

# Investeringselskabet Luxor A/S

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**Announcement No 7**  
page 1 of 19  
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## Interim Report for Q1-Q3

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Interim Report as at 30 June 2017.

### Q3 2016/17:

- Basic earnings amount to DKK 5.8 million (DKK 9.8 million).
- The Group's results for the quarter before tax show a loss of DKK 0.9 million (DKK 23.3 million).

### Interim period Q1-Q3 2016/17:

- Basic earnings for the period amount to DKK 18.9 million (DKK 24.3 million).

Basic earnings are negatively affected by:

- lower net income from investment properties primarily as a result of an increase in planned direct costs (DKK 3.7 million);
- lower net financial income primarily from bonds (DKK 1.4 million);
- lower capital gains on mortgage deeds (DKK 1.2 million).

Basic earnings are positively affected by:

- lower net losses on mortgage deeds (DKK 1.3 million).
- The Group's results before tax for the period show a profit of DKK 22.5 million (DKK 19.3 million).  
The results are positively affected by DKK 3.6 million, which primarily relates to positive fair value adjustments on interest swaps etc not included in basic earnings.
- The net asset value per share in circulation is DKK 348.85 (DKK 349.34). 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 basic earnings 2016/17:

- For the financial year 2016/17, basic earnings are adjusted upwards by DKK 1.0 million, and thus at present, basic earnings of approx. DKK 25.0 million are expected compared with DKK 24.0 million in the Announcement of 29 May 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 21 August 2017 affect results for the year before tax positively by DKK 5.6 million. The amount is distributed with DKK 3.6 million in Q1-Q3 of the financial year and DKK 2.0 million in the period 1 July to 21 August 2017.

For additional information concerning this Interim Report, please contact Jannik Rolf Larsen, CEO.

Yours faithfully  
Investeringselskabet Luxor A/S

Jannik Rolf Larsen  
CEO

Announcement No 7 of 30 August 2017  
Interim Report for the period 1 October 2016 to 30 June 2017

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Investeringselskabet Luxor A/S is a company investing shareholders' equity and debt capital in capital investments. The Company's main activities are distributed on interest-bearing claims 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>DKK million</u>	<u>2016/17</u> <u>Q1-Q3</u>	<u>2015/16</u> <u>Q1-Q3</u>	<u>2014/15</u> <u>Q1-Q3</u>	<u>2015/16</u> <u>full year</u>
<u>Key figures</u>				
Income.....	55.9	48.6	44.1	67.7
Gross earnings.....	41.3	52.7	52.6	69.9
Profit/loss before tax .....	22.5	19.3	5.8	29.1
Net profit/loss for the period.....	17.5	15.0	4.5	22.1
Basic earnings .....	18.9	24.3	17.5	31.1
Assets .....	842.0	901.1	944.4	868.6
Equity .....	348.8	349.3	367.2	356.4
Investment in property, plant and equipment.....	0.0	0.4	0.1	0.4
Profit/loss for analytical purposes:				
Net profit/loss for the period (after tax) .....	<u>17.5</u>	<u>15.0</u>	<u>4.5</u>	<u>22.1</u>
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK) .....	17.49	15.04	4.46	22.06
Net asset value per share in circulation (DKK) .....	348.85	349.34	367.24	356.35
Return on equity in percentage p.a.....	6.62	5.70	1.53	6.21
Equity share in percentage .....	41.43	38.77	38.89	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.....	400	316	318	334
Volume of trade on the Stock Exchange, number of shares .....	11,886	12,970	27,760	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.

**INTERIM REPORT**

**Basic earnings and results**

The Group's basic earnings for Q1-Q3 amount to DKK 18.9 million (DKK 24.3 million).

The Group's basic earnings are negatively affected by an increase in planned direct costs relating to investment properties of DKK 3.1 million as well as a decrease in rental income of DKK 0.6 million, a decrease in net financial income of DKK 1.4 million, which is primarily due to the reduced portfolio of bonds, a decrease in capital gains on mortgage deeds of DKK 1.2 million, and are positively affected by a decrease in net losses on mortgage deeds of DKK 1.3 million.

Basic earnings are calculated as profit/loss before tax for the period 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 22.5 million (DKK 19.3 million). The results are positively affected by DKK 3.6 million, which is distributed with DKK 4.9 million from positive fair value adjustments on interest swaps, DKK -1.5 million from other fair value adjustments etc not included in basic earnings and DKK 0.2 million from net negative fair value adjustments and realised gains on bonds including currency hedging.

After recognition of tax of DKK 5.0 million (DKK 4.3 million), the profit after tax for the period amounts to DKK 17.5 million (DKK 15.0 million).

**Business areas**

The Group's balance sheet, which compared with the same time last year has decreased from DKK 901.1 million to DKK 842.0 million, includes the following business areas:

	<u>2016/17</u> <u>DKK million</u>	<u>2015/16</u> <u>DKK million</u>
Mortgage deeds.....	603.6	556.6
Bonds .....	16.3	91.2
Shares.....	<u>1.3</u>	<u>1.7</u>
Total securities.....	621.2	649.5
Investment properties.....	<u>182.3</u>	<u>180.5</u>
Total .....	<u>803.5</u>	<u>830.0</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.

**Mortgage deeds**

The fair value of the Group's portfolio of mortgage deeds amounts to DKK 603.6 million (DKK 556.6 million), and the nominal value amounts to DKK 680.7 million (DKK 631.3 million).

The total return on the portfolio of mortgage deeds for the period is specified as follows:

	<u>2016/17</u> DKK million	<u>2015/16</u> DKK million
Interest income .....	34.9	33.4
Capital gains, mortgage deeds .....	4.5	5.7
Fair value adjustment .....	<u>-0.3</u>	<u>-0.4</u>
Gross return.....	39.1	38.7
Realised and unrealised losses on mortgage deeds, bad debts recovered and gain on sale of properties acquired for the purpose of resale.....	<u>-4.5</u>	<u>-5.8</u>
	<u>34.6</u>	<u>32.9</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 445.8 million are measured at fair value in the balance sheet on the basis of an average effective interest rate of 8.50% p.a. (8.50% p.a.) irrespective of the term to maturity and the present market rate for new mortgage deeds at the level of 7.5% - 9.0% p.a. (7.5% - 9.0% p.a.). Fixed-interest mortgage deeds of a nominal amount of DKK 38.6 million and cibor mortgage deeds of a nominal amount of DKK 196.3 million are measured at fair value on the basis of the cost of the mortgage deeds. Adjustment for credit risk has been deducted at the fair value measurement of the portfolio of mortgage deeds.

The Group's portfolio of mortgage deeds has an average fair value per mortgage deed of kDKK 279.1 (kDKK 277.3).

Net loss/gain and direct expenses amount to DKK -4.5 million (DKK -5.8 million), which is lower than expected as bad debts recovered have progressed more positively than expected.

Net loss/gain and direct expenses include:

- realised net losses on mortgage deeds and mortgage deed receivables of DKK 6.1 million (DKK 7.4 million), including adjustments to meet the credit risk on mortgage deeds, properties acquired for the purpose of resale and mortgage deed receivables;
- bad debts recovered of DKK 4.0 million (DKK 2.7 million).

The total fair value adjustment of credit risk on mortgage deeds amounts to DKK 16.9 million (DKK 16.5 million), corresponding to 2.7% (2.9%) of the portfolio.

As stated in Announcement No 6 of 14 June 2017, the Group has acquired a portfolio of mortgage deeds and claims for DKK 52.8 million from a company owned by the principal shareholder of Investeringselskabet Luxor A/S.

The pricing of these mortgage deeds and claims has been based on valuations made by independent valuers.

For the current financial year, the Group expects an increase of the mortgage deed portfolio.

### Bonds

The fair value of the Group's portfolio of bonds amounts to DKK 16.3 million (DKK 91.2 million), which is in accordance with the planned reduction of the portfolio of bonds previously announced.

The total return on the portfolio of bonds for the period is specified as follows:

	<u>2016/17</u> DKK million	<u>2015/16</u> DKK million
Interest income .....	2.3	7.3
Realised capital gains on bonds (including foreign exchange) .....	5.0	-7.7
Fair value adjustment .....	-2.8	14.0
Currency swaps .....	-0.5	-0.9
Exchange loss/gain on foreign loans etc, net	<u>-1.5</u> <u>0.2</u>	<u>-2.0</u> <u>3.4</u>
Return after currency hedging.....	<u>2.5</u>	<u>10.7</u>

The gain on bonds realised includes a realised exchange gain of DKK 8.2 million (DKK 9.8 million), and fair value adjustments include an unrealised exchange loss of DKK 6.4 million (DKK -7.5 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.

At 30 June 2017, the portfolio of bonds, with a period to maturity until 2020, comprises a total negative fair value adjustment and expected gains on redemptions of up to approx. DKK 10 million excluding foreign exchange provided that the portfolio of bonds is redeemed or sold at par/estimated redemption prices.

Since the closing of the financial period and until 21 August 2017, the Group has seen positive fair value adjustments of bonds of DKK 0.1 million and a realised gain of DKK 0 million. The fair value adjustments include an exchange loss of DKK 0.5 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 1.3 million (DKK 1.7 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 period is specified as follows:

	<u>2016/17</u> DKK million	<u>2015/16</u> DKK million
Rental income.....	9.9	10.5
Direct expenses, investment properties.....	<u>6.6</u>	<u>3.5</u>
	<u>3.3</u>	<u>7.0</u>

The increase in direct expenses of DKK 3.1 million is primarily due to expenses paid in connection with a number of planned maintenance projects in progress.

Property acquired for the purpose of resale

A residential property acquired for the purpose of resale amounts to DKK 2.9 million (DKK 10.0 million, 3 properties); the property was acquired to secure a loan granted by the Group.

Loss on the sale of properties acquired for the purpose of resale for the period amounts to DKK 1.8 million (DKK -0.1 million). Provision for loss and reversed provision for loss on properties acquired for the purpose of resale amount to DKK 4.6 million (DKK -0.5 million).

Financing and debt

The fair value of the Group's short-term debt to credit institutions amounts to DKK 344.8 million (DKK 435.7 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>
DKK .....	94.68%	81.31%
USD.....	4.91%	16.82%
NOK .....	<u>0.41%</u>	<u>1.87%</u>
	<u>100.00%</u>	<u>100.00%</u>

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

Fair value adjustments for the period of loans in foreign currencies amount to DKK -1.5 million (DKK -2.0 million).

In Q3 of the financial year, the Group pegged the interest rate for a total of DKK 100 million with a remaining term of up to 10 years through interest swaps.

Following this, the Company has pegged the interest rate on a total of DKK 250.0 million (DKK 150.0 million) through DKK interest swaps with a remaining term of up to approx. 10 years.

Fair value adjustment of interest swaps for the period is a positive DKK 3.1 million (DKK -5.6 million). The total fair value adjustment of interest swaps with credit institutions is a negative DKK 4.3 million. The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

The net movement for the period deriving from exchange adjustments of foreign loans, forward contracts, securities, etc is a negative DKK 0.2 million (DKK -0.6 million) as a result of exchange rate movements in USD and adjustment of fair value adjustments. Currency swaps are 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:

<u>Currency</u>	<u>30 June 2017</u>		<u>30 June 2016</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
DKK	97.84%	97.83%	89.44%	91.17%
NOK	0.16%	0.17%	1.08%	0.90%
USD	<u>2.00%</u>	<u>2.00%</u>	<u>9.48%</u>	<u>7.93%</u>
	<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 period, including interest swaps, are a positive DKK 1.6 million (DKK -2.2 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 5.5 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 30 June 2017 and 30 June 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	603.6	23.4	556.6	21.1
Bonds	1% effective rate of interest	16.3	0.3	91.2	2.5
Shares	10% change in value	1.3	0.1	1.7	0.2
Investment properties	0.5% yield requirement	182.3	11.8	180.5	11.3
Foreign currency loans	Change in exchange rate *	0.0	0.0	73.7	7.4
Securities in foreign currencies	10% change in value	17.6	1.8	92.9	9.3

\* 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](http://www.luxor.dk).

#### Future prospects and post balance sheet events

For the financial year 2016/17, basic earnings are adjusted upwards by DKK 1.0 million, and thus at present, basic earnings of approx. DKK 25.0 million are expected compared with DKK 24 million in the Announcement of 29 May 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 21 August 2017 affect results for the year before tax positively by DKK 5.6 million. The amount is distributed with DKK 3.6 million in Q1-Q3 of the financial year and DKK 2.0 million in the period 1 July to 21 August 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 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.

#### Basis of preparation

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

The Interim Report comprises summarised consolidated financial statements of Investeringsselskabet Luxor A/S.

The Interim 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 Interim Report of Investeringselskabet Luxor A/S for the period 1 October 2016 - 30 June 2017.

The Interim 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 Interim Report gives a true and fair view of the financial position as at 30 June 2017 of the Group and of the results of the Group's operations and cash flows for the period 1 October 2016 - 30 June 2017.

The Interim Report has not been audited by the Company's auditor.

Copenhagen, 30 August 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 - 30 JUNE 2017**

		<u>G R O U P</u>				
		<u>1/4 - 30/6</u>	<u>1/4 - 30/6</u>	<u>1/10 2016 -</u>	<u>1/10 2015 -</u>	<u>1/10 2015 -</u>
		<u>2017</u>	<u>2016</u>	<u>30/6 2017</u>	<u>30/6 2016</u>	<u>30/9 2016</u>
<u>Note</u>		<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
<b>Income</b>						
	Financial income .....	15,468	17,772	46,083	38,098	53,767
	Rental income .....	<u>2,987</u>	<u>3,453</u>	<u>9,853</u>	<u>10,482</u>	<u>13,950</u>
	<b>Total income</b> .....	18,455	21,225	55,936	48,580	67,717
	Net loss/gain and direct expenses .....	2	-1,296	-1,548	-4,462	-5,791
	Direct expenses, properties .....	<u>2,594</u>	<u>1,227</u>	<u>6,643</u>	<u>3,525</u>	<u>4,786</u>
		14,565	18,450	44,831	39,264	55,321
	Fair value adjustment of financial assets .....	3	-9,541	16,805	-3,530	13,426
	Fair value adjustment of investment properties .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-2,121</u>
	<b>Total gross earnings</b> .....	5,024	35,255	41,301	52,690	69,878
	Financial expenses .....	4	<u>2,423</u>	<u>8,464</u>	<u>7,585</u>	<u>21,748</u>
		2,601	26,791	33,716	30,942	43,836
	Other external expenses .....	937	848	2,930	3,391	4,101
	Other income and expenses .....		0	0	0	76
	Staff expenses .....	5	2,459	2,476	8,002	7,893
	Depreciation and amortisation .....	<u>106</u>	<u>138</u>	<u>315</u>	<u>330</u>	<u>434</u>
		3,502	3,462	11,247	11,614	14,765
	<b>Profit/loss before tax</b> .....	-901	23,329	22,469	19,328	29,071
	Tax on profit/loss for the period ..	6	<u>-187</u>	<u>5,169</u>	<u>4,285</u>	<u>7,012</u>
	<b>NET PROFIT/LOSS FOR THE PERIOD</b> .....	<u>-714</u>	<u>18,160</u>	<u>17,494</u>	<u>15,043</u>	<u>22,059</u>
	Earnings per A & B share (EPS) in DKK .....	-0.7	18.2	17.5	15.0	22.1
	Earnings per A & B share (EPS) in DKK (diluted value) .....	-0.7	18.2	17.5	15.0	22.1

**BALANCE SHEET AS AT 30 JUNE 2017**

**ASSETS**

	G R O U P		
	30/6 2017 DKK'000	30/6 2016 DKK'000	30/9 2016 DKK'000
<b>Fixed assets</b>			
Domicile properties .....	11,036	11,224	11,177
Fixtures, fittings and equipment .....	915	1,105	1,047
<b>Property, plant and equipment .....</b>	<b>11,951</b>	<b>12,329</b>	<b>12,224</b>
Investment properties.....	182,300	180,500	182,300
Rebuilding in progress .....	2,020	2,373	0
<b>Investment properties.....</b>	<b>184,320</b>	<b>182,873</b>	<b>182,300</b>
Securities .....	621,236	649,511	634,614
<b>Fixed asset investments .....</b>	<b>621,236</b>	<b>649,511</b>	<b>634,614</b>
Deferred tax .....	3,142	8,828	6,954
<b>Non-current assets .....</b>	<b>820,649</b>	<b>853,541</b>	<b>836,092</b>
<b>Property acquired for the purpose of resale .....</b>	<b>2,879</b>	<b>10,046</b>	<b>8,714</b>
Other receivables .....	15,616	21,559	21,554
Forward contracts, currency swaps .....	307	79	99
Prepayments .....	109	111	499
<b>Receivables .....</b>	<b>16,032</b>	<b>21,749</b>	<b>22,152</b>
<b>Cash at bank and in hand .....</b>	<b>2,420</b>	<b>15,806</b>	<b>1,642</b>
<b>Current assets .....</b>	<b>21,331</b>	<b>47,601</b>	<b>32,508</b>
<b>ASSETS .....</b>	<b>841,980</b>	<b>901,142</b>	<b>868,600</b>

**BALANCE SHEET AS AT 30 JUNE 2017**

**LIABILITIES AND EQUITY**

	GROUP		
	30/6 2017 DKK'000	30/6 2016 DKK'000	30/9 2016 DKK'000
Share capital .....	100,000	100,000	100,000
Proposed dividend .....	0	0	25,000
Retained earnings .....	248,845	249,335	231,351
<b>Equity</b> .....	<b>348,845</b>	<b>349,335</b>	<b>356,351</b>
Mortgage credit institutes .....	69,943	75,476	74,374
Forward contracts, interest swaps .....	9,762	15,024	14,633
<b>Non-current liabilities</b> .....	<b>79,705</b>	<b>90,500</b>	<b>89,007</b>
Mortgage credit institutes .....	5,722	4,587	4,588
Credit institutions .....	344,800	435,695	396,442
Deposits .....	2,667	2,947	2,997
Corporation tax .....	2,630	644	1,496
Other payables .....	55,704	16,570	17,115
Forward contracts and currency swaps .....	0	171	0
Deferred income .....	1,907	693	604
<b>Current liabilities</b> .....	<b>413,430</b>	<b>461,307</b>	<b>423,242</b>
<b>Liabilities</b> .....	<b>493,135</b>	<b>551,807</b>	<b>512,249</b>
<b>LIABILITIES AND EQUITY</b> .....	<b>841,980</b>	<b>901,142</b>	<b>868,600</b>

**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
<b>Equity A &amp; B shares at 1 October 2015.....</b>	<b>17,500</b>	<b>82,500</b>	<b>234,292</b>	<b>20,000</b>	<b>354,292</b>
Dividend paid .....	0	0	0	-20,000	-20,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>15,043</u>	<u>0</u>	<u>15,043</u>
<b>Equity A &amp; B shares at 30 June 2016.....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>249,335</u></b>	<b><u>0</u></b>	<b><u>349,335</u></b>
 <b>Equity A &amp; B shares at 1 October 2016.....</b>	 <b>17,500</b>	 <b>82,500</b>	 <b>231,351</b>	 <b>25,000</b>	 <b>356,351</b>
Dividend paid .....	0	0	0	-25,000	-25,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>17,494</u>	<u>0</u>	<u>17,494</u>
<b>Equity A &amp; B shares at 30 June 2017.....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>248,845</u></b>	<b><u>0</u></b>	<b><u>348,845</u></b>

**CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2016 - 30 JUNE 2017**

	G R O U P	
	2016/17 DKK '000	2015/16 DKK '000
<b>Cash flows from operating activities</b>		
Interest received on mortgage deeds and bonds .....	38,181	41,114
Other financial income .....	-46	-589
Rental income.....	9,905	10,906
Interest payments.....	-10,876	-12,552
Operating expenses and other payments .....	-20,602	-17,287
Properties acquired for the purpose of resale .....	8,627	1,943
Tax overpaid on account .....	-29	102
<b>Cash flows from operating activities.....</b>	<b>25,160</b>	<b>23,637</b>
 <b>Cash flows from investing activities</b>		
Additions of mortgage deeds and bonds.....	-133,630	-102,180
Disposals of mortgage deeds and bonds.....	144,331	127,515
Deposits received.....	495	241
Capital investments .....	-2,062	-2,746
<b>Cash flows from investing activities.....</b>	<b>9,134</b>	<b>22,830</b>
 <b>Cash flows from financing activities</b>		
Repayment, credit institutions .....	-53,190	-15,797
Repayment, mortgage credit institutes .....	-3,439	-3,397
Raising of loans, other payables .....	48,938	0
Dividend.....	-25,000	-20,000
Deposits paid .....	-825	-319
<b>Cash flows from financing activities.....</b>	<b>-33,516</b>	<b>-39,513</b>
 Net change in cash and cash equivalents.....	778	6,954
Cash and cash equivalents, beginning of period.....	1,642	8,852
 <b>Cash and cash equivalents, end of period.....</b>	<b>2,420</b>	<b>15,806</b>

**SEGMENT REPORTING**  
**Group**

	Mortgage deeds DKK '000	Bonds DKK '000	Shares DKK '000	Investment properties DKK '000	Other DKK '000	Total DKK '000
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<b><u>Group 2016/17</u></b>						
Income (realised) .....	39,854	6,797	-568	9,853	0	55,936
Fair value adjustment....	-342	-2,812	-376	0	0	-3,530
Gross earnings .....	35,050	3,985	-944	3,210	0	41,301
Assets.....	621,452	17,149	1,361	160,064	41,954	841,980
Capital investments.....	131,764	1,866	0	2,020	42	135,692
Liabilities (segments)....	394,032	4,902	754	79,071	4,688	483,447

<b><u>Group 2015/16</u></b>						
Income (realised) .....	39,329	-1,231	0	10,482	0	48,580
Fair value adjustment....	-419	14,000	-155	0	0	13,426
Gross earnings .....	33,119	12,769	-155	6,957	0	52,690
Assets.....	585,539	93,588	1,658	159,041	61,316	901,142
Capital investments.....	96,609	5,571	0	2,373	440	104,993
Liabilities (segments)....	397,626	44,885	1,161	85,314	4,914	533,900

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 16,907 (kDKK 16,466). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 1,582 (kDKK -2,834). 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:

	Group	
	2016/17 DKK '000	2015/16 DKK '000
Liabilities, segments .....	483,447	533,900
Other payables .....	5,151	16,570
Corporation tax .....	2,630	644
Deferred income .....	1,907	693
Liabilities.....	493,135	551,807

GROUP

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

**1. Financial income**

Mortgage deeds, interest.....	34,911	33,362
Bonds, interest .....	<u>2,295</u>	<u>7,286</u>
	37,206	40,648
Capital gains, mortgage deeds.....	4,503	5,698
Capital gains, bonds.....	-3,257	-17,429
Capital gain, shares.....	-568	0
Currency swaps .....	-486	-858
Exchange adjustments, securities .....	8,245	9,770
Other financial income .....	<u>440</u>	<u>269</u>
	<u>46,083</u>	<u>38,098</u>

**2. Net loss/gain and direct expenses**

Realised net losses on mortgage deeds and mortgage deed receivables.....	12,264	4,115
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	1,582	-2,834
Loss/gain on sale of properties acquired for the purpose of resale.....	-1,838	-128
Provision for losses on properties acquired for the purpose of resale ....	4,630	-505
Bad debts recovered .....	<u>3,966</u>	<u>2,693</u>
	-3,924	-4,889
Fees.....	263	706
Collection charges .....	<u>275</u>	<u>196</u>
	<u>-4,462</u>	<u>-5,791</u>

**3. Fair value adjustment of financial assets**

Fair value adjustment, mortgage deeds .....	-342	-419
Fair value adjustment, bonds .....	-2,812	14,000
Fair value adjustment, shares.....	<u>-376</u>	<u>-155</u>
	<u>-3,530</u>	<u>13,426</u>

GROUP

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

**4. Financial expenses**

Credit institutions .....	7,219	9,216
Interest swaps, credit institutions.....	466	386
Interest swaps, credit institutions, fair value adjustment.....	-3,114	5,616
Exchange loss/gain on foreign loans etc, net.....	<u>1,548</u>	<u>1,968</u>
	6,119	17,186
Mortgage credit institutes .....	1,269	1,371
Interest swaps, mortgage credit institutes.....	940	928
Mortgage credit institutes, fair value adjustment .....	137	961
Interest swaps, mortgage credit institutes, fair value adjustment .....	-1,757	1,287
Other interest expenses.....	<u>877</u>	<u>15</u>
	<u>7,585</u>	<u>21,748</u>

**5. Staff expenses**

Remuneration of Supervisory Board .....	<u>431</u>	<u>456</u>
Wages and salaries .....	7,046	6,972
Defined contribution plan.....	467	408
Other social security expenses.....	<u>58</u>	<u>57</u>
Other staff, total.....	<u>7,571</u>	<u>7,437</u>
Total staff expenses .....	<u>8,002</u>	<u>7,893</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, in the financial year a total of three persons, who have a significant influence on the Parent Company's risk profile amounts to DKK 2.8 million (DKK 3.1 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.....	4,943	4,252
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc.....	<u>32</u>	<u>33</u>
	<u>4,975</u>	<u>4,285</u>
Effective tax rate.....	<u>22.14%</u>	<u>22.17%</u>

**Note 6 continued:**

	<u>G R O U P</u>	
	2016/17 <u>DKK '000</u>	2015/16 <u>DKK '000</u>
Tax asset at 1 October 2016 .....	31,446	36,350
Transferred to DI-Ejendoms Invest A/S .....	-350	-244
Transferred to Metalvarefabriken Luxor A/S .....	0	-2
Adjustment corporation tax 2015/16 .....	360	0
Change in deferred tax recognised in the income statement .....	<u>-3,621</u>	<u>-3,055</u>
Tax asset at 30 June 2017 .....	<u>27,835</u>	<u>33,049</u>
Deferred tax at 1 October 2016 .....	24,492	24,049
Change in deferred tax recognised in the income statement .....	<u>201</u>	<u>172</u>
Deferred tax at 30 June 2017 .....	<u>24,693</u>	<u>24,221</u>
Total tax asset at 30 June 2017 .....	<u>3,142</u>	<u>8,828</u>

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 .....	-24,663	-24,178
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc .....	339	1,366
Tax loss carry-forwards .....	<u>27,466</u>	<u>31,640</u>
Tax asset .....	<u>3,142</u>	<u>8,828</u>

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 3.1 million (DKK 8.8 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 30 June 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 .....	42,150	46,616
Rental income .....	9,853	10,482
Net loss/gain and direct expenses .....	-4,462	-5,791
Direct expenses, properties .....	6,643	3,525
Financial expenses .....	10,771	11,916
Other external expenses .....	2,930	3,391
Staff expenses .....	8,002	7,894
Depreciation and amortisation .....	<u>315</u>	<u>330</u>
<b>Basic earnings</b> .....	<u>18,880</u>	<u>24,251</u>