

Investeringselskabet Luxor A/S

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Half-year Report as at 31 March 2017

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Half-year Report as at 31 March 2017.

Second quarter of the financial year:

- Basic earnings amount to DKK 5.9 million (DKK 5.7 million), which is in line with expectations.
- The Group's results for the quarter before tax show a profit of DKK 10.5 million (DKK 5.5 million).

Half-year 2016/17:

- Basic earnings for the half-year amount to DKK 13.1 million (DKK 14.5 million).
Basic earnings for the half-year are negatively affected by lower net financial income from bonds and an increase in planned costs relating to investment properties, and are positively affected by lower net losses on mortgage deeds.
- The Group's results before tax for the half-year show a profit of DKK 23.4 million (DKK -4.0 million).
The results for the half-year are positively affected by DKK 10.3 million, which primarily relates to net positive fair value adjustments and realised gains on bonds as well as positive fair value adjustments on interest swaps etc not included in basic earnings.
- The net asset value per share in circulation is DKK 349.56 (DKK 331.17). The net asset value per share in circulation is significantly affected by the dividend distribution of DKK 25 million in January 2017, corresponding to DKK 25 per share.

Expected profit for the year 2016/17:

- At present, basic earnings of approx. DKK 24.0 million are still expected for the financial year 2016/17, which is in accordance with the announcement of 27 February 2017.
Fair value adjustments and losses and gains realised on bonds, foreign currencies and interest swaps, etc are not included in basic earnings and will from the beginning of the financial year until 18 May 2017 affect results for the year before tax positively by DKK 5.1 million. The amount is distributed with DKK 10.3 million in the first half of the financial year and DKK -5.2 million in the period 1 April to 18 May 2017.

For additional information concerning this Half-year Report, please contact Jannik Rolf Larsen, CEO.

Yours faithfully
Investeringselskabet Luxor A/S

Jannik Rolf Larsen
CEO

Announcement No 5 of 29 May 2017
Half-year Report for the period 1 October 2016 to 31 March 2017

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Investeringselskabet Luxor A/S is an investment company investing shareholders' equity and debt capital in capital investments. The Company's main activities are distributed on mortgage deeds, bonds and properties. The Company has adopted a flexible investment strategy within a number of specific investment frameworks.

The overall objective of the Group is to achieve the best possible long-term return on investments for the shareholders by investing shareholders' equity and debt capital in capital investments within the risk frameworks established.

Pursuant to the Danish Act on Alternative Investment Fund Managers, Investeringselskabet Luxor A/S is permitted to invest in mortgage deeds, bonds and properties and has been granted an exemption in respect of being permitted to manage shares received in connection with a corporate bond in the portfolio being wholly or partly converted into shares.

FINANCIAL HIGHLIGHTS OF THE GROUP

	<u>OCTOBER - MARCH</u>			
<u>DKK million</u>	<u>2016/17</u> <u>half-year</u>	<u>2015/16</u> <u>half-year</u>	<u>2014/15</u> <u>half-year</u>	<u>2015/16</u> <u>full year</u>
<u>Key figures</u>				
Income.....	37.5	27.4	17.3	67.7
Gross earnings.....	36.3	17.4	42.9	69.9
Profit/loss before tax	23.4	-4.0	-4.6	29.1
Net profit/loss for the period.....	18.2	-3.1	-3.7	22.1
Basic earnings	13.1	14.5	10.8	31.1
Assets	811.6	885.1	913.2	868.6
Equity	349.6	331.2	359.1	356.4
Investment in property, plant and equipment.....	0.0	0.1	0.1	0.4
Profit/loss for analytical purposes:				
Net profit/loss for the period (after tax)	<u>18.2</u>	<u>-3.1</u>	<u>-3.7</u>	<u>22.1</u>
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK)	18.21	-3.12	-3.70	22.06
Net asset value per share in circulation (DKK)	349.56	331.17	359.07	356.35
Return on equity in percentage p.a.....	10.32	-1.82	-1.92	6.21
Equity share in percentage	43.07	37.42	39.32	41.03
<u>Share capital</u>				
Nominal share capital, end of period (DKK million)	100.0	100.0	100.0	100.0
Number of shares in circulation (DKK million).....	100.0	100.0	100.0	100.0
Official price on the Stock Exchange per DKK 100 share:				
Lowest.....	333	310	261	310
Highest	420	360	362	360
End of period.....	385	322	310	334
Volume of trade on the Stock Exchange, number of shares	7,512	11,803	6,070	16,011
Listed on the Stock Exchange, number of shares	825,000	825,000	825,000	825,000

The key figures have been calculated in accordance with "Recommendations and key figures 2015" issued by the Danish Society of Financial Analysts. EPS and diluted EPS are in accordance with IAS 33.

HALF-YEAR REPORT

Basic earnings and results

The Group's basic earnings amount to DKK 13.1 million (DKK 14.5 million).

The lower basic earnings are primarily due to a decrease in net financial income of approx. DKK 1.0 million as a result of the reduced portfolio of bonds, an increase of DKK 1.7 million in planned direct costs relating to investment properties and a decrease in net losses on mortgage deeds of DKK 1.1 million.

Basic earnings are calculated as profit/loss before tax for the half-year adjusted for fair value adjustments of securities, debt and foreign exchange movements and realised losses on securities.

The Group's profit before tax amounts to DKK 23.4 million (DKK -4.0 million). The results are positively affected by DKK 10.3 million, which is distributed with DKK 7.8 million from net positive fair value adjustments and realised gains on bonds including currency hedging, and DKK 3.4 million from positive fair value adjustments on interest swaps as well as DKK -0.9 million from other fair value adjustments etc not included in basic earnings.

After recognition of tax for the half-year of DKK 5.2 million (DKK -0.9 million), the profit after tax for the half-year amounts to DKK 18.2 million (DKK -3.1 million).

Business areas

The Group's balance sheet, which compared with the same time last year has decreased from DKK 885.1 million to DKK 811.6 million, includes the following business areas:

	<u>2016/17</u> <u>DKK million</u>	<u>2015/16</u> <u>DKK million</u>
Mortgage deeds.....	562.0	561.2
Bonds	25.3	78.1
Shares.....	<u>1.7</u>	<u>1.9</u>
Total securities	589.0	641.2
Investment properties.....	<u>182.3</u>	<u>180.5</u>
Total	<u>771.3</u>	<u>821.7</u>

Below, the individual business areas are described. The financing and the effect of currency hedging as well as currency exposure and hedging of currency risk are described in the section financing and debt.

Bonds

The fair value of the Group's portfolio of bonds amounts to DKK 25.3 million (DKK 78.1 million).

The total return on the portfolio of bonds for the half-year is specified as follows:

	2016/17 DKK million	2015/16 DKK million
Interest income	1.7	5.2
Realised capital gains on bonds (including foreign exchange)	5.0	-8.7
Fair value adjustment	6.2	-2.7
Currency swaps	-1.7	-1.2
Exchange loss/gain on foreign loans etc, net	-1.7 7.8	-0.4 -13.0
Return after currency hedging.....	9.5	-7.8

The gain on bonds realised includes a realised exchange gain of DKK 8.2 million (DKK 9.0 million), and fair value adjustments include an unrealised exchange loss of DKK 4.5 million (DKK -10.5 million).

The portfolio of bonds, which is in USD, has by and large been hedged with regard to currency fluctuations by means of currency swaps and loans in the same currency.

At 31 March 2017, the portfolio of bonds comprises a total negative fair value adjustment and expected gains on redemptions of up to approx. DKK 6.7 million excluding foreign exchange provided that the portfolio of bonds is redeemed or sold at par/estimated redemption prices. Gains on redemptions are expected to be reversed over the period to maturity of the bonds until 2020.

Since the closing of the financial period and until 18 May 2017, the Group has seen negative fair value adjustments of bonds of DKK 5.8 million and a realised gain of DKK 0.0 million. The fair value adjustments include an exchange loss of DKK 1.2 million.

A further reduction of the Group's portfolio of bonds is expected during the financial year.

Shares

The fair value of the Group's portfolio of shares amounts to DKK 1.7 million (DKK 1.9 million). The shares were received in connection with a reconstruction of a bond issuer where the Group's portfolio of bonds has been converted into shares.

To the extent that corporate bonds in the Parent Company's portfolio are converted into shares, the Supervisory Board has granted authority to maintain the ownership of the listed or unlisted shares for a period until the shares can be sold at a value which, in the opinion of the Parent Company, reflects the actual value of the share.

Investment properties

The Group's balance sheet includes 5 (5) investment properties with a fair value of DKK 182.3 million (DKK 180.5 million).

The total return on investment properties for the half-year is specified as follows:

	<u>2016/17</u> DKK million	<u>2015/16</u> DKK million
Rental income.....	6.9	7.0
Direct expenses, investment properties.....	<u>4.0</u>	<u>2.3</u>
	<u>2.9</u>	<u>4.7</u>

The increase in direct expenses of DKK 1.7 million is primarily due to expenses paid in connection with a number of planned maintenance projects in progress.

Properties acquired for the purpose of resale

Properties acquired for the purpose of resale amount to DKK 6.5 million (DKK 10.7 million) and comprise 2 (3) properties taken over to secure loans granted by the Group. The properties are distributed with DKK 3.8 million on business-related property and DKK 2.7 million on residential property.

Loss on the sale of properties acquired for the purpose of resale for the half-year amounts to DKK 0.6 million (DKK 0.1 million). After set-off of provision for loss and reversed provision for loss on properties acquired for the purpose of resale, DKK -0.1 million (DKK 0.0 million), the net loss on properties acquired for the purpose of resale amounts to DKK -0.5 million (DKK 0.0 million), which is recognised in the item net loss/gain and direct expenses.

The Group has sold the business-related property at 1 April 2017.

Financing and debt

The fair value of the Group's short-term debt to credit institutions amounts to DKK 360.9 million (DKK 438.8 million). After conversion by means of matching forward contracts, the debt is distributed as follows:

<u>Currency</u>	<u>2016/17</u>	<u>2015/16</u>
EUR.....	0.00%	23.37%
DKK	92.76%	55.90%
USD.....	6.79%	18.88%
NOK	<u>0.45%</u>	<u>1.85%</u>
	<u>100.00%</u>	<u>100.00%</u>

Part of the loans in DKK has been converted into USD with currency swaps for hedging of assets in USD. The effect of this is included in the above currency distribution.

Fair value adjustments for the half-year of loans in foreign currencies amount to DKK -1.7 million (DKK 0.0 million).

The Company has pegged the interest rate on DKK 150.0 million (DKK 150.0 million) through DKK interest swaps with a remaining term of up to approx. 8.5 years. Fair value adjustment of interest swaps for the half-year is a positive DKK 2.1 million (DKK -3.7 million).

The total fair value adjustment of interest swaps with credit institutions is a negative DKK 5.4 million. The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

The net movement for the half-year deriving from exchange adjustments of foreign loans, forward contracts, securities, etc is a positive DKK 0.3 million (DKK -3.1 million) as a result of exchange rate movements in USD and adjustment of fair value adjustments. Financing in foreign currencies is primarily used with a view to hedging assets in foreign currencies.

In view of the fact that part of the Group's assets is placed in foreign currencies, it can be stated that the Group's total currency exposure in respect of assets and liabilities is distributed as follows:

Currency	31 March 2017		31 March 2016	
	Assets	Liabilities	Assets	Liabilities
DKK	96.62%	96.78%	90.74%	78.98%
EUR	0.00%	0.00%	0.00%	11.60%
NOK	0.21%	0.20%	1.05%	0.92%
USD	3.17%	3.02%	8.21%	8.50%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Fair value adjustments of mortgage credit institutes for the half-year, including interest swaps, are a positive DKK 1.2 million (DKK -1.5 million) as a consequence of changes in interest rates. The amount is counterbalanced through current fair value adjustments over the remaining term of the loans/contracts.

The total fair value adjustment of interest swaps with mortgage credit institutes is a negative DKK 5.8 million. The amount is counterbalanced through current fair value adjustments over the remaining term of the contracts.

Risk relating to equity and market values upon change of parameter

The below table shows the sensitivity of a number of significant balance sheet items at 31 March 2017 and 31 March 2016.

<u>DKK million</u>	<u>Increase in parameter</u>	<u>2016/17 Fair value</u>	<u>2016/17 Change of value</u>	<u>2015/16 Fair value</u>	<u>2015/16 Change of value</u>
Mortgage deeds	1% effective rate of interest	562.0	21.4	561.2	21.2
Bonds	1% effective rate of interest	25.3	0.5	78.1	2.1
Shares	10% change in value	1.7	0.2	1.9	0.2
Investment properties	0.5% yield requirement	182.3	11.8	180.5	11.3
Foreign currency loans	Change in exchange rate *	11.5	1.2	432.3	11.3
Securities in foreign currencies	10% change in value	27.0	2.7	78.1	7.8

* Change in exchange rate 10% for loans in NOK and USD.

It should be added that if the above parameters were to develop negatively due to an increase in interest rates, this would be counterbalanced by a certain reduction of the cash value of mortgage credit loans and interest swaps.

The Group's financial risks and financial instruments are described in note 36 to the Annual Report; see the Company's website www.luxor.dk.

Future prospects and post balance sheet events

At present, basic earnings of approx. DKK 24.0 million are still expected for the financial year 2016/17.

Fair value adjustments and losses and gains realised on bonds, foreign currencies and interest swaps, etc are not included in basic earnings and will from the beginning of the financial year until 18 May 2017 affect results for the year before tax positively by approx. DKK 5.1 million, of which DKK 10.3 million relates to the first half-year and DKK -5.2 million to the period 1 April to 18 May 2017.

The expectations for the future, including expectations relating to basic earnings, fair value adjustments and losses/gains on securities, are subject to risks and uncertainties and may be affected by factors such as global economic conditions, including the credit market and interest rate and foreign exchange developments. Thus, the actual development and actual results might differ significantly from the expectations in the Annual Report at 30 September 2016.

Basis of preparation

The Half-year Report has been prepared in accordance with the same accounting policies as the Annual Report 2015/16, to which we refer.

The Half-year Report comprises summarised consolidated financial statements of Investeringselskabet Luxor A/S.

The Half-year Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, including IAS 34 on Interim Reports, and additional Danish disclosure requirements relating to listed companies.

MANAGEMENT'S STATEMENT

The Supervisory and Executive Boards have today considered and adopted the Half-year Report of Investeringselskabet Luxor A/S for the period 1 October 2016 - 31 March 2017.

The Half-year Report, which comprises summarised consolidated financial statements of Investeringselskabet Luxor A/S, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, including IAS 34 on Interim Reports, and additional Danish disclosure requirements relating to listed companies.

We consider the accounting policies applied appropriate, so that the Half-year Report gives a true and fair view of the financial position as at 31 March 2017 of the Group and of the results of the Group's operations and cash flows for the period 1 October 2016 - 31 March 2017.

The Half-year Report has not been audited by the Company's auditor.

Copenhagen, 29 May 2017

Executive Board:

Jannik Rolf Larsen

Supervisory Board:

Steffen Heegaard

Casper Moltke
Chairman

Michael Hedegaard Lyng

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD
1 OCTOBER 2016 - 31 MARCH 2017

		GROUP			
		1/1 - 31/3 2017	1/1 - 31/3 2016	1/10 2016- 31/3 2017	1/10 2015- 31/3 2016
	Note	DKK '000	DKK '000	DKK '000	DKK '000
Income					
Financial income	1	15,715	19,596	30,615	20,326
Rental income		<u>3,328</u>	<u>3,521</u>	<u>6,866</u>	<u>7,029</u>
Total income		19,043	23,117	37,481	27,355
Net loss/gain and direct expenses	2	-1,761	-2,949	-3,166	-4,243
Direct expenses, properties		<u>2,164</u>	<u>1,243</u>	<u>4,049</u>	<u>2,298</u>
		15,118	18,925	30,266	20,814
Fair value adjustment of financial assets	3	<u>1,754</u>	<u>-5,179</u>	<u>6,011</u>	<u>-3,379</u>
Total gross earnings		16,872	13,746	36,277	17,435
Financial expenses	4	<u>2,336</u>	<u>4,279</u>	<u>5,162</u>	<u>13,284</u>
		<u>14,536</u>	<u>9,467</u>	<u>31,115</u>	<u>4,151</u>
Other external expenses		1,043	1,132	1,993	2,543
Staff expenses	5	2,888	2,742	5,543	5,417
Depreciation and amortisation		<u>105</u>	<u>96</u>	<u>209</u>	<u>192</u>
		<u>4,036</u>	<u>3,970</u>	<u>7,745</u>	<u>8,152</u>
Profit/loss before tax		10,500	5,497	23,370	-4,001
Tax on profit/loss for the period	6	<u>2,324</u>	<u>1,212</u>	<u>5,162</u>	<u>-884</u>
NET PROFIT/LOSS FOR THE PERIOD (COMPREHENSIVE INCOME)		<u>8,176</u>	<u>4,285</u>	<u>18,208</u>	<u>-3,117</u>
Earnings per A & B share (EPS) in DKK		8.2	4.3	18.2	-3.1
Earnings per A & B share (EPS) in DKK (diluted value)		8.2	4.3	18.2	-3.1

BALANCE SHEET AS AT 31 MARCH 2017

ASSETS

	G R O U P		
	31/3 2017 DKK '000	31/3 2016 DKK '000	30/9 2016 DKK '000
Fixed assets			
Domicile properties	11,083	11,270	11,177
Fixtures, fittings and equipment	932	878	1,047
Property, plant and equipment	12,015	12,148	12,224
Investment properties.....	182,300	180,500	182,300
Rebuilding in progress	1,854	1,555	0
Investment properties.....	184,154	182,055	182,300
Securities	588,971	641,197	634,614
Fixed asset investments	588,971	641,197	634,614
Deferred tax	3,241	13,185	6,954
Non-current assets	788,381	848,585	836,092
Properties acquired for the purpose of resale	6,502	10,707	8,714
Other receivables	7,683	22,000	21,554
Corporation tax receivable.....	0	168	0
Forward contracts, currency swaps	0	136	99
Prepayments	613	600	499
Receivables	8,296	22,904	22,152
Cash at bank and in hand	8,467	2,855	1,642
Current assets	23,265	36,466	32,508
ASSETS	811,646	885,051	868,600

BALANCE SHEET AS AT 31 MARCH 2017

LIABILITIES AND EQUITY

	G R O U P		
	31/3 2017 DKK '000	31/3 2016 DKK '000	30/9 2016 DKK '000
Share capital	100,000	100,000	100,000
Proposed dividend	0	0	25,000
Retained earnings	249,559	231,175	231,351
Equity	349,559	331,175	356,351
Mortgage credit institutes	71,681	76,327	74,374
Forward contracts, interest swaps.....	11,219	12,654	14,633
Non-current liabilities	82,900	88,981	89,007
Mortgage credit institutes	5,164	4,564	4,588
Credit institutions	360,905	438,782	396,442
Deposits	2,387	2,906	2,997
Corporation tax	2,916	0	1,496
Other payables	5,162	16,673	17,115
Forward contracts and currency swaps.....	26	641	0
Deferred income	2,627	1,329	604
Current liabilities	379,187	464,895	423,242
Liabilities	462,087	553,876	512,249
LIABILITIES AND EQUITY	811,646	885,051	868,600

STATEMENT OF CHANGES IN EQUITY
Group

	Share capital A shares DKK '000	Share capital B shares DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
Equity A & B shares at 1 October 2015.....	17,500	82,500	234,292	20,000	354,292
Dividend paid	0	0	0	-20,000	-20,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>-3,117</u>	<u>0</u>	<u>-3,117</u>
Equity A & B shares at 31 March 2016	<u>17,500</u>	<u>82,500</u>	<u>231,175</u>	<u>0</u>	<u>331,175</u>
 Equity A & B shares at 1 October 2016.....	 17,500	 82,500	 231,351	 25,000	 356,351
Dividend paid	0	0	0	-25,000	-25,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>18,208</u>	<u>0</u>	<u>18,208</u>
Equity A & B shares at 31 March 2017	<u>17,500</u>	<u>82,500</u>	<u>249,559</u>	<u>0</u>	<u>349,559</u>

CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2016 - 31 MARCH 2017

	G R O U P	
	2016/17 DKK '000	2015/16 DKK '000
Cash flows from operating activities		
Interest received on mortgage deeds and bonds	25,571	28,006
Other financial income	-1,399	-1,360
Rental income	7,435	7,990
Interest payments	-6,459	-8,369
Operating expenses and other payments	-9,516	-12,513
Properties acquired for the purpose of resale	4,251	1,962
Tax overpaid on account	-29	102
	19,854	15,818
 Cash flows from investing activities		
Additions of mortgage deeds and bonds	-56,926	-86,703
Disposals of mortgage deeds and bonds	110,878	99,633
Deposits received	30	182
Capital investments	-1,853	-1,609
	52,129	11,503
 Cash flows from financing activities		
Raising of loans, credit institutions	0	-10,755
Repayment, credit institutions	-37,228	0
Repayment, mortgage credit institutes	-2,289	-2,261
Dividend	-25,000	-20,000
Deposits paid	-641	-302
	-65,158	-33,318
 Net change in cash and cash equivalents	6,825	-5,997
Cash and cash equivalents, beginning of period	1,642	8,852
 Cash and cash equivalents, end of period	8,467	2,855

SEGMENT REPORTING
Group

	Mortgage deeds DKK '000	Bonds DKK '000	Shares DKK '000	Investment properties DKK '000	Other DKK '000	Total DKK '000
Group 2016/17						
Income (realised)	26,129	5,054	-568	6,866	0	37,481
Fair value adjustment....	-183	6,238	-44	0	0	6,011
Gross earnings	22,780	11,292	-612	2,817	0	36,277
Assets.....	574,570	25,747	1,674	160,410	49,245	811,646
Capital investments.....	55,061	1,865	0	1,853	0	58,779
Liabilities (segments)....	359,098	6,142	1,054	80,317	4,745	451,356

Group 2015/16						
Income (realised)	24,993	-4,667	0	7,029	0	27,355
Fair value adjustment....	-746	-2,734	101	0	0	-3,379
Gross earnings	20,004	-7,401	101	4,731	0	17,435
Assets.....	591,435	80,164	1,914	158,875	52,663	885,051
Capital investments.....	81,132	5,571	0	1,555	54	88,312
Liabilities (segments)....	399,390	43,931	1,342	85,601	4,969	535,233

Gross earnings of the segments do not include depreciation, amortisation and interest expenses. Consequently, there is an asymmetry between interest expenses and liabilities.

The segment mortgage deeds includes fair value adjustments relating to credit risks of kDKK 15,358 (kDKK 17,447). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 2,536 (kDKK -3,725). Fair value adjustments relating to credit risks are based on an individual assessment of each claim.

For all segments, gross earnings include the item fair value adjustment, which is not a cash income/expense.

The liabilities in the segment reporting can be reconciled with group totals as follows:

	<u>Group</u>	
	<u>2016/17</u>	<u>2015/16</u>
	<u>DKK '000</u>	<u>DKK '000</u>
Liabilities, segments	451,356	535,233
Other payables	5,162	16,673
Corporation tax	2,916	0
Forward contracts and currency swaps	26	641
Deferred income	<u>2,627</u>	<u>1,329</u>
Liabilities.....	<u>462,087</u>	<u>553,876</u>

GROUP

	<u>2016/17</u>	<u>2015/16</u>
	<u>DKK '000</u>	<u>DKK '000</u>

1. Financial income

Mortgage deeds, interest.....	22,525	22,072
Bonds, interest	<u>1,746</u>	<u>5,222</u>
	24,271	27,294
Capital gains, mortgage deeds.....	3,323	3,094
Capital gains, bonds.....	-3,258	-17,676
Capital gain, shares.....	-568	0
Currency swaps	-1,679	-1,187
Exchange adjustments, securities	8,245	8,974
Other financial income	<u>281</u>	<u>-173</u>
	<u>30,615</u>	<u>20,326</u>

2. Net loss/gain and direct expenses

Realised net losses on mortgage deeds and mortgage deed receivables.....	9,802	2,154
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	-2,536	3,725
Loss/gain on sale of properties acquired for the purpose of resale.....	561	128
Provision for losses on properties acquired for the purpose of resale	-2,600	-175
Bad debts recovered	<u>2,408</u>	<u>1,962</u>
	-2,819	-3,870
Fees.....	191	301
Collection charges	<u>156</u>	<u>72</u>
	<u>-3,166</u>	<u>-4,243</u>

3. Fair value adjustment of financial assets

Fair value adjustment, mortgage deeds	-183	-746
Fair value adjustment, bonds	6,238	-2,734
Fair value adjustment, shares.....	<u>-44</u>	<u>101</u>
	<u>6,011</u>	<u>-3,379</u>

GROUP

2016/17 2015/16
DKK '000 DKK '000

4. Financial expenses

Credit institutions	4,876	6,251
Interest swaps, credit institutions.....	347	289
Interest swaps, credit institutions, fair value adjustment.....	-2,076	3,691
Exchange loss/gain on foreign loans etc, net.....	<u>1,692</u>	<u>12</u>
	4,839	10,243
Mortgage credit institutes	852	920
Interest swaps, mortgage credit institutes.....	628	623
Mortgage credit institutes, fair value adjustment	168	656
Interest swaps, mortgage credit institutes, fair value adjustment	-1,337	842
Other interest expenses.....	<u>12</u>	<u>0</u>
	<u>5,162</u>	<u>13,284</u>

5. Staff expenses

Remuneration of Supervisory Board	<u>288</u>	<u>313</u>
Wages and salaries	4,902	4,796
Defined contribution plan.....	314	270
Other social security expenses.....	<u>39</u>	<u>38</u>
Other staff, total.....	<u>5,255</u>	<u>5,104</u>
Total staff expenses	<u>5,543</u>	<u>5,417</u>
Average number of employees.....	<u>11</u>	<u>10</u>

Pursuant to the Danish Act on Alternative Investment Fund Managers etc, it can be stated that the remuneration policy and practice are in accordance with the requirements concerning sound and effective risk management.

In the Parent Company, remuneration of the Executive Board and employees, a total of three persons, who have a significant influence on the Parent Company's risk profile amounts to DKK 1.9 million (DKK 2.2 million).

6. Corporation tax

Tax on profit/loss on ordinary activities for the period is specified as follows:

Calculated tax 22% on profit/loss before tax for the period.....	5,141	-880
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc.....	<u>21</u>	<u>-4</u>
	<u>5,162</u>	<u>-884</u>
Effective tax rate.....	<u>22.09%</u>	<u>22.09%</u>

Note 6 continued:

	G R O U P	
	2016/17 DKK '000	2015/16 DKK '000
Tax asset at 1 October 2016	31,446	36,350
Transferred to DI-Ejendoms Invest A/S	-234	-352
Adjustment corporation tax 2015/16	360	-2
Change in deferred tax recognised in the income statement	-3,707	1,167
Tax asset at 31 March 2017.....	27,865	37,163
Deferred tax at 1 October 2016	24,492	24,049
Change in deferred tax recognised in the income statement	132	-71
Deferred tax at 31 March 2017	24,624	23,978
Total tax asset at 31 March 2017.....	3,241	13,185

The deferred tax asset is recognised at the tax rate which is expected to be applicable when the deferred tax is realised. The calculation has been made at 22%. The value is distributed on the following items:

Tax asset:		
Property, plant and equipment.....	-24,590	-23,896
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc	794	1,159
Tax loss carry-forwards.....	27,037	35,922
Tax asset.....	3,241	13,185

The tax asset is recognised to the extent that it is expected to be realised in the form of future taxable profits. It is assessed that the tax asset of DKK 3.2 million (DKK 13.2 million) can be realised within a short time horizon. Utilisation of the tax asset is assessed on the basis of expected stable basic earnings and gains on redemptions on the Company's portfolio of bonds and mortgage deeds.

The loss on the Group's portfolio of shares which is deductible against income from like-kind source is not recognised in the tax loss. At 31 March 2017, the loss amounts to DKK 97.6 million (DKK 97.6 million) measured on the basis of a tax rate of 22%. Utilisation of the tax loss is not time-limited.

7. Statement of basic earnings

Financial income	27,875	30,216
Rental income.....	6,866	7,029
Net loss/gain and direct expenses.....	-3,167	-4,243
Direct expenses, properties.....	4,049	2,298
Financial expenses.....	6,716	8,083
Other external expenses.....	1,993	2,543
Staff expenses.....	5,543	5,417
Depreciation and amortisation.....	208	192
Basic earnings	13,065	14,469