme and the associated Sustainability Plan, which must be complied with both internally at ALFA and externally by our suppliers and business partners.

Our achievements in 2023

- Completed and handed over the last stage of the 187 Swan-labelled townhouses in Trongården in Kgs. Lyngby.
- Almost completed LIVING BY ALFA at IrmaByen with a view to obtaining DGNB Gold certification.
- Finalised a Construction Programme with an associated Sustainability Plan, aimed at providing a common language for sustainability, internally and externally, in connection with our projects.
- Set targets for all buildings to comply with DGNB Gold and DGNB area certification in future.
- Continued our collaboration with FRAME and our sustainability consultant.

Swan-labelled construction

The Swan label is derived from the Nordic Swan Ecolabel. Swan-labelled construction projects meet a number of strict requirements in relation to health, environment and economy. A Swan-labelled construction project is characterised by low energy consumption, a healthy indoor climate and use of sustainable materials. Being Swan labelled also means a construction project is monitored closely by an objective third party to ensure that the entire construction process and the completed building meet all requirements.

At ALFA Development, our ambition is for Swan labelling to form part of our future sustainable construction guidelines. We have already taken the first steps towards achieving this ambition with Trongården, our first Swan-labelled construction project. Our goal is to increase the number of Swan-labelled buildings in our development portfolio as well as in our investment portfolio over the coming years.

DGNB Gold certification

At ALFA Development, we want all our developments to comply with the requirements for both DGNB Gold and DGNB area certification in future.

DGNB is a sustainability certification of buildings that provides a framework for the Danish construction industry when it comes to sustainability and how it can be made measurable. DGNB certification focuses equally on environmental, economy and social dimensions, and the Danish Council for Sustainable Construction is responsible for DGNB certification in Denmark.

DGNB for buildings in operation (DGNB BIU) is a transformation and management tool that supports the development of a sustainable and proactive real estate strategy.

People and corporate culture

At ALFA Development, we know that our ability to deliver top quality products and services to our customers and business partners is down to the commitment and dedication of our employees.

ALFA Development is a business run by people and for people. Our employees are our most valuable resource and our core philosophy is tolerance and to welcome anyone – no matter their background, gender or beliefs.

Our goal is to have an organisation based on trust, collaboration and mutual respect. A workplace where we support each other and work as a team. Combined with the unique skills and expertise our employees bring to the business, this forms the basis of a corporate culture promoting positive energy, innovation and strong results.

Having a good working environment is essential

Our employees are our most important asset. For our success, we rely on highly skilled, talented and motivated employees. It is therefore crucial that we provide a good working environment, because that is important for attracting new as well as retaining existing employees.

ALFA Development is a flexible workplace, and the mental and physical health of our employees is a priority for us. We make fitness facilities available to our employees, our canteen serves healthy food, and employees are able to book massage treatments or participate in our 'Monday night cycling team'.

We focus on maintaining and strengthening the good working environment, and we are truly committed to our health and safety initiatives. Our health-and-safety focus group addresses all issues large or small, and the results of our WPA report from the winter of 2022 showed that ALFA Development is a workplace with a good mental and physical working environment, a low rate of absence due to illness and high employee engagement. In 2023, the health-and-safety focus group based its work on the results of this WPA report.

Collegial spirit

Social relationships among our employees are important. We spend many hours together, and it is crucial that we know each other and look after each other. For that purpose, we have a cross-organisational events committee which organises quarterly social events, profession-specific excursions and physical activities. We also prioritise our annual Christmas and summer parties, and at our monthly information meetings, we lay on breakfast for all and give our employees an insight into how the company is doing as well as any relevant projects and plans.

Diversity and gender composition

pursuant to s. 99(b) of the Danish Financial Statements Act

ALFA Development is a modern and attractive workplace. We consider diversity and inclusion to be a key part of our value system. We therefore focus on promoting diversity and equality, as well as on avoiding discrimination of any kind.

We always employ the best candidate for the job regardless of gender, age and nationality. Likewise,

SDGs for *People and Corporate Culture*:

5 Gender equality

8 Decent jobs and economic growth

we support every one of our employees in applying their skills to give them the opportunity to advance to management on an equal footing with their colleagues. We believe that diversity at all levels contributes to making us a better and more innovative business, which is why we always try to ensure that well-qualified women are represented among the candidates in our recruitment processes. Construction has traditionally been a male-dominated industry. Attracting female employees can therefore be a challenge, and the composition of employees will inevitably reflect the diversity of the industry.

Our ambitions for this area are:

1. To ensure that our employees and business partners see us as an organisation with an inclusive culture that provides equal opportunities for all.

2. To contribute to positive developments in society by playing an active role in strengthening gender equality, making a dedicated effort to set ambitious goals and invest resources in achieving our ambitions.

3. To ensure overall gender balance in our managerial positions.

Composition of the Board of Directors and the Executive Management

We work to ensure that at management level, ALFA Development reflects the gender distribution of the industry, and that the overall distribution of female and male employees in the company reflects the gender distribution of the labour market. Accordingly, we have set a target figure for the gender distribution at management level and on our Board of Directors pursuant to s. 99(b) of the Danish Financial Statements Act.

At the beginning of 2022, women made up one third of our Board, but after the expansion of our Board by three men, in November 2022 and June 2023, the Board now consists of one woman and five men. Accordingly, women currently make up only 17% of the board members.

Our goal is to have at least two female board members by 2026, so that women will once again make up one-third of our Board.

Women make up 17% of ALFA Development's management and the goal remains a representation of two-fifths. Women make up 33% of our overall workforce, which we consider to be satisfactory considering our industry.

At ALFA Development, we believe that differences in age and nationalities support diversity. The average age of our employees is currently 41 years, with an age range from 25 to 63 years. Our focus is on ensuring an attractive working environment for all age groups, as we believe that this creates and supports the best framework for knowledge sharing and collaboration across the organisation. To keep this a reality, we know that – as far as possible – we must meet the needs and wishes of every individual employee. This means, for example, that two of our employees work for us part time, because they both thrive having a short working week. In addition, we have flexible working hours and arrangements for working from home.

Gender distribution 2023

	2023		2022		2021		2020		2019	
	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
Distribution in senior management layer (the Board)	**5 male (83%) 1 female (17%)**	A minimum of 33% women	3 male (75%) 1 female (25%)	A minimum of 33% women	2 male (67%) 1 female (33%)	A minimum of 33% women	2 male (67%) 1 female (33%)	A minimum of 33% women	2 male (67%) 1 female (33%)	A minimum of 33% women
Senior management level (Executive Board)	**2 male (100%) 0 female (0%)**	A minimum of 33% women	3 male (100%) 0 female (0%)	A minimum of 33% women	4 male (100%) 0 female (0%)	A minimum of 33% women	4 male (100%) 0 female (0%)	A minimum of 33% women	2 male (100%) 0 female (0%)	A minimum of 33% women
Second management level	**5 male (83%) 1 female (17%)**	A minimum of 40% women	4 male (67%) 2 female (33%)	A minimum of 40% women	4 male (57%) 3 female (43%)	A minimum of 40% women	5 male (71%) 2 female (29%)	A minimum of 40% women	4 male (57%) 3 female (43%)	A minimum of 40% women

In 2023, we handed over IrmaByen's last project, Espeporten. In September, 50 families moved in and completed IrmaByen.

Business ethics

Business ethics form an integral part of our corporate culture at ALFA Development. To us, core values such as credibility and professionalism are the cornerstone of our way of doing business.

By respecting a common code of ethics, we create a strong corporate culture that our employees can relate to and support. We also signal to society that ALFA Development is a business partner that can be trusted and that acts responsibly and with integrity. This supports our ambition of maintaining long-term partnerships based on fairness and respect.

We believe that our ethical conduct is an important factor in attracting and retaining talented people who want to work for a company of integrity.

ALFA Development’s code of business ethics is set out in our staff handbook. These principles and guidelines ensure that we act ethically and responsibly in our day-to-day work. All employees at ALFA Development must comply with the code of ethics, just as they must respect applicable law.

Human rights

The nature of our business activities means that we hire and collaborate with people from different backgrounds and cultures. The core principle of our business ethics is therefore to respect different cultures and acknowledge personal dignity and basic human rights. We recognise and respect the right to freedom of movement, the right to assemble and the right to collective bargaining.

We will not tolerate any violation of our guidelines, any form of inappropriate conduct or discrimination, whether on the basis of age, gender, race, religion, political views or any other matters relating to basic human rights.

Anti-corruption and bribery

We believe in honest and fair competition, and consequently we unequivocally condemn illegal and unacceptable activities. Corruption and bribery undermine competition and are detrimental to a company’s reputation and business opportunities. Employees of ALFA Development must never exert extortion or offer, authorise, pay or accept a bribe. Also, they must never offer, give or receive gifts, entertainment or other benefits that might raise doubts about the independence of our company or any individual employee. These anti-corruption and bribery guidelines are mandatory, and any violation will be duly sanctioned.

External business partners

Business ethics are not just an internal matter. In the course of our business, we are in contact with a large network of external suppliers and business partners in our value chain. We require our

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suppliers and business partners to ensure that they conduct ALFA's business activities with the same respect for business ethics as we do. Among other things, we require that all forms of work performed for ALFA must, as a minimum, comply with the current pay and working conditions applying to Danish collective agreements in the relevant field. Also, our business partners are prohibited from conducting or participating in activities that distort competition. ALFA Development reserves the right at any time to require documentation of compliance with guidelines, principles, standards, collective agreements and current legislation from any stakeholder in our value chain.

Compliance

ALFA Development continuously ensures that we and our business partners comply with the ethical code of conduct and comply with the codes of human rights, anti-corruption and bribery as well as the contractual guidelines for social responsibility and sustainable construction.

We have never experienced that ALFA or our business partners have failed to act in accordance with our ethical code of conduct. Nor have we ever experienced that any employee or business partner has violated the codes of human rights or anti-corruption and bribery. We can also confirm that our guidelines for social responsibility and sustainable construction were complied with in 2021.

It goes without saying that we will focus on ensuring that this remains the case going forward.

Data ethics report

We collect, use and share data in accordance with applicable law and with a legitimate business purpose. Our data is stored securely and with legal basis in accordance with fixed procedures for deletion and request for access, etc. We do not use algorithms for systematic collection and registration of information about customers, partners or employees.

We have a policy for GDPR and data ethics based on ALFA Development's existing GDPR policy.

The policy establishes the Group's data ethics guidelines for the collection, use and sharing of data in order to ensure good practice and the rights of customers, partners and employees. In addition, the policy describes the anchoring in the business units and the efforts to ensure knowledge sharing and education of relevant representatives across the Group.

The Executive Management ensures that a data ethics policy is developed and approved. They take the lead in ensuring that the principles are integrated into daily work. The Board of Directors is ultimately responsible for assessing and updating the policy if necessary, though at least once a year.

Data security is continuously monitored and checked immediately in case of a suspected attack. Any data security breaches or leak of personal data are reported to the Danish Data Protection Agency.

Our data is systematically stored in a protected database with backup and protection against cyberattacks.

Financial statements

Income statement 1 January - 31 December

DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Revenue	3	256,871	310,048	19,152	24,211
Production costs		-200,293	-246,052	-31,683	-38,787
Value adjustment of investment properties		-31,927	110,142	0	0
Gross profit/loss		**24,651**	**174,138**	**-12,531**	**-14,576**
Distribution costs		-12,669	-14,563	-3,514	-2,047
Administrative expenses		-20,108	-21,363	-16,705	-19,052
Other operating income		57,334	4,719	0	0
Other operating expenses		-8,450	-3,367	0	0
Operating profit/loss		**40,758**	**139,564**	**-32,750**	**-35,675**
Income from investments in subsidiaries		0	0	96,517	159,292
Other financial income from subsidiaries		2,871	2,257	19,747	11,134
Other financial income		72,510	32,792	2,123	286
Other financial expenses	6	-36,137	-22,521	-8,551	-8,958
Profit before tax		**80,002**	**152,092**	**77,086**	**126,079**
Tax on profit/loss for the year	7	-9,117	-19,490	4,182	6,523
Profit for the year	8	**70,885**	**132,602**	**81,268**	**132,602**

Balance sheet at 31 December

DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Assets					
Non-current assets					
Land and buildings	9	97,952	100,597	0	0
Other fixtures and fittings, tools and equipment	10	12,341	7,989	1,092	1,291
Investment properties under construction	11	0	433,605	0	0
Investment properties	12	1,321,368	1,586,916	0	0
Total property, plant and equipment		**1,431,661**	**2,129,107**	**1,092**	**1,291**
Investments in subsidiaries	13	0	0	1,032,052	751,658
Deposits	15	39	0	983	892
Total financial assets		**39**	**0**	**983**	**752,550**
Total non-current assets		**1,431,700**	**2,129,107**	**1,034,127**	**753,841**

DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Assets					
Current assets					
Project portfolios	16	154,950	222,540	0	0
Inventories		88	0	0	0
Total inventories		**155,038**	**222,540**	**0**	**0**
Trade receivables		214	2,449	0	0
Receivables from subsidiaries		14,862	138,543	125,762	524,791
Deferred tax assets	17	12,412	12,912	22	29
Income tax receivable		0	10,869	0	10,937
Income tax receivable from subsidiaries		0	0	24,842	6,852
Other receivables		8,489	13,566	2,978	2,536
Prepayments	18	1,661	239	131	0
Total receivables		**37,638**	**178,578**	**153,735**	**545,145**
Cash and cash equivilents	19	625,053	187,911	343,551	77,388
Total current assets		**817,729**	**589,029**	**497,286**	**622,533**
Total assets		**2,249,429**	**2,718,136**	**1,531,413**	**1,376,374**

Balance sheet at 31 December

DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Equity and liabilities					
Equity					
Share capital	19	61,000	61,000	61,000	61,000
Reserve for net revaluation according to the equity method		0	0	537,390	692,885
Retained earnings		1,068,051	997,166	541,044	304,281
Proposed dividend for the year		0	140,000	0	140,000
Total equity		**1,129,051**	**1,198,166**	**1,139,434**	**1,198,166**
Provisions					
Provisions for deferred tax	20	0	120,370	0	0
Other provisions	21	62,694	46,498	0	0
Total provisions		**62,694**	**166,868**	**0**	**0**
Liabilities					
Debt to mortgage credit institutions	22	748,004	612,191	0	0
Total non-current liabilities		**748,004**	**612,191**	**0**	**0**

DKK'000	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Equity and liabilities					
Current portion of non-current debt		19,885	23,951	0	0
Debt to banks		221,452	595,294	81,017	114,040
Advance payments from customers		325	21,414	0	0
Trade payables		24,549	52,514	3,653	2,246
Amounts owed to subsidiaries		0	0	290,715	54,763
Deposits		17,407	25,337	0	0
Income tax		9,606	0	9,606	0
Income tax payable to subsidiaries		1,294	2,418	0	0
Other payables		15,162	19,983	6,988	7,159
Total non-current liabilities		**309,680**	**740,911**	**391,979**	**178,208**
Total liabilities (other than provisions)		**1,057,684**	**1,353,102**	**391,979**	**178,208**
Total equity and liabilities		**2,249,429**	**2,718,136**	**1,531,413**	**1,376,374**
Uncertainties about recognition or measurement	1				
Special items	2				
Staff	4				
Fee to auditors appointed in general meeting	5				
Fair value disclosures	23				
Mortgages and guarantees	24				
Contingent items	25				
Financial risks	26				
Related parties	27				

Statement of changes in equity

DKK'000	Group: Share capital	Group: Retained earnings	Group: Proposed dividend for the year	Group: Total
Equity at 1 january 2023	61,000	997,166	140,000	1,198,166
Paid dividend	0	0	-140,000	-140,000
Profit or loss for the year brought forward		70,885	0	70,885
	61,000	**1,068,051**	**0**	**1,129,051**

DKK'000	Parent company: Share capital	Parent company: Reserve for net revaluation according to the equity method	Parent company: Retained earnings	Parent company: Proposed dividend for the year	Parent company: Total
Equity at 1 januar 2023	61,000	692,895	304,281	140,000	1,198,166
Paid dividend	0	0	0	-140,000	-140,000
Profit or loss for the year brougth forward	0	96,517	-15,249	0	81,268
Dividend in subsidiaries	0	-250,000	250,000	0	0
Adjustment of reserves	0	-2,012	2,012	0	0
	61,000	**537,390**	**541,044**	**0**	**1,139,434**

Cash flow statement 1 January - 31 December

DKK'000	Note	Group 2023	Group 2022
Profit for the year		70,885	132,602
Adjustments	28	7,673	-98,374
Change in working capital	29	66,798	320,154
Cash flow from operating activities before net financials		145,356	354,382
Interest reeceived and similar items		5,109	9,448
Interest pad and similar items		-13,552	-17,784
Cash flow from ordinary activities		114,328	346,046
Income tax paid		-13,552	-81,434
Cash flow from operating activities		**111,713**	**264,612**
Purchase of property, plant and equipment		-21,897	-422,283
Sale of property, plant and equipment		766,565	11,271
Purchase of investment property under construction		-81,484	-240,095
Purchase of financial assets		-39	0
Received repayments		7,247	54,399
Sale of financial assets			56
Borrowings		-23,566	-37,608
Cash flow from investing activities		**646,826**	**-634,260**

DKK'000	Note	Group 2023	Group 2022
Raising of non-current debt		426,682	150,045
Repayment of non-current debt		-229,402	-20,785
Deferred tax in sold companies		-107,021	-6,389
Change in short term bank debt		-373,842	318,450
Cash flow from financing activities		**-283,583**	**441,321**
Change in cash and cash equivalents		**474,956**	**71,673**
Cash and cash equivalents, beginning of year		148,226	76,553
Cash and cash equivalents, end of year		**623,182**	**148,226**
Cash and cash equivalents			
Cash		623,182	148,226
Cash and cash equivalents, end of year		**623,182**	**148,226**

Notes

1. Uncertainties about recognition or measurement

The Group's investment properties are recognised at fair value. The Company uses a return-based valuation model based on normalised operating returns and relevant return requirements. As part of the fair value, potential building rights are included based on expected building percentages. The fair value calculation is naturally subject to uncertainty as it contains significant elements of estimates such as yield levels, rent levels and the adoption of the final local plan.

2. Special items

Special items include material income and expenses that have a special nature in relation to the company's revenue-generating operating activities. Special items also include other substantial lump-sum-amounts.

The result for the year are impacted positivly by sale of properties and gains on mortgages and liabilites with 156,2 mio. DKK. Further the results are negativly affected by the loss on fair value adjustments of building rigths.

Special items for the year are specified below, including where these are recognised in the income statement.

	Group
DKK'000	**2023**
Income	
Profit from sale of investment properties	44,078
Gain on mortgages	58,597
Gain on liabilities	53,510
	156,185
Expenses:	
Fair value adjustment of building rigths	49,936
	49,936
Special items are included in the following lines of the financial statements:	
Fair value adjustment of investment properties	-5,858
Other operating income	53,510
Other financial income	58,597
Result of special items, net	**106,249**

Notes

3. Revenue

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Revenue	0	0	19,152	24,211
Revenue relating to projects	153,868	246,509	0	0
Revenue from restaurant	3.407	0	0	0
Rental income	99,596	63.539	0	0
	256,871	**310,048**	**19,152**	**24,211**

4. Staff

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Wages and salaries	36,408	37,658	32,390	37,535
Pensions	1,369	1.395	1.165	1,395
Other social security costs	320	322	277	321
	38,097	**39,375**	**33,832**	**39,251**
Executive Management	3,291	4,649	3,291	4,649
Board of Directions	848	757	848	757
Board of Directors and exectuve Management	**4,139**	**5,406**	**4,139**	**5,406**
Average number of employees	44	40	34	40

5. Fees to auditors appointed in general meeting

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Total fee paid to Redmark, Godkendt Revisionspartnerselskab	1,424	1,455	222	168
Statutory audit fee	1,038	1,047	140	118
Assurance tasks	38	81	0	0
Other services	348	327	82	50
		1.455	**222**	**168**

6. Other financial expenses

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Financial expenses, subsidiaries	0	0	4,428	4,068
Other financial expenses	36,137	22,521	4,123	4,890
	36,137	**22,521**	**8,551**	**8,958**

Notes

7. Tax on profit for the year

	Group		Parent company	
DKK'000	**2023**	**2022**	**2023**	**2022**
Tax on profit/loss for the year	22,276	2,649	-4,189	-6,532
Adjustment of deferred tax	-15,167	16,751	7	9
Prior-year tax adjustments	0	90	0	0
	7,109	**19,490**	**-4,182**	**-6,523**

8. Proposed appropriation of the profit

	Parent company	
DKK'000	**2023**	**2022**
Reserve for net revaluation accoring to the equity method	96,517	-9,952
Proposed dividend for the year	0	140,000
Retained earnings carried forward	0	2,554
Retained earnings appropriated	-15,249	0
Disponeret i alt	**81,268**	**132,602**

9. Land and buildings

	Group		Parent company	
DKK'000.	**2023**	**2022**	**2023**	**2022**
Cost, beginning of year	103,664	101,975	0	0
Additions during the year	190	1,689	0	0
Cost, end of year	**103,854**	**103,664**	**0**	**0**
Depreciation and impairment, begenning of year	-3,067	-232	0	0
Depreciation and impairment for the year	-2,835	-2,835	0	0
Depreciation and impairment, end of year	**-5,902**	**-3,067**	**0**	**0**
Caarying amount, end of year	**97,952**	**100,597**	**0**	**0**

Notes

10. Other fixtures and fittings, tools and equipment

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Cost, beginning of year	12,512	11,782	4,194	4,231
Additions during the year	2,666	767	167	0
Disposals during the year	0	-37	0	-37
Transfer	4,724	0	0	0
Cost, end of year	**19,902**	**12,512**	**4,361**	**4,194**
Depreciation and impairment, beginning of year	-4,523	-2,552	-2,904	-2,463
Depreciation and impairment for the year	-3,038	-1,972	-365	-441
Depreciation and impairment, assets sold	0	1	0	1
Depreciation and impairment, end of year	**-7,561**	**-4,523**	**-3,269**	**-2,903**
Carrying amount, end of year	**12,341**	**7,989**	**1,092**	**1,291**

11. Investment properties under construction

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Cost, beginning of year	410,490	170,395	0	0
Additions during the year	81,484	240,095	0	0
Transfers, net	-484,110	0	0	0
Cost, end of year	**7,864**	**410,490**	**0**	**0**
Fair value adjustment, beginning of year	23,115	8,406	0	0
Development costs set off against provisions	3,167	3,509	0	0
Valiue adjustments for the year	-3,238	11,200	0	0
Transfers	-30,908	0	0	0
Fair value adjustment, end of year	**-7,864**	**23,115**	**0**	**0**
Carrying amount, end of year	**0**	**433,605**	**0**	**0**
Additions fot the year includes interest expenses in the amount of	9,050	5,192	0	0

Notes

The Group is currently constructing a mixed residential and commercial property covering about 17,000 sqm at IrmaByen in Rødovre.

Additionally, a commercial property is included, whose fair value at the completion date is expected to be lower than the anticipated costs for refurbishing the property. Consequently, a provision has been recognized. The expected fair value of the property is determined based on the accounting estimates detailed below.

The yield on individual properties is calculated on the basis of expected rental income assuming full occupancy. Expected operating costs, administrative expenses and maintenance costs are deducted. The resulting value is adjusted for recognised vacancy losses for an appropriate period and expected costs of refurbishment and major maintenance work, etc.

The net initial yield is determined on the basis of market statistics, actual trades and Management's knowledge of the property market in general. The calculation of net initial yield takes into account parameters such as type (residential, office, retail, etc.), location, age, state of maintenance, lease terms, tenant creditworthiness, etc. Den anvendte værdiansættelsesmetode er uændret i forhold til sidste år.

In determining market value (carrying amount), the following yields are applied:

Weighted average rate of return	4.70 % (2021: cost)
Yield (residential)	4.25 %
Yield (parking)	6.00 %
Secondary yield (Commercial)	7.50 %
Prime yield (commercial)	5.50 %

An external estate agent valuation was not procured in connection with the valuation of the Group's investment properties.

Sensitivity analysis

Changes in yields have a significant impact on the measurement of investment properties. If the yield increases, the market value declines. Market developments can lead to a change in net initial yield.

The table below shows changes to the key metrics of the property portfolio on an increase/decrease in the required rate of return (the analysis only includes the current residential and commercial property):

Sensitivity analysis, DKK'000

Required rate of return	Theoretical value	Carrying amount	Difference	Adj. equity
6.50 %	381,590	433,605	52,014	1,157,595
6.25 %	406,287	433,605	27,318	1,176,858
6.00 %	433,605	433,605	0	1,198,166
5.75 %	463,997	433,605	30,392	1,221,872
5.50 %	498,000	433,605	64,395	1,248,394

Notes

12. Investment properties

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Cost, beginning of year	1,282.944	865,060	0	0
Adjustment, cost, beginning of year	0	4,642	0	0
Additions during the year	19,042	350,597	0	0
Disposals during the year	454,956	-6,585	0	0
Transfers	496,545	69,230	0	0
Cost, end of year	**1,343,575**	**1,282,944**	**0**	**0**
Fair value adjustment, beginning of year	303,972	212,520	0	0
Adjustment, fair value adjustment, beginning of year	0	-4.642	0	0
Fair value adjustment for the year	-71,779	99,109	0	0
Fair value adjustment, assets sold	-268,150	-3,015	0	0
Transfers	13,750	0	0	0
Fair value adjustment, end of year	**-22,207**	**303,972**	**0**	**0**
Carrying amount, end of year	**1,321,368**	**1,586,916**	**0**	**0**

The Group holds a number of properties, including residential, commercial and mixed properties. The area if these are approximately 61,700 m^2. The properties are primarily located in Copenhagen and surroundings.

The net initial yield is determined on the basis of market statistics, actual trades and Management's knowledge of the property market in general. The calculation of net initial yield takes into account parameters such as type (residential, office, retail, etc.), location, age, state of maintenance, lease terms, tenant creditworthiness, etc.

The net initial yield is determined on the basis of market statistics, actual trades and Management's knowledge of the property market in general. The calculation of net initial yield takes into account parameters such as type (residential, office, retail, etc.), location, age, state of maintenance, lease terms,tenant cred-it-worthiness, etc.

This item includes potential building rights in addition to the Group's investment properties. The Group performs an individual measurement annually on the basis of prices per metre of building rights in the areas. If such measurement is not possible, the potential building rights are recognised at cost.

The valuation of the potential building rights is based on the expected plot ratios expected in the areas. Plots are valued on the basis of similar plots in the same area.

The valuation method is consistent with that applied last year.

In determining market value (carrying amount), the following yields are applied:

Prime yield (commercial)	7.00 %	(2021: 6.40 %)
Secondary yield (commercial)	3.63 %	(2021: 3.63 %)
Prime yield (residential)	4.00 %	(2021: 3.90 %)
Secondary yield (residential)	3.50 %	(2021: 3.50 %)

An external estate agent valuation was not procured in connection with the valuation of the Group's investment properties.

Notes

Sensitivity analysis

Ændringer i afkastsatserne har væsentlig betydning for målingen af investeringsejendommene. En stigning i afkastsatsen fører til et fald i markedsværdien. Markedsudviklingen kan medføre et ændret krav til forrentningen af fast ejendom.

The table below shows changes to the key metrics of the property portfolio on an increase/decrease on the required rate of return:

Sensitivity analysis, DKK'000

Change in required rate of return	Theoretical value	Carrying amount	Differnce	Adjusted equity
0,50%	1,212,125	1,321,368	-109,243	1,019,808
0,25%	1,264,187	1,321,368	-57,181	1,071,870
0,00%	1,321,368	1,321,368	0	1,129,051
-0,25%	1,384,472	1,321,368	63,104	1,192,155
-0,50%	1,454,488	1,321,368	133,120	1,262,171

13. Investments in subsidiaries

	Group		Parent company	
DKK'000	2023	2022	2023	2022
Cost, beginning of year	0	0	39,774	42,324
Additions during the year	0	0	205,019	1,500
Disposals during the year	0	0	-130	-4,050
Cost, end of year	**0**	**0**	**244,663**	**39,774**
Revaluations at 1 January	0	0	712,527	703,480
Profit for the year	0	0	96,517	160,917
Reversals for the year re. disposals	0	0	-2,012	-1,870
Dividend	0	0	-19,000	-150,000
Revaluations, year-end	**0**	**0**	**788,032**	**712,527**
Amortisation of goodwill, beginning of year	0	0	-643	-643
Amortisation of goodwill, end of year	**0**	**0**	**-643**	**-643**
Carrying amount, end of year	**0**	**0**	**1,032,052**	**751,658**

Notes

Subsidiaries	Municipality	Ownership
ALFA Properties A/S	Gladsaxe	100%
ALFA Parkering ApS	Gladsaxe	100%
Holdingselskabet af 27.10.2010 ApS	Gladsaxe	100%
Korsdalskvarteret ApS	Gladsaxe	100%
Rovsingsgadekvarteret P/S	Gladsaxe	100%
Amager Strand 1 ApS	Gladsaxe	100%
Amager Strand 4 ApS	Gladsaxe	100%
Amager Strand 6 ApS	Gladsaxe	100%
Amager Strand 8 ApS	Gladsaxe	100%
Amager Strand 9 ApS	Gladsaxe	100%
Amager Strand 11 ApS	Gladsaxe	100%
LIVING By ALFA IrmaByen Holding ApS	Gladsaxe	100%
LIVING by ALFA IrmaByen ApS	Gladsaxe	100%
IrmaByen 3 ApS	Gladsaxe	100%
IrmaByen 6 ApS	Gladsaxe	100%
IrmaByen 7 ApS	Gladsaxe	100%
IrmaByen 9 ApS	Gladsaxe	100%
IrmaByen 11 ApS	Gladsaxe	100%

Subsidiaries	Municipality	Ownership
IrmaByen 12 ApS	Gladsaxe	100%
IrmaByen 13 ApS	Gladsaxe	100%
IrmaByen 14 ApS	Gladsaxe	100%
IrmaByen 16 ApS	Gladsaxe	100%
IrmaByen 17 ApS	Gladsaxe	100%
IrmaByen 19 ApS	Gladsaxe	100%
IrmaByen 20 ApS	Gladsaxe	100%
ALFA Work Søborg A/S	Gladsaxe	100%
Smedeland 6 ApS	Gladsaxe	100%
Scandiagade Aps	Gladsaxe	100%
Udviklingsselskabet af 1. Juli 2019 A/S	Gladsaxe	100%
Trongården ApS	Gladsaxe	100%
Bækhus Enge ApS	Gladsaxe	100%
Marielundkvarteret 1 ApS	Gladsaxe	100%
Marielundkvarteret 2 ApS	Gladsaxe	100%
Marielundkvarteret Holding ApS	Gladsaxe	100%
ALFA Services ApS	Gladsaxe	100%
ALFA Komplementar ApS	Gladsaxe	100%

Notes

14. Deposits

DKK'000	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Cost, beginning of year	0	56	892	948
Additions during the year	39	0	92	0
Disposals during the year	0	-56	0	-56
Cost, end of year	**39**	**0**	**983**	**892**
Carrying amount, end year	**39**	**0**	**983**	**892**

15. Project portfolios

DKK'000	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Project portfolios	154,950	222,540		0
	154,950	**222,540**		**0**

In 2023, financial expenses recognised in the project portfolio amounted to DKK'000 3,533.

16. Deferred tax assets

t.kr.	Group 2023	Group 2022	Parent company 2023	Parent company 2022
Deferred tax assets, beginning of year	12,912	0	0	29
Deferred tax on profit/loss for the year	-1,836	12,912	0	0
	1,336	0	0	0
	12,412	**12,912**		**29**

11.1 mio. DKK of the deferred tax asset on 12.4 mio. DKK consists of losses carried forward

The recognized tax asset consists of deferred tax relating to tax losses to be carried forward. Management makes estimates of future earnings in connection with the assessment of whether and when deferred tax assets will be utilized. Management has prepared a plan for utilising the recognised tax asset, which is expected to be utilised within the next 5 years.

The remaining deferred tax asset concern temporary differences between tax and accounting values of the groups assets and liabilities.

Notes

17. Prepayments

Prepayments comprise costs incurred in relation to subsequent years, including deferred rental rebates and project costs paid in advance.

18. Cash and cash equivalents

Deposited funds in connection with real estate transactions amount to 1,9 mio. DKK (2022: 1,9 mio DKK).

19. Share capital

The share capital consists of 2,440 shares of DKK'000 25 each and multiples thereof. The share capital is not divided into share classes.

20. Provisions for deferred tax

	Group		Parent company	
DKK'000	**2023**	**2022**	**2023**	**2022**
Provisions for deferred tax, beginning of the year	120,370	97,004	0	0
Deferred tax on profit/loss for the year	-14,685	29,755	0	0
Deferred tax taken over on acquisitions	-107,021	-6,389	0	0
Transferred to deferred tax asset	1,336	0	0	
	0	**120,370**	**0**	**0**

21. Other provisions

	Group		Parent company	
DKK'000	**2023**	**2022**	**2023**	**2022**
Other provisions, beginning of year	46,498	38,654	0	0
Changes in other provisions for the year	16,196	7,844	0	0
	62,694	**46,498**	**0**	**0**
Expected maturities			0	
0-1 year	28,373	8,529	0	0
1-5 years	34,321	37,969	0	0
>5 years	0	0	0	0
	62,694	**46,498**	**0**	**0**

Other provisions comprise expected costs relating to investment properties under construction and outstanding costs relating to completion of projects.

Notes

22. Debt to mortgage credit institutions

	Group		Parent company	
DKK'000	**2023**	**2022**	**2023**	**2022**
Total debt to mortage credit institutions	767,889	636,142		0
Maturing within one year	-19,885	-23,951		0
	748,004	**612,191**		**0**
Portion of debt maturing after five years	667,602	512,975		0

23. Fair value disclosures

	Group		
DKK'000	**Investment properties**	**Investment properties under construction**	**Derivative financial instruments**
Fair value, end of year	1,321,368	0	0
Changes for the year in fair value through profit or loss	-71,779	-3,238	0

24. Mortgages and guarantees

Group

As security for debt to mortgage credit institutions on the amount of DKK 767,9 million, the Group has mortgaged investment properties with a carrying amount at 31 December 2023 of DKK 1,321 million and land and buildings with a carrying amount at 31 December 2023 of DKK 98 million.

As security for debt to homeowners associations, DKK 0, a mortgage deed of DKK'000 172 has been registered on investment properties with a carrying amount at 31 December 2023 of DKK 48,2 million.

DKK 1,9 million of the Groups cash and cash equivalents is held in escrow accounts.

Parent

As security for debt to banks in the amount of DKK 80,9 million, the parent have provided its shares in a subsidiary (carrying amount at 31 december 2023 DKK 149,5 million) as deposit.

Notes

25. Contingent items

Contingent assets
Group
In addition to a deferred tax asset already recognised in the amount of DKK 14,7 million, a group company holds another potential deferred tax asset of DKK 36,7 million which has not been recognised.

Contingent liabilities
Group
The Group has entered into construction contracts, where the remaining obligation as of December 31, 2023 amounts to DKK 4.8 million. The Group's financial institutions have issued payment guarantees to suppliers and mortgage institutions totaling DKK 531,4 million.

The Group has entered into operating lease agreements for equipment. The remaining lease term ranges from 4 to 10 months, and the total remaining lease obligation amounts to DKK 44 thousand.

In connection with the sale of investment properties, the Group has a potential obligation regarding final property taxes up to the transfer date, as only preliminary property taxes for the income years 2022 and 2023 have been recognized as of the transfer date. At this time, it is not possible to reliably quantify the obligation. Additionally, the Group has a potential obligation pursuant to an unregistered easement on real estate. Management considers the obligation related to real estate to be very limited.

The group is party to a pending case concerning notice on defects. Management's assesment is that the case will not affect the consolidated financial statements beyond what have already been recognised in the balance sheet.

Parent company
The parent company has provided a surety guarantee for the intra-group liabilities of LIVING by ALFA IrmaByen ApS to a financial institution. As of December 31, 2023, the company's debt to the financial institution amounts to DKK 57 million. Additionally, one of the parent company's financial institutions has issued payment guarantees to the subsidiary company's mortgage institution totaling DKK 430,9 million. The parent company has provided a surety guarantee for the intra-group liabilities of Smedeland 6 ApS to the financial institution. As of December 31, 2023, the company has no debt to the financial institution. The parent company has provided guarantees for the intra-group liabilities of the following subsidiaries to the mortgage institution:

- ALFA Properties A/S, mortgage debt to the mortgage credit institution as of December 31, 2023, amounts to 77,427 t.DKK, and the guarantee amounts to a maximum of 55,170 t.DKK.

- Marielundkvarteret 1 ApS, mortgage debt to the mortgage credit institution as of December 31, 2023, amounts to 5,965 t.DKK.

- Marielundkvarteret 2 ApS, mortgage debt to the mortgage credit institution as of December 31, 2023, amounts to 7,983 t.DKK.

- Rovsingsgadekvarteret P/S, mortgage debt to the mortgage credit institution as of December 31, 2023, amounts to 150,619 t.DKK.

- Scandiagade ApS, mortgage debt to the mortgage credit institution as of December 31, 2023, amounts to 73,644 t.DKK.

- Living by ALFA IrmaByen ApS, mortgage debt to the mortgage credit institution as of December 31, 2023, amounts to 428,516 t.DKK.

Notes

The parent company guarantees payment of subsidiary obligations, with the remaining payment as of December 31, 2023, amounting to DKK 1 million.

The parent company has entered into a lease agreement with a subsidiary, which is non-cancelable for 30 months. The annual rent amounts to DKK 2 million.

The group has entered into operational lease agreements regarding assets. The remaining lease term ranges from 4 to 10 months, and the total remaining leasing obligation amounts to DKK 44,000.

The parent company is liable for overdue VAT under the joint VAT registration. The total obligation under the joint registration amounts to DKK'000 291 as of December 31, 2023

In connection with the sale of investment properties, the Parent Company has provided guarantees for a subsidiary's potential obligation regarding final property taxes up to the transfer date, as only provisional property taxes for the fiscal years 2022 and 2023 have been accounted for as of the transfer date. At present, it is not possible to reliably quantify the obligation. Additionally, the Parent Company has provided guarantees for a subsidiary's potential obligation pursuant to an unregistered servitude on real property. Management considers the obligation related to real property to be strongly limited.

Joint taxation

The Company is the designated management company for the national tax pool and is jointly and severally liable with the other enterprises in the tax pool for the total income tax.

The Company is jointly and severally liable with the other enterprises in the tax pool for any obligation to withhold tax on interest, royalties and dividends.

The liability for withholding tax on dividends, interest and royalties amounted to DKK 0.

Any subsequent adjustments of income tax and withholding tax may result in the Company's liability being of a different amount.

26. Financial risk

Currency risk

As ALFA Development has very limited foreign currency transactions, its currency risk is considered insignificant.

Interest rate risk

Any changes in market rates will affect earnings and cash flows. Rising interest rates will have an adverse impact on earnings from both development activities and the investment property portfolio. Interest expenses on credit facilities related to land purchases and construction will inevitably increase with a resulting negative impact on the development portfolio. Investment property yields will be pushed upwards, creating a downward pressure on valuations. In relation to financing, interest expenses will generally speaking increase. However, as a consequence of ALFA Development's financing strategy for its investment portfolio, the risk exposure is limited. The market value of mortgage debt will decrease if interest rates increase.

Notes

32. Related parties

Principal shareholder
SeedALFA Holding S.A.R.L.
412 F, Route d'Esch
L-1471 Luxembourg
Luxembourg

Transactions
In accordance with section 98 C(7) of the Danish Financial Statements Act, it is disclosed that the Company had no related party transactions that were not conducted on an arm's length basis.

33. Adjustments

	Group	
DKK'000	2023	2022
Depreciation, amortisation and impairment of property, palnt and equipment and intangible assets	5,873	4,807
Loss on sale of property, plant and equipment	0	-1
Value adjustment of investment properties	31,927	-110,142
Other financial income	-75,381	-35,049
Other financial expenses	36,137	22,521
Tax on profit/loss for the year	9,117	19,490
	7,673	**-98,374**

34. Change in working capital

	Group	
DKK'000	2023	2022
Change in inventories	67,502	175,361
Change in receivables	43,704	162,042
Change in trade payables and other payables	-57,069	-19,783
Other changes in working capital	12,661	2,534
	66,798	**320,154**

Accounting policies

The annual report of ALFA Development A/S is presented in accordance with the provisions of the Danish Financial Statements Act for class C enterprises.

The accounting policies are consistent with those applied in last year's annual report. The presentation currency is DKK.

Recognition and measurement

Income is recognised in the income statement as earned. This includes the recognition of value adjustments of financial assets and liabilities. Also recognised in the income statement are all costs, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts previously recognised in the income statement.

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

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

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each item.

Certain financial liabilities are measured at amortised cost, implying the recognition of a constant effective rate of interest to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus accumulated amortisation of any difference between cost and nominal amount. This method allocates capital gains and losses over the term of the liability.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which relate to matters existing at the balance sheet date.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or expenses. Where foreign exchange positions are considered hedges of future cash flows, any value adjustments are recognised directly in a fair value reserve under equity.

Receivables, payables and other monetary items denominated in foreign currency are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date when the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement under financial income or expenses.

Derivative financial instruments

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

Changes in the fair value of derivative financial instruments designated as and qualifying as hedges of the fair value of a recognised asset or liability are recognised through profit or loss together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments classified as hedges of future cash flows are recognised as other receivables or other payables and in equity.

If a future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If a future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged transaction affects the income statement.

For derivative financial instruments that the company does not choose to recognise as hedging instruments, changes in fair value are recognised in the income statement as they occur.

Accounting policies

Fair value hierarchy

The Group uses the fair value convention for the recognition of investment properties and for the recognition of the value of financial instruments. Fair value is defined as the price obtainable when selling an asset, or payable when transferring a liability, in an arm's length transaction between independent parties. Fair value measurement is based on a primary market. The fair value hierarchy has four levels for the measurement:

1. Fair value measurement in a comparable market
2. Measurement according to recognised valuation methods based on observable market inputs
3. Measurement based on recognised valuation methods and reasonable estimates
4. Cost

The Group uses level 3.

Consolidated financial statements

The financial statements consolidate the parent company, ALFA Development A/S, and subsidiaries in which ALFA Development A/S directly or indirectly holds more than 50% of the voting rights or otherwise exercises control.

Consolidation principles

The consolidated financial statements have been prepared by consolidating the financial statements of the parent company and the subsidiaries by adding together items of a similar nature calculated in accordance with the Group's accounting policies.

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

On consolidation, intra-group income and expenses, equity investments, balances and dividends as well as realised and unrealised gains and losses on transactions between the consolidated entities are eliminated.

In the consolidated financial statements, the items of subsidiaries are recognised in full.

Business combinations

Business combinations completed on or after 1 July 2018 (consolidation method).

Acquisitions of subsidiaries are accounted for applying the acquisition method, under which the identifiable assets and liabilities of the acquired enterprise are measured at fair value at the date of acquisition. Acquired contingent liabilities are recognised at fair value in the item Investments in subsidiaries to the extent that the value can be measured reliably.

The acquisition date is the date at which the Group obtains control of the acquired enterprise.

The cost of the acquired enterprise is the fair value of the agreed consideration, including consideration contingent on future events occurring. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Any positive difference between the cost of the acquired enterprise and the value of identified assets and liabilities is recognised in the investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected economic life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. Any negative difference is recognised immediately in the income statement.

If the purchase price allocation is preliminary, any positive or negative differences relating to acquired subsidiaries as a result of changes in the recognition and measurement of identified net assets may be adjusted for up to 12 months after the date of acquisition. Such adjustments are reflected concurrently in the value of goodwill or negative goodwill, including in previous amortisation.

Uniting of interests (book value method)

An intragroup uniting of interests is accounted for under the book value method. Under this method, the two enterprises are combined at book value, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity.

The book value method is applied at the acquisition date, and comparative figures are not restated.

Accounting policies

Income statement

Revenue
The Company applies IAS 18 as a basis for revenue recognition.

Revenue is recognised in the income statement if delivery and transfer of risk to the buyer have taken place before the end of the year, and provided that the income can be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration exclusive of VAT and net of discounts related to sales.

Rental income comprises income from the letting of properties and common charges and is recognised in the income statement in the period to which the rent pertains. Income relating to the heating accounts is recognised in the balance sheet as balances with tenants.

Production costs
Production costs comprise costs, including wages and salaries and depreciation and amortisation, incurred in generating the revenue for the year. Enterprises engaged in trading recognise cost of sales and enterprises engaged in manufacturing recognise production costs corresponding to revenue for the year. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rent and leases.

Production costs also comprise repair and maintenance costs, direct and indirect taxes and other costs in relation to investment properties. Costs relating to the heating accounts are recognised in the balance sheet as balances with tenants.

Production costs furthermore comprise research costs and development costs not qualifying for capitalisation and amortisation of capitalised development costs.

Value adjustment of investment properties
Value adjustment of investment properties comprises fair value adjustment of properties and gains and losses on the sale of properties.

Distribution costs
Distribution costs comprise costs incurred for distribution of goods sold during the year and for sales campaigns during the year. This includes the cost of sales staff, advertising and exhibition costs as well as depreciation.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, Management, office premises and office expenses and depreciation.

Other operating income
Other operating income comprises items secondary to the principal activities of the enterprise, including gains on disposal of property, plant and equipment.

Other operating expenses
Other operating expenses comprise items secondary to the principal activities of the enterprise.

Financial income and expenses
Financial income and expenses are recognised in the income statement in the amounts relating to the financial year. Financial items comprise interest income and expenses, realised and unrealised market value gains and losses on securities and debt, amortisation of financial assets and liabilities as well as surcharges and refunds under the Danish tax prepayment scheme, etc.

Interest expenses and other expenses on loans financing projects are recognised in the cost of the project portfolios.

Income from investments in subsidiaries
The proportionate share of the profit or loss of subsidiaries after tax is recognised in the parent company income statement after full elimination of intra-group gains/losses and deduction of amortisation of goodwill on acquisition plus negative goodwill.

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

Accounting policies

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 Company is subject to the Danish rules on compulsory joint taxation with subsidiaries. The Company is the designated management company for the tax pool and handles the settlement of all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by the settlement of a joint tax contribution between the enterprises in the tax pool in proportion to their respective taxable incomes. In connection with the settlement, enterprises with negative taxable incomes receive a joint tax contribution from enterprises that have been able to use this tax loss to reduce their own taxable income (full allocation).

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The basis of depreciation is cost less expected residual value at the end of the useful life. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. Where the residual value exceeds the carrying amount, the asset ceases to be depreciated.

If the depreciation period or the residual value is changed, the effect on depreciation going forward is recognised as a change in accounting estimates.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives and the individual components constitute a substantial part of the total cost of the item, they are accounted for as separate items, which are depreciated separately.

Straight-line depreciation is provided based on the estimated useful lives and residual values of the assets as follows:

	Useful life	**Residual value**
Buildings	15-70 years	0%
Other fixtures and fittings, tools and equipment	3-5 years	0%

Minor assets with expected useful lives of less than one year are recognised as costs in the income statement in the year of acquisition.

Gains or losses on the sale of property, plant and equipment are stated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement under other operating income or other operating expenses.

Leases

The Company applies IAS 17 as a basis for classification and recognition of leases.

On initial recognition, leases for property, plant and equipment under which the Group has all material risks and rewards of ownership (finance leases) are initially measured in the balance sheet at the lower of the fair value of the leased asset and the present value of future lease payments. The present value is calculated using the interest rate implicit in the lease or, alternatively, the Company's borrowing rate as the discount factor. Assets held under finance leases are subsequently accounted for as other similar property, plant and equipment.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the lease term.

Accounting policies

All other leases are recognised as operating leases. Payments in connection with operating leases and other leases are recognised in the income statement over the lease term. The Group's total liability with respect to operating leases and other leases is disclosed in contingent items.

Impairment of non-current assets

The carrying amount of property, plant and equipment and investments in subsidiaries is reviewed annually for impairment beyond what is reflected by normal amortisation and depreciation charges.

If there is evidence of impairment, each asset or group of assets is tested for impairment. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount of the asset is written down to its recoverable amount.

Recoverable amount is the higher amount of the value in use and the sales value less expected costs to sell. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the motivation for the impairment write-down ceases to exist.

Investment properties

On initial recognition, investment properties are measured at cost, consisting of the acquisition price of the property and any directly associated costs.

This item includes potential building rights in addition to the Group's investment properties. The Group annually performs an individual measurement on the basis of prices per metre of building rights in the area. If such measurement is not possible, the potential building rights are recognised at cost.

Subsequently, investment properties are measured individually at their estimated fair value, corresponding to the estimated amount at which the individual property may be sold to an independent buyer at the balance sheet date. Fair value is measured using a yield-based model, which is based on budgeted net earnings for the coming year adjusted to normal earnings and by using a yield requirement reflecting current market yield requirements for similar properties. The value is adjusted for matters not reflected in normal earnings, such as actual vacancy rates, major renovation works, etc. The valuation method is consistent with that applied in the previous financial year.

Costs that add new or improved qualities to an investment property relative to its condition at the acquisition date and thus improve the future yield on the property are added to cost as an improvement. Costs that do not add new or improved qualities to an investment property are recognised in the income statement under "costs in relation to investment properties".

Like other property, plant and equipment except land, investment properties have a definite useful life. The impairment of an investment property as it ages over time is reflected in the regular fair value measurement of the investment property. Accordingly, investment properties are not systematically depreciated over their useful lives.

Fair value adjustment through profit or loss is recognised in the item Value adjustment of investment properties.

If a reliable fair value cannot be determined, investment properties under construction are measured at cost. Cost comprises other external costs incurred in the construction of the property.

Financial expenses directly attributable to the construction of the property are also recognised in cost.

Financial assets

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method. The consolidation method applied is the equity method.

Accounting policies

In the balance sheet, investments in subsidiaries are recognised at the proportionate share of each subsidiary's equity value. This is calculated in accordance with the parent company's accounting policies with the deduction or addition of unrealised intra-group gains and losses and with the addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method.

Investments in group enterprises with a negative net asset value are recognised at DKK nil, and any receivable from these companies is written off to the extent it is deemed to be irrecoverable. To the extent that the parent company has a legal or constructive obligation to cover any negative balance that exceeds the receivable, the residual amount is recognised under provisions.

Net revaluation of investments in subsidiaries is taken to the reserve for net revaluation under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries that are expected to be approved before the adoption of this annual report are not tied up in the revaluation reserve. The reserve is adjusted by other changes in the equity of subsidiaries.

Enterprises acquired or formed during the year are recognised in the financial statements from the date of acquisition. Enterprises sold or wound up are recognised in the financial statements until the date of disposal.

The purchase method of accounting, the uniting-of-interests method or the book value method is used in connection with acquisitions. See the description above under Business combinations.

Inventories

Project portfolios are measured at cost. Where the net realisable value is lower than cost, project portfolios are written down to this lower value.

Goods for resale are measured at cost in accordance with the FIFO method. Where the net realisable value of goods for resale is lower than the acquisition cost, the investment is written down to this lower value.

The cost of project portfolios comprises other of the projects.external costs incurred in the construction Financial expenses directly attributable to the project are also recognised in cost.

The cost of goods for resale comprises the purchase price plus delivery costs.

The net realisable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale. The net realisable value is determined taking into account marketability, obsolescence and changes in the expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Receivables are written down to net realisable value as a provision for bad debts. The Company has chosen to apply IAS 39 for the recognition of impairment of financial assets, which means that if there is objective evidence that a receivable or a portfolio of receivables is impaired, an impairment loss is recognised. If there is objective evidence that an individual receivable is impaired, an impairment loss is recognised on an individual level.

Prepayments

Prepayments comprise costs incurred that relate to subsequent financial years.

Cash and cash and cash equivalents

Cash and cash equivalents comprise bank deposits.

Equity

Reserve for net revaluation according to the equity method

Reserve for net revaluation according to the equity method comprises net revaluation of investments in subsidiaries relative to cost.

The reserve may be eliminated against losses, realisation of investments or changes in accounting estimates.

The reserve cannot be negative.

Accounting policies

Dividend
Dividend expected to be paid in respect of the financial year is stated as a separate line item under equity.

Income tax and deferred tax
As the designated management company for the tax pool, ALFA Development A/S is liable to the tax authorities for the subsidiaries' income taxes.

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

The company is taxed jointly with the Danish consolidated companies. The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable income and with full absorption with refunds for tax losses. The jointly taxed entities are taxed under the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as Tax receivable from subsidiaries or Tax payable to subsidiaries, respectively.

Deferred tax is measured according to the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities, calculated based on the planned use of the asset or settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is adjusted for eliminations of unrealised intra-group profits and losses on consolidation.

Deferred tax is measured on the basis of the tax rules and tax rates that, according to the legislation in force at the balance sheet date, are applicable at the time the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changed tax rates are recognised in the income statement, except for items recognised directly in equity.

Deferred tax assets, including the tax base of tax losses carried forward, are measured at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Provisions
Provisions comprise expected expenses relating to guarantee commitments, completion of projects sold and construction of investment properties. Provisions are recognised when the Group has a legal or constructive obligation that arises from past events and it is probable that an outflow of financial resources will be required to settle the obligation.

Provisions are measured at net realisable value or fair value. If the liability is expected to be settled far into the future, the liability is measured at fair value.

Guarantee commitments comprise obligations to perform repair work within a warranty period of 1-5 years. Provisions are measured on the basis of experience from guarantee work. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting the risk and the due date of the liability.

Liabilities
Financial liabilities are recognised at the time the loans are obtained in the amount of the proceeds after deduction of transaction costs. Subsequently, financial liabilities are recognised at amortised cost, equivalent to the capitalised value using the effective interest rate. The difference between the proceeds and the nominal value is thus recognised in the income statement over the term of the loan.

Debt to mortgage credit institution and credit institutions is thus measured at amortised cost, which in the case of cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to the outstanding debt calculated as the loan's underlying cash value at the date the loan was raised, adjusted over the repayment period by depreciation of the loan's value adjustment at the date the loan was raised.

Liabilities relating to investment properties are measured at amortised cost.

Other liabilities are measured at amortised cost, usually corresponding to nominal value.

Accounting policies

Cash flow statement

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

No cash flow statement has been prepared for the parent company, as its cash flows are included in the consolidated cash flow statement, see section 86 (4) of the Danish Financial Statements Act.

Cash flows from acquisitions and divestments of enterprises are shown separately under cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from the disposal of enterprises are recognised up to the date of disposal.

Cash flows from operating activities

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

Cash flows from investing activities

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and of intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents held in escrow accounts are recognised as receivables and adjusted through changes in working capital.

Statements

Statement by the Management

The Board of Directors and Executive Management have today approved the annual report for 2023 of ALFA Development A/S.

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

We consider the accounting policies to be appropriate. Accordingly, in our opinion, the consolidated and parent company financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Company's activities and the consolidated cash flows for the financial year ended 31 December 2023.

In our opinion, the Management's review includes a fair review of the matters under review.

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

Søborg, 23 May 2024

Executive Management

Kristian Hare
Chief Financial Officer

Board of Directors

Anders Håkan Wahrer
Chair

Andreea Ioana Kaiser

Erik Ludvig Find

Peter Winther

Klaus Kaae

Jan Kristensen

Independent auditor's report

To the capital owners in ALFA Development A/S

Conclusion

We have audited the consolidated financial statements and the parent company financial statements of ALFA Development A/S for the financial year 1 January to 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 the Parent Company 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.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´ s and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Consolidated Financial Statements and the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 the parent company 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 the parent company 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 the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Aalborg, 23 May 2024

Redmark
Godkendt Revisionspartnerselskab

Company reg. no. 29 44 27 89

Steen Jensen
State Authorised Public Accountant
mne27739

Company details

Company	ALFA Development A/S Knud Højgaards Vej 2, 3rd floor 2860 Søborg, Denmark	
	Tel.:	+45 39200250
	Website:	www.alfadev.dk
	E-mail:	info@alfadev.dk
	CVR no.:	27 52 84 49
	Founded:	1 July 2006
	Registered office:	Gladsaxe, Denmark
	Financial year:	1 January – 31 December

Board of Directors	Anders Håkan Wahrer, Chair Andreea Ioana Kaiser Erik Ludvig Find Peter Winther Klaus Kaae Jan Kristensen
Executive Management	Kristian Hare, Chief Financial Officer
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg, Denmark
Bankers	Danske Bank Jyske Bank
Parent company	SeedALFA Holding S.A.R.L.

"At ALFA Development, we are continuously concerned with how we can create an environment where people thrive, develop and perform at their best and where urban development will benefit the most."

Design and production: Noted

ALFA DEVELOPMENT

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