

# Investeringselskabet Luxor A/S

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## **Interim Report as at 31 December 2018**

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Interim Report as at 31 December 2018.

### **First quarter 2018/19:**

- Basic earnings amount to DKK 8.0 million (DKK 5.0 million).
- The Group's profit before tax amounts to DKK 5.2 million (DKK 2.9 million).

Profit before tax for the period is DKK 2.8 million lower than basic earnings due to fair value adjustments of interest swaps and debt to mortgage credit institutes as well as financial assets.

- The Group's profit after tax amounts to DKK 4.1 million (DKK 2.3 million).

### **Expected basic earnings 2018/19:**

- At present, basic earnings of approx. DKK 28 million are expected for the financial year 2018/19, which is in accordance with the most recent announcement made in Company Announcement No 1, 2018/19 of 13 December 2018.
- Fair value adjustments of interest swaps and financial assets are not included in basic earnings and will from the beginning of the financial year until 13 February 2019 affect results for the year before tax by DKK -4.8 million. The amount is distributed with DKK -2.8 million for the quarter and DKK -2.0 million for the period 1 January to 13 February 2019.

For additional information concerning this Interim Report, please contact Jannik Rolf Larsen, CEO (tel: +45 33325015).

Announcement No 4 of 22 February 2019  
Interim Report for the period 1 October to 31 December 2018

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The Company's main activities are distributed on interest-bearing securities and properties, for which 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.

Investeringselskabet Luxor A/S intends to distribute annual dividend to the investors to the extent this is appropriate in view of results for the year and other circumstances.

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 full or partial conversion of a corporate bond.

**FINANCIAL HIGHLIGHTS OF THE GROUP**

<u>DKK million</u>	<u>OKTOBER - DECEMBER</u>			
	2018/19 Q1	2017/18 Q1	2016/17 Q1	2017/18 Full year
<u>Key figures</u>				
Income .....	19.3	16.7	18.4	53.4
Gross earnings .....	16.0	11.0	19.3	61.6
Profit/loss before tax.....	5.2	2.9	12.9	29.6
Net profit/loss for the period .....	4.1	2.3	10.0	23.3
Basic earnings.....	8.0	5.0	7.1	27.1
Assets.....	878.6	865.2	829.2	867.1
Equity .....	357.6	354.5	366.4	353.6
Investment in property, plant and equipment .....	0.0	0.3	0.0	0.3
Profit/loss for analytical purposes:				
Net profit/loss for the period (after tax).....	4.1	2.3	10.0	23.3
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK).....	4.06	2.29	10.03	23.32
Net asset value per share in circulation (DKK)..	357.62	354.54	366.38	353.57
Return on equity in percentage p.a. ....	4.56	2.59	11.10	6.61
Equity share in percentage.....	40.70	40.98	44.19	40.77
<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 .....	416	405	333	405
Highest.....	456	440	355	460
End of period .....	446	415	350	426
Volume of trade on the Stock Exchange, number of shares.....	2,021	3,605	2,364	13,249
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 & Ratios January 2018" issued by the Danish Society of Financial Analysts. EPS and diluted EPS are in accordance with IAS 33.

### Basic earnings and results for the period

The Group's basic earnings for Q1 amount to DKK 8.0 million (DKK 5.0 million).

Basic earnings are calculated as profit before tax for the period adjusted for fair value adjustments of financial assets and interest swaps.

The Group's profit before tax for the period amounts to DKK 5.2 million (DKK 2.9 million).

Profit before tax for the period is DKK 2.8 million lower than basic earnings due to:

- fair value adjustments of interest swaps and debt to mortgage credit institutes of DKK -2.7 million;
- fair value adjustments of financial assets of DKK -0.1 million.

Similarly, profit before tax for Q1 2017/18 was DKK 2.1 million lower than basic earnings due to:

- fair value adjustments of bonds and shares including currency hedging of DKK -1.5 million;
- fair value adjustments of interest swaps and debt to mortgage credit institutes of DKK -0.6 million.

After recognition of tax for the quarter of DKK 1.1 million (DKK 0.6 million), the profit after tax for the period amounts to DKK 4.1 million (DKK 2.3 million).

### Business areas

The Group's balance sheet, which compared with the same time last year has increased from DKK 865.2 million to DKK 878.6 million, includes the following business areas:

	<u>2018/19</u> <u>DKK million</u>	<u>2017/18</u> <u>DKK million</u>
Mortgage deeds .....	655.7	640.3
Bonds .....	0.0	5.6
Shares .....	<u>0.7</u>	<u>1.2</u>
Total securities .....	656.4	647.1
Investment properties .....	<u>187.9</u>	<u>184.1</u>
 Total .....	 <u>844.3</u>	 <u>831.2</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 655.7 million (DKK 640.3 million), and the nominal value amounts to DKK 719.6 million (DKK 719.6 million).

The fair value of the Group's portfolio of mortgage deeds is distributed with DKK 487.3 million (DKK 465.6 million) in fixed-interest mortgage deeds and DKK 168.4 million (DKK 174.7 million) in floating-rate cibor mortgage deeds.

The return on the portfolio of mortgage deeds for the financial year is specified as follows:

	<u>2018/19</u> DKK million	<u>2017/18</u> DKK million
Interest income.....	13.3	12.4
Capital gains, mortgage deeds .....	2.1	0.4
Fair value adjustment .....	<u>0.2</u>	<u>-0.3</u>
	15.6	12.5
Direct expenses, mortgage deeds.....	0.5	0.5
Realised losses on mortgage deeds, fair value adjustment for credit risk as well as expenses relating to the sale of mortgages in default .....	-2.0	-3.9
Bad debts recovered.....	<u>1.5</u> <u>-0.5</u>	<u>1.5</u> <u>-2.4</u>
	<u>14.6</u>	<u>9.6</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 490.3 million have been measured in the balance sheet at fair value on the basis of an effective interest rate of 8.5% p.a. (average 8.5% p.a.). Fixed-interest mortgage deeds of a nominal amount of DKK 37.9 million and cibor mortgage deeds of a nominal amount of DKK 191.4 million are measured at fair value, which substantially corresponds to the cost of the mortgage deeds. At the measurement of the portfolio of mortgage deeds at fair value, adjustment for credit risk has been deducted.

The Group's portfolio of mortgage deeds has an average fair value per mortgage deed of kDKK 299.4 (kDKK 293.1).

Net loss/gain, mortgage deeds amounts to DKK -0.5 million (DKK -2.4 million), which is slightly lower than expected.

Net loss/gain, mortgage deeds includes:

- realised net losses on mortgage deeds and mortgage deed receivables of DKK -2.0 million (DKK -3.9 million), including adjustment to meet credit risk on mortgage deeds and mortgage deed receivables as well as expenses relating to the sale of mortgages in default;
- bad debts recovered of DKK 1.5 million (DKK 1.5 million).

The total fair value adjustment of credit risk on mortgage deeds amounts to DKK 15.1 million (DKK 22.0 million), corresponding to 2.3% (3.3%) of the portfolio.

For the current financial year, the Group expects a small increase in the mortgage deed portfolio.

**Investment properties**

The Group's balance sheet includes 5 (5) investment properties with a fair value of DKK 187.9 million (DKK 184.1 million).

Return on investment properties for the period is specified as follows:

	<u>2018/19</u> DKK million	<u>2017/18</u> DKK million
Rental income .....	3.2	2.9
Direct expenses, investment properties.....	<u>2.3</u>	<u>1.1</u>
	<u>0.9</u>	<u>1.8</u>

As to the Group's total property portfolio, which comprises approx. 34,085 m2, it can be stated that the lease rate at the end of the quarter is 85.5% compared to 79.7% as at 30 September 2018.

The Group expects a small reduction of the property portfolio in the coming years.

**Financing and debt**

The fair value of the Group's short-term debt to credit institutions amounts to DKK 406.4 million (DKK 415.7 million), raised in Danish kroner.

The Company has pegged the interest rate on DKK 250 million (DKK 250 million) through DKK interest swaps with a remaining duration of up to approx. 9.00 years. Fair value adjustment of interest swaps for the period is a negative DKK 2.7 million (DKK -1.0 million) due to decreasing interest rates.

The interest swaps entered into are used to hedge the interest rate risk on basic earnings. The total fair value adjustment of interest swaps with credit institutions is a negative DKK 7.8 million (DKK -5.9 million). The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

**Mortgage credit loans, investment properties**

The fair value of the Group's debt to mortgage credit institutes amounts to DKK 88.3 million (DKK 73.4 million).

The Group has pegged the interest rate on DKK 34.9 million (DKK 39.0 million) through interest swaps with a duration of up to 8.75 years. Fair value adjustment of mortgage credit institutes for the period is DKK 0.0 million (DKK -0.1 million).

The interest swaps entered into are used to hedge floating-rate loans from mortgage credit institutes. The total fair value adjustment of interest swaps with mortgage credit institutes is a negative DKK 4.4 million (DKK -5.2 million). The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

During the quarter, the Group has raised mortgage credit loans of DKK 22 million. The loans have been raised as cash loans issued on the basis of 1.5% bonds with maturity in 2038.

**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 2018 and 31 December 2017.

<u>DKK million</u>	<u>Increase in parameter</u>	<u>2018/19 Fair value</u>	<u>2018/19 Change of value</u>	<u>2017/18 Fair value</u>	<u>2017/18 Change of value</u>
Mortgage deeds	1% effective rate of interest	655.7	25.3	640.3	24.4
Bonds	10% change in value	0.0	0.0	5.6	0.6
Shares	10% change in value	0.7	0.1	1.2	0.1
Investment properties	0.5% yield requirement	187.9	12.3	184.1	11.8
Securities in foreign currencies	10% change in value	0.7	0.1	6.7	0.7
Interest swaps	0.5% per cent	12.2	8.4	11.1	7.9

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 31 to the Annual Report; see the Company's website [www.luxor.dk](http://www.luxor.dk).

**Future prospects and post balance sheet events**

At present, basic earnings of approx. DKK 28 million are expected for the financial year 2018/19, which is in accordance with the most recent announcement made in Company Announcement No 1, 2018/19 of 13 December 2018. Fair value adjustments of interest swaps and financial assets are not included in basic earnings and will from the beginning of the financial year until 13 February 2019 affect results for the year before tax by DKK -4.8 million. The amount is distributed with DKK -2.8 million for the quarter and DKK -2.0 million for the period 1 January to 13 February 2019.

The expectations relating to basic earnings are subject to a number of risks and uncertainties. Therefore, actual basic earnings may differ from the expectations in the Annual Report.

The Company publishes the expected level of basic earnings for the year in its Annual Report and Interim Reports. The earnings expectations are not specified in detail as the return on fixed asset investments and debt changes on a daily basis, which means that the earnings expectations differ from the actual expectations already at the time of publication.

**Basis of preparation**

The Interim Report has been prepared in accordance with the same accounting policies as the Annual Report 2017/18, to which we refer.

The accounting policies remain unchanged compared to the Annual Report as at 30 September 2018, except for the measurement of financial liabilities, for which fair value is recognised in other comprehensive income as a result of changes in the Group's own credit risk.

The chosen presentation of the Interim Report as at 31 December 2018 remains unchanged compared to last year.

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 2018.

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 2018 of the Group and of the results of the Group's operations and cash flows for the period 1 October - 31 December 2018.

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

Copenhagen, 22 February 2019

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 2018**

	Note	G R O U P		
		1/10 - 31/12 2018	1/10 - 31/12 2017	1/10 2017- 30/9 2018
		<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Financial income .....	2	15,477	13,165	44,358
Net loss/gain, mortgage deeds .....	3	-461	-2,441	-5,927
Fair value adjustment of financial assets .....	4	-58	-1,570	14,694
		<u>14,958</u>	<u>9,154</u>	<u>53,125</u>
Rental income .....		3,195	2,943	12,549
Other income .....		641	586	2,373
Fair value adjustment of investment properties .....		<u>0</u>	<u>0</u>	<u>1,256</u>
		<u>3,836</u>	<u>3,529</u>	<u>16,178</u>
<b>Total income</b> .....		18,794	12,683	69,303
Direct expenses, securities .....		472	535	1,931
Direct expenses, properties .....		<u>2,315</u>	<u>1,135</u>	<u>5,768</u>
<b>Total gross earnings</b> .....		16,007	11,013	61,604
Financial expenses .....	5	<u>6,490</u>	<u>3,990</u>	<u>15,386</u>
		<u>9,517</u>	<u>7,023</u>	<u>46,218</u>
Other external expenses .....		925	797	2,916
Other income and expenses .....		0	-80	-78
Staff expenses .....	6	3,277	3,267	13,336
Depreciation and amortisation .....		<u>103</u>	<u>92</u>	<u>401</u>
		<u>4,305</u>	<u>4,076</u>	<u>16,575</u>
<b>Profit/loss before tax</b> .....		5,212	2,947	29,643
Tax on profit/loss for the period .....	7	<u>1,157</u>	<u>659</u>	<u>6,326</u>
<b>NET PROFIT/LOSS FOR THE PERIOD (COMPREHENSIVE INCOME)</b> .....		<u>4,055</u>	<u>2,288</u>	<u>23,317</u>
Earnings per share (EPS) for A & B shares in DKK..		4.1	2.3	23.3
Earnings per share (EPS) for A & B shares in DKK (diluted value) .....		4.1	2.3	23.3

**BALANCE SHEET AS AT 31 DECEMBER 2018**

**ASSETS**

		<b>G R O U P</b>		
	<u>Note</u>	<u>31/12 2018</u> <u>DKK '000</u>	<u>31/12 2017</u> <u>DKK '000</u>	<u>30/9 2018</u> <u>DKK '000</u>
<b>Fixed assets</b>				
Domicile properties .....		10,784	10,973	10,831
Fixtures, fittings and equipment .....		653	876	709
<b>Property, plant and equipment .....</b>		<b>11,437</b>	<b>11,849</b>	<b>11,540</b>
Investment properties.....		187,886	184,104	187,886
Rebuilding in progress .....		2,465	1,206	1,614
<b>Investment properties.....</b>		<b>190,351</b>	<b>185,310</b>	<b>189,500</b>
Securities .....	8	656,400	647,067	646,054
<b>Fixed asset investments .....</b>		<b>656,400</b>	<b>647,067</b>	<b>646,054</b>
Deferred tax .....	7	0	1,384	0
<b>Non-current assets .....</b>		<b>858,188</b>	<b>845,610</b>	<b>847,094</b>
<b>Property acquired for the purpose of resale .....</b>		<b>0</b>	<b>2,644</b>	<b>0</b>
Other receivables .....		8,758	10,826	8,917
Currency swaps .....		0	60	0
Prepayments .....		262	223	588
<b>Receivables .....</b>		<b>9,020</b>	<b>11,109</b>	<b>9,505</b>
<b>Cash at bank and in hand.....</b>		<b>11,421</b>	<b>5,874</b>	<b>10,535</b>
<b>Current assets .....</b>		<b>20,441</b>	<b>19,627</b>	<b>20,040</b>
<b>ASSETS .....</b>		<b>878,629</b>	<b>865,237</b>	<b>867,134</b>

**BALANCE SHEET AS AT 31 DECEMBER 2018**

**LIABILITIES AND EQUITY**

	<u>Note</u>	<u>GROUP</u>		
		<u>31/12 2018</u>	<u>31/12 2017</u>	<u>30/9 2018</u>
		<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>
Share capital .....		100,000	100,000	100,000
Proposed dividend .....		23,000	22,000	23,000
Retained earnings .....		<u>234,622</u>	<u>232,538</u>	<u>230,567</u>
<b>Equity .....</b>		<u>357,622</u>	<u>354,538</u>	<u>353,567</u>
Deferred tax .....		<u>3,839</u>	<u>0</u>	<u>2,682</u>
<b>Provisions .....</b>		<u>3,839</u>	<u>0</u>	<u>2,682</u>
Mortgage credit institutes .....	9	80,111	66,331	60,983
Interest swaps .....	11	<u>11,877</u>	<u>11,061</u>	<u>9,086</u>
<b>Non-current liabilities .....</b>		<u>91,988</u>	<u>77,392</u>	<u>70,069</u>
Mortgage credit institutes .....	9	7,939	6,876	6,915
Credit institutions .....	10	406,413	415,716	422,679
Deposits .....		3,544	3,123	3,153
Corporation tax .....		0	57	1,476
Other payables .....		5,163	4,979	4,517
Interest swaps .....	11	354	0	398
Deferred income .....		<u>1,767</u>	<u>2,556</u>	<u>1,678</u>
<b>Current liabilities.....</b>		<u>425,180</u>	<u>433,307</u>	<u>440,816</u>
<b>Liabilities.....</b>		<u>521,007</u>	<u>510,699</u>	<u>513,567</u>
<b>LIABILITIES AND EQUITY .....</b>		<u>878,629</u>	<u>865,237</u>	<u>867,134</u>

**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 and B shares at 1 October 2017.....</b>	<b>17,500</b>	<b>82,500</b>	<b>230,250</b>	<b>22,000</b>	<b>352,250</b>
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>2,288</u>	<u>0</u>	<u>2,288</u>
<b>Equity A and B shares at 31 December 2017.....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>232,538</u></b>	<b><u>22,000</u></b>	<b><u>354,538</u></b>
<b>Equity A and B shares at 1 October 2018.....</b>	<b>17,500</b>	<b>82,500</b>	<b>230,567</b>	<b>23,000</b>	<b>353,567</b>
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>4,055</u>	<u>0</u>	<u>4,055</u>
<b>Equity A and B shares at 31 December 2018.....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>234,622</u></b>	<b><u>23,000</u></b>	<b><u>357,622</u></b>

**CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER - 31 DECEMBER 2018**

	G R O U P	
	2018/19 DKK '000	2017/18 DKK '000
<b>Cash flows from operating activities</b>		
Interest received on mortgage deeds .....	13,376	12,389
Other financial income .....	87	174
Other income .....	641	586
Rental income.....	3,638	3,603
Interest payments.....	-3,507	-3,742
Operating expenses and other payments .....	-5,316	-6,583
Expenses relating to the sale of mortgages in default.....	-13	-17
Corporation tax.....	-1,476	-3,059
<b>Cash flows from operating activities.....</b>	<b>7,430</b>	<b>3,351</b>
<b>Cash flows from investing activities</b>		
Additions of mortgage deeds.....	-39,110	-43,899
Disposals of mortgage deeds and shares .....	29,106	24,413
Deposits received.....	392	479
Capital investments .....	-850	-476
<b>Cash flows from investing activities.....</b>	<b>-10,462</b>	<b>-19,483</b>
<b>Cash flows from financing activities</b>		
Repayment, credit institutions.....	-16,266	20,352
Raising of loans, mortgage credit institutes.....	21,907	0
Repayment, mortgage credit institutes .....	-1,723	-1,162
Deposits paid .....	0	-29
<b>Cash flows from financing activities.....</b>	<b>3,918</b>	<b>19,161</b>
Net change in cash and cash equivalents.....	886	3,029
Cash and cash equivalents, beginning of period.....	10,535	2,845
<b>Cash and cash equivalents, end of period.....</b>	<b>11,421</b>	<b>5,874</b>

**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>
<b><u>Group 2018/19</u></b>						
Income (realised) .....	15,477	0	0	3,195	641	19,313
Fair value adjustment....	228	0	-286	0	0	-58
Gross earnings .....	14,772	0	-286	880	641	16,007
Assets.....	663,162	0	667	190,522	24,278	878,629
Capital investments.....	39,110	0	0	850	0	39,960
Liabilities (segments)....	413,767	0	413	113,735	-13,838	514,077

<b><u>Group 2017/18</u></b>						
Income (realised) .....	12,908	257	0	2,943	586	16,694
Fair value adjustment....	-302	-959	-309	0	0	-1,570
Gross earnings .....	9,630	-702	-309	1,808	586	11,013
Assets.....	652,449	5,913	1,180	160,632	45,063	865,237
Capital investments.....	43,899	0	0	410	310	44,619
Liabilities (segments)....	420,883	0	765	76,884	4,575	503,107

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

For a specification from gross earnings to net profit/loss for the period, please refer to the Consolidated Income Statement.

The segment mortgage deeds includes fair value adjustments relating to credit risks of kDKK 15,117 (kDKK 21,997). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 3,297 (kDKK -2,377), see note 3. For mortgage deeds, fair value adjustments relating to credit risks are made on the basis of an individual assessment, and for mortgage deed receivables, partly as a general provision and partly on the basis of an individual assessment.

For all segments, gross earnings include the item fair value adjustment, which is not a cash income/expense. The item is specified in note 4.

Gross earnings in the segment reporting can be reconciled with the Group's profit for the period before tax as follows:

	<u>Group</u>	
	<u>2018/19</u>	<u>2017/18</u>
	<u>DKK '000</u>	<u>DKK '000</u>
Gross earnings .....	16,007	11,013
Financial expenses .....	6,490	3,990
Other external expenses .....	925	797
Other income and expenses .....	0	80
Staff expenses .....	3,277	3,267
Depreciation and amortisation .....	<u>103</u>	<u>92</u>
Profit/loss before tax .....	<u>5,212</u>	<u>2,947</u>

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

	Group	
	2018/19 DKK '000	2017/18 DKK '000
Liabilities, segments .....	514,077	503,107
Other payables .....	5,163	4,979
Corporation tax .....	0	57
Deferred income .....	1,767	2,556
Liabilities.....	521,007	510,699

	GROUP	
	2018/19 DKK '000	2017/18 DKK '000
<b>1. Statement of basic earnings</b>		
Financial income .....	15,477	13,053
Rental income .....	3,195	2,943
Other income .....	641	586
Net loss/gain, mortgage deeds .....	461	2,441
Direct expenses, securities.....	472	535
Direct expenses, properties.....	2,315	1,135
Financial expenses.....	3,732	3,389
Other external expenses.....	925	717
Staff expenses.....	3,277	3,267
Depreciation and amortisation.....	103	92
<b>Basic earnings .....</b>	<b>8,028</b>	<b>5,006</b>
<b>2. Financial income</b>		
Mortgage deeds, interest.....	13,331	12,429
Bonds, interest .....	0	145
	13,331	12,574
Capital gains, mortgage deeds.....	2,061	418
Capital gain, shares.....	-1	0
Currency swaps .....	1	112
Other financial income .....	85	61
	15,477	13,165

	G R O U P	
	2018/19 DKK '000	2017/18 DKK '000
<b>3. Net loss/gain, mortgage deeds</b>		
Realised net losses on mortgage deeds and mortgage deed receivables .....	5,297	1,389
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	3,297	-2,377
Loss/gain on sale of properties acquired for the purpose of resale.....	0	-1
Expenses relating to the sale of mortgages in default.....	-13	0
Provision for losses on properties acquired for the purpose of resale ....	0	200
	-2,013	-3,967
Bad debts recovered .....	1,552	1,526
	-461	-2,441
<b>4. Fair value adjustment of financial assets</b>		
Fair value adjustment, mortgage deeds .....	228	-302
Fair value adjustment, bonds.....	0	-959
Fair value adjustment, shares.....	-286	-309
	-58	-1,570
<b>5. Financial expenses</b>		
Credit institutions .....	2,723	2,645
Interest swaps, credit institutions.....	77	59
Interest swaps, credit institutions, fair value adjustment.....	2,755	985
	5,555	3,689
Mortgage credit institutes .....	367	366
Interest swaps, mortgage credit institutes.....	297	317
Mortgage credit institutes, fair value adjustment .....	-34	-119
Interest swaps, mortgage credit institutes, fair value adjustment .....	37	-265
Expenses relating to raising of loans from mortgage credit institutes....	268	0
Other interest expenses .....	0	2
	6,490	3,990
<b>6. Staff expenses</b>		
Remuneration of Supervisory Board .....	153	153
Wages and salaries .....	2,869	2,933
Defined contribution plan.....	233	166
Other social security expenses.....	22	15
Other staff, total.....	3,124	3,114
Total staff expenses .....	3,277	3,267
Average number of employees.....	13	13



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 financial year, remuneration of the Executive Board and employees in the Parent Company (a total of two persons) who have a significant influence on the Parent Company's risk profile amounts to DKK 1.1 million (DKK 0.8 million).

	<u>GROUP</u>	
	<u>2018/19</u>	<u>2017/18</u>
	<u>DKK '000</u>	<u>DKK '000</u>
<b>7. Corporation tax</b>		
Tax on profit/loss on ordinary activities for the period is specified as follows:		
Calculated tax 22% of profit/loss before tax for the period.....	1,147	648
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc.....	<u>10</u>	<u>11</u>
	<u>1,157</u>	<u>659</u>
Effective tax rate.....	<u>22.20%</u>	<u>22.36%</u>
Tax asset at 1 October 2018 .....	22,911	27,242
Transferred to DI-Ejendoms Invest A/S.....	-173	-185
Transferred to Metalvarefabriken A/S.....	0	0
Change in deferred tax recognised in the income statement .....	<u>-755</u>	<u>-408</u>
Tax asset at 31 December 2018.....	<u>21,983</u>	<u>26,649</u>
Deferred tax at 1 October 2018 .....	25,593	25,199
Change in deferred tax recognised in the income statement .....	<u>229</u>	<u>66</u>
Deferred tax at 31 December 2018.....	<u>25,822</u>	<u>25,265</u>
Deferred tax at 31 December 2018.....	<u>-3,839</u>	<u>1,384</u>
The value of deferred tax is specified as follows:		
Investment properties .....	-25,624	-25,247
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc .....	308	390
Tax loss carry-forwards.....	<u>21,477</u>	<u>26,241</u>
Deferred tax.....	<u>-3,839</u>	<u>1,384</u>

Deferred tax is calculated at a tax rate of 22%. The tax asset is recognised to the extent that it is expected to be realised in the form of future taxable profits.

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 2018, the loss amounts to DKK 97.2 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	
	2018/19 DKK '000	2017/18 DKK '000
<b>8. Securities</b>		
Number of mortgage deeds.....	2,241	2,260
Mortgage deeds distributed on nominal value:		
Fixed-interest mortgage deeds:		
Measured at fair value on the basis of an average effective interest rate of 8.5% p.a. (8.5% p.a.).....	490,326	470,235
Measured at fair value, which substantially corresponds to the cost of the mortgage deeds .....	37,850	43,030
Total fixed-interest mortgage deeds .....	528,176	513,265
Cibor mortgage deeds, measured at fair value on the basis of the cost of the mortgage deeds .....	191,429	206,318
	719,605	719,583

The portfolio of securities in the Parent Company and the Group at 31 December 2018 is specified as follows:

	Mortgage deeds	Shares	Total
Total cost .....	664,973	1,610	666,583
Fair value adjustment .....	5,877	-943	4,934
Fair value adjustment, credit risk .....	-15,117	0	-15,117
Fair value .....	655,733	667	656,400

Adjustment for credit risk has been deducted at the fair value measurement of the portfolio of mortgage deeds.

At the fair value measurement, no redeemable mortgage deeds have been recognised at a value higher than the nominal value or minimum the redemption price. The difference between fair value and nominal amount is kDKK 63,872 (kDKK 79,250), of which kDKK 15,117 (kDKK 21,997) relates to fair value adjustment for credit risk.

	G R O U P	
	2018/19 DKK '000	2017/18 DKK '000
<b>9. Mortgage credit institutes</b>		
Cash loan, outstanding debt.....	87,345	72,237
Fair value of outstanding debt, bonds.....	88,270	73,362
Measurement of debt to mortgage credit institutes:		
Investment properties, fair value .....	80,411	68,632
Domicile property, amortised cost.....	7,639	4,575
	88,050	73,207

GROUP

2018/19      2017/18  
DKK '000      DKK '000

**10. Credit institutions**

Fair value of loans, credit institutions .....	<u>406,413</u>	<u>415,716</u>
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**11. Currency and interest swaps**

The Group has entered into currency hedging contracts which do not qualify for hedge accounting. The hedge value of currency swaps of net DKK 0 million (DKK 8.8 million) for the hedging of securities in foreign currencies is specified as follows:

<b>Currency swaps</b>	<u>Remaining term</u>	<u>Contractual value per currency in '000</u>	<u>Hedge value DKK '000</u>	<u>Value adjustment in the income statement DKK '000</u>
Group				
31 December 2018				
Currency swap	DKK/USD 0-180 days	1,205	7,480	68
Currency swap	DKK/NOK 0-180 days	1,800	<u>1,362</u>	<u>-8</u>
			<u>8,842</u>	<u>60</u>

The Group has entered into interest swaps for the hedging of interest risks on floating-rate loans from mortgage credit institutes with a contractual nominal value of DKK 34.9 million (DKK 39.0 million) and loans from credit institutions with a contractual value of DKK 250.0 million (DKK 250.0 million). The interest swaps entered into do not qualify for hedge accounting.

<b>Interest swaps, mortgage credit institutes</b>	<u>Contractual value per currency in million</u>	<u>Remaining term</u>	<u>Fair value DKK '000</u>	<u>Value adjustment in the income statement DKK '000</u>
Group				
31 December 2018				
Interest swaps cibor 6 months	DKK 20.6 million	31.12.2027	-3,918	-3
Interest swaps cibor 3 months	DKK 14.3 million	31.12.2024	<u>-546</u>	<u>40</u>
			<u>-4,464</u>	<u>37</u>

**Note 11 continued:**

<b>Interest swaps, mortgage credit institutes</b>	Contractual value per currency in <u>million</u>	Remaining term <u>term</u>	Fair value DKK '000 <u>DKK '000</u>	Value ad- justment in the income statement DKK '000 <u>DKK '000</u>
Group				
31 December 2018				
Interest swap	25.0	13.03.2019	-354	0
Interest swap	25.0	03.07.2020	-476	31
Interest swap	50.0	09.07.2022	-1,978	379
Interest swap	25.0	26.06.2025	-509	340
Interest swap	25.0	29.07.2025	-1,559	370
Interest swap	25.0	26.06.2026	-575	378
Interest swap	50.0	26.06.2027	-1,262	814
Interest swap	25.0	25.01.2028	<u>-1,054</u>	<u>443</u>
			<u>-7,767</u>	<u>2,755</u>

**12. Financial gearing**

	<u>GROUP</u>	
	<u>2018/19</u>	<u>2017/18</u>
	<u>DKK '000</u>	<u>DKK '000</u>
The Group's financial gearing is specified as follows:		
Credit institutions .....	406,413	415,716
Mortgage credit institutes .....	88,050	73,207
Other payables .....	5,163	4,979
Corporation tax .....	0	57
Cash and cash equivalents .....	<u>-11,421</u>	<u>-5,874</u>
	<u>488,205</u>	<u>488,085</u>
Equity .....	<u>357,622</u>	<u>354,538</u>
Financial gearing .....	<u>1.37</u>	<u>1.38</u>