

Investeringselskabet Luxor A/S

Frederiksborggade 50, 4. 1360 København K
Telefon 33 32 50 15 - CVR-nr. 49 63 99 10

Nasdaq Copenhagen A/S
Nikolaj Plads 6
PO Box 1040
DK-1007 Copenhagen K

Announcement No 4
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Interim Report as at 31 December 2016

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Interim Report as at 31 December 2016.

First quarter 2016/17:

- Basic earnings amount to DKK 7.1 million (DKK 8.8 million), which is in line with expectations.
- The Group's results before tax for the quarter show a profit of DKK 12.9 million (DKK -9.5 million).

The results for the quarter are positively affected by DKK 5.8 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 366.38 (DKK 346.89). The net asset value per share in circulation is affected by the dividend distribution of DKK 20 million in January 2016, corresponding to DKK 20 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 most recent announcement at 19 December 2016.

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 16 February 2017 affect results for the year before tax by DKK 9.2 million. The amount is distributed with DKK 5.8 million in the first quarter of the financial year and DKK 3.4 million in the period 1 January to 16 February 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 4 of 27 February 2017
Interim Report for the period 1 October to 31 December 2016

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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

OCTOBER - DECEMBER

<u>DKK million</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Q1</u>	<u>Q1</u>	<u>Q1</u>	<u>Full year</u>
<u>Key figures</u>				
Income.....	18.4	4.2	17.1	67.7
Gross earnings.....	19.4	3.7	-0.8	69.9
Profit/loss before tax.....	12.9	-9.5	-13.3	29.1
Net profit/loss for the period.....	10.0	-7.4	-10.4	22.1
Basic earnings.....	7.1	8.8	4.5	31.1
Assets.....	829.2	917.2	893.9	868.6
Equity.....	366.4	346.9	402.4	356.4
Investment in property, plant and equip- ment.....	0.0	0.1	0.0	0.4
Profit/loss for analytical purposes:				
Net profit/loss for the period (after tax).....	<u>10.0</u>	<u>-7.4</u>	<u>-10.4</u>	<u>22.1</u>
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK).....	10.03	-7.40	-10.40	22.06
Net asset value per share in circulation (DKK).....	366.38	346.89	402.38	356.35
Return on equity in percentage p.a.....	11.10	-8.45	-10.20	6.21
Equity share in percentage.....	44.19	37.82	45.01	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.....	355	355	305	360
End of period.....	350	350	305	334
Volume of trade on the Stock Exchange,				
number of shares.....	2,364	5,718	7,685	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 amount to DKK 7.1 million (DKK 8.8 million).

The lower basic earnings are primarily due to a decrease in net financial income of DKK 1.3 million as a result of the reduced portfolio of bonds.

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 12.9 million (DKK -9.5 million). After recognition of tax for the period of DKK 2.9 million (DKK -2.1 million), the profit after tax for the period amounts to DKK 10.0 million (DKK -7.4 million).

The results are positively affected by DKK 5.8 million, which is distributed with DKK 5.9 million from net positive fair value adjustments and realised gains on bonds including currency hedging, and DKK 2.5 million from positive fair value adjustments on interest swaps as well as DKK -2.6 million from other fair value adjustments etc not included in basic earnings.

Business areas

The Group's balance sheet, which compared with the same time last year has decreased from DKK 917.2 million to DKK 829.2 million, includes the following business areas:

	<u>2016/17</u> DKK million	<u>2015/16</u> DKK million
Mortgage deeds.....	547.2	544.9
Bonds	42.1	125.3
Shares.....	<u>1.7</u>	<u>1.8</u>
Total securities.....	591.0	672.0
Investment properties.....	<u>182.3</u>	<u>180.5</u>
Total.....	<u>773.3</u>	<u>852.5</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 547.2 million (DKK 544.9 million), and the nominal value amounts to DKK 619.7 million (DKK 622.5 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.....	11.4	10.8
Capital gains, mortgage deeds	1.3	1.3
Fair value adjustment.....	<u>-0.6</u>	<u>-0.3</u>
Gross return.....	12.1	11.8
Realised and unrealised losses on mortgage deeds, bad debts recovered and gain on sale of properties acquired for the purpose of resale.....	<u>-1.3</u>	<u>-1.1</u>
	<u>10.8</u>	<u>10.7</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 399.3 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 45.2 million and cibor mortgage deeds of a nominal amount of DKK 175.2 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 274.5 (kDKK 273.7).

Net loss/gain and direct expenses amount to DKK -1.4 million (DKK -1.3 million), which is lower than expected as bad debts recovered as well as realised net losses and fair value adjustment of credit risk 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 4.9 million (DKK 0.8 million);
- adjustment to meet the credit risk on mortgage deeds and mortgage deed receivables has been reversed with DKK 2.4 million (DKK -1.2 million);
- bad debts recovered of DKK 1.2 million (DKK 0.8 million).

The total fair value adjustment of credit risk on mortgage deeds amounts to DKK 14.8 million (DKK 16.0 million), corresponding to 2.6% (2.8%) of the portfolio.

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

Bonds

The fair value of the Group's portfolio of bonds amounts to DKK 42.1 million (DKK 125.3 million).

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

	2016/17 <u>DKK million</u>	2015/16 <u>DKK million</u>
Interest income	1.0	3.1
Realised capital gains on bonds (including foreign exchange)	2.8	-14.2
Fair value adjustment	4.9	2.0
Currency swaps	-1.8	-0.9
Exchange loss/gain on foreign loans etc, net	<u>-2.0</u> <u>3.9</u>	<u>-3.3</u> <u>-16.4</u>
Return after currency hedging.....	<u>4.9</u>	<u>-13.3</u>

The gain on bonds realised includes a realised exchange gain of DKK 4.6 million (DKK 2.5 million), and fair value adjustments include an unrealised exchange loss of DKK 0.6 million (DKK -1.9 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 December 2016, the portfolio of bonds comprises a total negative fair value adjustment and expected gains on redemptions of up to approx. DKK 8.0 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 2022/2023. The portfolio of bonds is characterised by an overweight of bonds with a relatively short to medium term to maturity and an average Macaulay duration of approx. 3.2 years (approx. 3.9 years).

Since the closing of the financial period and until 16 February 2017, the Group has seen positive fair value adjustments of bonds of DKK 2.6 million and a realised gain of DKK 0.2 million. The fair value adjustments include an exchange loss of DKK 0.4 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 period is specified as follows:

	<u>2016/17</u> <u>DKK million</u>	<u>2015/16</u> <u>DKK million</u>
Rental income.....	3.5	3.5
Direct expenses, investment properties.....	<u>1.9</u>	<u>1.0</u>
	<u>1.6</u>	<u>2.5</u>

The increase in direct expenses of DKK 0.9 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 11.4 million (DKK 10.7 million) and comprise 3 (3) properties taken over to secure loans granted by the Group. The properties are distributed with DKK 8.7 million on business-related properties and DKK 2.7 million on residential property.

During the quarter, the Group acquired a residential property.

Financing and debt

The fair value of the Group's short-term debt to credit institutions amounts to DKK 349.9 million (DKK 458.2 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%	15.99%
DKK	87.62%	52.03%
USD.....	11.91%	30.23%
NOK	<u>0.47%</u>	<u>1.75%</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 period of loans in foreign currencies amount to DKK -2.0 million (DKK -4.0 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. 8.75 years. Fair value adjustment of interest swaps for the period is a positive DKK 1.6 million (DKK -0.9 million). The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

The total fair value adjustment of interest swaps with credit institutions is a negative DKK 5.8 million.

The net movement for the period deriving from exchange adjustments of foreign loans, forward contracts, securities, etc is a positive DKK 0.2 million (DKK -3.6 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 December 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
DKK	94.60%	94.77%	85.77%	76.00%
EUR	0.00%	0.00%	0.61%	8.01%
NOK	0.20%	0.20%	1.02%	0.88%
USD	<u>5.20%</u>	<u>5.03%</u>	<u>12.60%</u>	<u>15.11%</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 0.9 million (DKK -0.2 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 6.2 million.

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 December 2016 and 31 December 2015.

DKK million	Increase in parameter	2016/17	2016/17	2015/16	2015/16
		Fair value	Change of value	Fair value	Change of value
Mortgage deeds	1% effective rate of interest	547.2	20.3	544.9	20.3
Bonds	1% effective rate of interest	42.2	1.1	125.3	4.1
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 *	26.4	2.6	447.8	15.8
Securities in foreign currencies	10% change in value	42.2	4.2	125.3	12.5

* Change in exchange rate 1% for loans in EUR and 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 16 February 2017 affect results for the year before tax by approx. DKK 9.2 million, of which DKK 5.8 million relates to the first half-year and DKK 3.4 million to the period 1 January to 16 February 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 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 Investeringselskabet 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 - 31 December 2016.

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 31 December 2016 of the Group and of the results of the Group's operations and cash flows for the period 1 October - 31 December 2016.

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

Copenhagen, 27 February 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 - 31 DECEMBER 2016

	Note	<u>G R O U P</u>		
		1/10 - 31/12 2016	1/10 - 31/12 2015	1/10 2015- 30/9 2016
		<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Income				
Financial income	1	14,900	730	53,767
Rental income		<u>3,538</u>	<u>3,508</u>	<u>13,950</u>
Total income		18,438	4,238	67,717
Net loss/gain and direct expenses	2	-1,405	-1,294	-7,610
Direct expenses, properties		<u>1,885</u>	<u>1,055</u>	<u>4,786</u>
		15,148	1,889	55,321
Fair value adjustment of financial assets	3	4,257	1,800	16,678
Fair value adjustment of investment properties		<u>0</u>	<u>0</u>	<u>-2,121</u>
Total gross earnings		19,405	3,689	69,878
Financial expenses	5	<u>2,826</u>	<u>9,005</u>	<u>26,042</u>
		<u>16,579</u>	<u>-5,316</u>	<u>43,836</u>
Other external expenses		950	1,411	4,101
Other income and expenses		0	0	76
Staff expenses	4	2,655	2,675	10,306
Depreciation and amortisation		<u>104</u>	<u>96</u>	<u>434</u>
		<u>3,709</u>	<u>4,182</u>	<u>14,765</u>
Profit/loss before tax		12,870	-9,498	29,071
Tax on profit/loss for the period	6	<u>2,838</u>	<u>-2,096</u>	<u>7,012</u>
NET PROFIT/LOSS FOR THE PERIOD (COMPREHENSIVE INCOME)		<u>10,032</u>	<u>-7,402</u>	<u>22,059</u>
Earnings per A & B share (EPS) in DKK		10.0	-7.4	22.1
Earnings per A & B share (EPS) in DKK (diluted value)		10.0	-7.4	22.1

BALANCE SHEET AS AT 31 DECEMBER 2016

ASSETS

	G R O U P		
	31/12 2016 DKK '000	31/12 2015 DKK '000	30/9 2016 DKK '000
Fixed assets			
Domicile properties	11,130	11,317	11,177
Fixtures, fittings and equipment	990	927	1,047
Property, plant and equipment	12,120	12,244	12,224
Investment properties.....	182,300	180,500	182,300
Rebuilding in progress	442	351	0
	182,742	180,851	182,300
Securities	590,991	672,042	634,614
Fixed asset investments	590,991	672,042	634,614
Deferred tax	4,887	14,397	6,954
Non-current assets	790,740	879,534	836,092
Properties acquired for the purpose of resale	11,406	10,686	8,714
Other receivables	19,477	22,860	21,554
Corporation tax receivable.....	0	102	0
Forward contracts, currency swaps	133	82	99
Prepayments	243	291	499
Receivables.....	19,853	23,335	22,152
Cash at bank and in hand	7,181	3,658	1,642
Current assets	38,440	37,679	32,508
ASSETS	829,180	917,213	868,600

BALANCE SHEET AS AT 31 DECEMBER 2016

LIABILITIES AND EQUITY

	G R O U P		
	31/12 2016 DKK '000	31/12 2015 DKK '000	30/9 2016 DKK '000
Share capital	100,000	100,000	100,000
Proposed dividend	25,000	20,000	25,000
Retained earnings	241,383	226,890	231,351
Equity	366,383	346,890	356,351
Mortgage credit institutes	73,301	76,944	74,374
Forward contracts, interest swaps	12,091	9,008	14,633
Non-current liabilities	85,392	85,952	89,007
Mortgage credit institutes	4,603	4,577	4,588
Credit institutions	349,888	458,222	396,442
Deposits	2,997	2,978	2,997
Corporation tax payable	2,303	0	1,496
Other payables	16,796	17,345	17,115
Forward contracts and currency swaps	0	253	0
Deferred income	818	996	604
Current liabilities	377,405	484,371	423,242
Liabilities	462,797	570,323	512,249
LIABILITIES AND EQUITY	829,180	917,213	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 and B shares at 1 October 2015.....	17,500	82,500	234,292	20,000	354,292
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>-7,402</u>	<u>0</u>	<u>-7,402</u>
Equity A and B shares at 31 December 2015.....	<u>17,500</u>	<u>82,500</u>	<u>226,890</u>	<u>20,000</u>	<u>346,890</u>
Equity A and B shares at 1 October 2016.....	17,500	82,500	231,351	25,000	356,351
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>10,032</u>	<u>0</u>	<u>10,032</u>
Equity A and B shares at 31 December 2016.....	<u>17,500</u>	<u>82,500</u>	<u>241,383</u>	<u>25,000</u>	<u>366,383</u>

CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER - 31 DECEMBER 2016

	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	13,190	13,285
Other financial income	-1,673	-205
Rental income	4,151	4,161
Interest payments	-3,296	-4,507
Operating expenses and other payments	-4,892	-5,365
Properties acquired for the purpose of resale	-2,701	1,979
Tax overpaid on account	36	168
Cash flows from operating activities	4,815	9,516
 Cash flows from investing activities		
Additions of mortgage deeds and bonds.....	-20,884	-51,367
Disposals of mortgage deeds and bonds.....	71,733	33,508
Deposits received.....	6	13
Capital investments	-443	-405
Cash flows from investing activities	50,412	-18,251
 Cash flows from financing activities		
Raising of loans, credit institutions.	0	4,728
Repayment, credit institutions	-48,540	0
Repayment, mortgage credit institutes	-1,142	-1,127
Deposits paid	-6	-60
Cash flows from financing activities	-49,688	3,541
Net change in cash and cash equivalents.....	5,539	-5,194
Cash and cash equivalents, beginning of period.....	1,642	8,852
Cash and cash equivalents, end of period	7,181	3,658

SEGMENT REPORTING
Group

	Mortgage deeds <u>DKK '000</u>	Bonds <u>DKK '000</u>	Shares <u>DKK '000</u>	Investment properties <u>DKK '000</u>	Other <u>DKK '000</u>	Total <u>DKK '000</u>
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<u>Group 2016/17</u>						
Income (realised)	12,865	2,035	0	3,538	0	18,438
Fair value adjustment....	-625	4,933	-51	0	0	4,257
Gross earnings	10,835	6,968	-51	1,653	0	19,405
Assets.....	576,555	43,266	1,667	158,659	49,033	829,180
Capital investments.....	20,884	0	0	443	0	21,327
Liabilities (segments)....	341,620	13,108	1,023	82,327	4,802	442,880

<u>Group 2015/16</u>						
Income (realised)	12,753	-12,023	0	3,508	0	4,238
Fair value adjustment....	-252	1,988	64	0	0	1,800
Gross earnings	11,207	-10,035	64	2,453	0	3,689
Assets.....	574,661	128,690	1,876	157,151	54,835	917,213
Capital investments.....	45,796	5,571	0	351	54	51,772
Liabilities (segments)....	375,889	84,091	1,284	85,440	5,025	551,729

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 14,805 (kDKK 15,967). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 2,449 (kDKK -1,212). 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 <u>DKK '000</u>	2015/16 <u>DKK '000</u>
Liabilities, segments	442,880	551,729
Other payables	16,796	17,345
Corporation tax	2,303	0
Forward contracts and currency swaps	0	253
Deferred income	818	996
Liabilities.....	462,797	570,323

GROUP

	2016/17 DKK '000	2015/16 DKK '000
1. Financial income		
Mortgage deeds, interest.....	11,414	10,778
Bonds, interest.....	<u>1,028</u>	<u>3,087</u>
	12,442	13,865
Capital gains, mortgage deeds.....	1,347	1,284
Capital gains, bonds.....	-1,790	-16,702
Currency swaps.....	-1,777	-896
Exchange adjustments, securities.....	4,574	2,488
Other financial income.....	<u>104</u>	<u>691</u>
	<u>14,900</u>	<u>730</u>
2. Net loss/gain and direct expenses		
Realised net losses on mortgage deeds and mortgage deed receivables.....	4,919	761
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	-2,449	1,212
Loss/gain on sale of properties acquired for the purpose of resale.....	9	132
Provision for losses on properties acquired for the purpose of resale....	0	-175
Bad debts recovered.....	<u>1,223</u>	<u>806</u>
	-1,256	-1,124
Fees.....	111	141
Collection charges.....	<u>38</u>	<u>29</u>
	<u>-1,405</u>	<u>-1,294</u>
3. Fair value adjustment of financial assets		
Fair value adjustment, mortgage deeds.....	-625	-252
Fair value adjustment, bonds.....	4,933	1,988
Fair value adjustment, shares.....	<u>-51</u>	<u>64</u>
	<u>4,257</u>	<u>1,800</u>
4. Staff expenses		
Remuneration of Supervisory Board.....	<u>144</u>	<u>144</u>
Wages and salaries.....	2,336	2,378
Defined contribution plan.....	156	134
Other social security expenses.....	<u>19</u>	<u>19</u>
Other staff, total.....	<u>2,511</u>	<u>2,531</u>
Total staff expenses.....	<u>2,655</u>	<u>2,675</u>
Average number of employees.....	<u>11</u>	<u>10</u>

Note 4 continued

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 0.9 million (DKK 1.1 million).

	GROUP	
	2016/17 DKK '000	2015/16 DKK '000
5. Financial expenses		
Credit institutions	2,556	3,218
Interest swaps, credit institutions.....	-7	-2
Interest swaps, credit institutions, fair value adjustment.....	-1,603	852
Exchange loss/gain on foreign loans etc, net.....	1,986	3,970
	2,932	8,038
Mortgage credit institutes	429	467
Interest swaps, mortgage credit institutes.....	315	311
Mortgage credit institutes, fair value adjustment	83	154
Interest swaps, mortgage credit institutes, fair value adjustment	-939	35
Other interest expenses.....	6	0
	2,826	9,005
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.....	2,831	-2,090
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc.....	7	-6
	2,838	-2,096
Effective tax rate.....	22.05%	22.07%
Tax asset at 1 October 2016	31,446	36,350
Transferred to DI-Ejendoms Invest A/S.....	-77	-212
Adjustment corporation tax 2015/16	360	0
Change in deferred tax recognised in the income statement	-2,289	2,266
Tax asset at 31 December 2016	29,440	38,404
Deferred tax at 1 October 2016	24,492	24,049
Change in deferred tax recognised in the income statement	61	-42
Deferred tax at 31 December 2016.....	24,553	24,007
Total tax asset at 31 December 2016.....	4,887	14,397

Note 6 continued:

	G R O U P	
	2016/17 DKK '000	2015/16 DKK '000
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.....	-24,517	-23,907
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc	1,350	1,046
Tax loss carry-forwards.....	28,054	37,258
Tax asset.....	4,887	14,397

When measuring deferred tax, the Company applies the corporation tax rate which is expected to be applicable to the temporary differences in the financial years in which the Company's temporary differences are expected to be realised.

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 4.9 million (DKK 14.4 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 December 2016, 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.

	G R O U P	
	2016/17 DKK '000	2015/16 DKK '000
7. Statement of basic earnings		
Financial income	13,893	15,839
Rental income.....	3,538	3,508
Net loss/gain and direct expenses.....	1,405	1,294
Direct expenses, properties.....	1,885	1,055
Financial expenses.....	3,299	3,992
Other external expenses.....	950	1,411
Staff expenses.....	2,655	2,675
Depreciation and amortisation.....	104	96
Basic earnings	7,133	8,824