

# Investeringselskabet Luxor A/S

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## **Half-year Report as at 31 March 2019**

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Half-year Report as at 31 March 2019.

### **Second quarter 2018/19:**

- Basic earnings amount to DKK 7.9 million (DKK 4.2 million).
- The Group's profit before tax amounts to DKK 3.2 million (DKK 6.5 million).

Profit before tax for the quarter is DKK 4.7 million lower than basic earnings, primarily due to fair value adjustments of interest swaps.

- The Group's profit after tax amounts to DKK 2.5 million (DKK 5.0 million).

### **Half-year 2018/19:**

- Basic earnings for the half-year amount to DKK 15.9 million (DKK 9.2 million).
- The Group's profit before tax for the half-year amounts to DKK 8.4 million (DKK 9.4 million).

For the half-year, results before tax are negatively affected by fair value adjustments of interest swaps and financial assets of DKK 7.5 million; similarly, results before tax for the half-year 2017/18 were positively affected by DKK 0.2 million. Adjusted for these items, profit before tax amounts to DKK 15.9 million for the half-year 2018/19 compared to DKK 9.2 million for the half-year 2017/18.

### **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 4, 2018/19 of 22 February 2019.
- 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 16 May 2019 affect results for the year before tax by DKK -9.0 million. The amount is distributed with DKK -7.5 million for the half-year and DKK -1.5 million for the period 1 April - 16 May 2019.

For additional information concerning this Half-year Report, please contact Jannik Rolf Larsen, CEO (tel: +45 3332 5015).

Announcement No 5 of 27 May 2019  
Half-year Report for the period 1 October 2018 - 31 March 2019

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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.

Investeringselskabets 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>OCTOBER - MARCH</u>			
	<u>2018/19</u> <u>half-year</u>	<u>2017/18</u> <u>half-year</u>	<u>2016/17</u> <u>half-year</u>	<u>2017/18</u> <u>full year</u>
<u>Key figures</u>				
Income .....	37.8	29.8	40.7	69.3
Gross earnings .....	32.8	24.7	36.1	61.6
Profit/loss before tax.....	8.4	9.4	23.4	29.6
Net profit/loss for the period .....	6.6	7.3	18.2	23.3
Basic earnings.....	15.9	9.2	13.1	27.1
Assets.....	878.7	869.8	811.6	867.1
Equity .....	337.1	337.6	349.6	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).....	<u>6.6</u>	<u>7.3</u>	<u>18.2</u>	<u>23.3</u>
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK).....	6.55	7.31	18.21	23.32
Net asset value per share in circulation (DKK) ..	337.12	337.56	349.56	353.57
Return on equity in percentage p.a. ....	3.80	4.24	10.32	6.61
Equity share in percentage.....	38.37	38.81	43.07	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	401	333	405
Highest.....	555	460	420	460
End of period.....	438	424	385	426
Volume of trade on the Stock Exchange, number of shares.....	6,994	7,953	7,512	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 the half-year amount to DKK 15.9 million (DKK 9.2 million).

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

The Group's profit before tax for the half-year amounts to DKK 8.4 million (DKK 9.4 million).

Profit before tax for the half-year is DKK 7.5 million lower than basic earnings, primarily due to fair value adjustments of interest swaps.

Similarly, profit before tax for the half-year 2017/18 was DKK 0.2 million higher than basic earnings, primarily due to fair value adjustments of interest swaps and debt to mortgage credit institutes.

After recognition of tax for the half-year of DKK 1.8 million (DKK 2.1 million), the profit after tax for the half-year amounts to DKK 6.6 million (DKK 7.3 million).

**Business areas**

The Group's balance sheet, which compared with the same time last year has increased from DKK 869.8 million to DKK 878.7 million, includes the following business areas:

	<u>2018/19</u> <u>DKK million</u>	<u>2017/18</u> <u>DKK million</u>
Mortgage deeds .....	658.3	647.6
Bonds .....	0.0	2.2
Shares .....	<u>0.7</u>	<u>0.9</u>
Total securities.....	659.0	650.7
Investment properties .....	<u>187.9</u>	<u>184.1</u>
Total.....	<u>846.9</u>	<u>834.8</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 658.3 million (DKK 647.6 million), and the nominal value amounts to DKK 720.5 million (DKK 723.8 million).

The fair value of the Group's portfolio of mortgage deeds is distributed with DKK 490.4 million (DKK 472.5 million) in fixed-interest mortgage deeds and DKK 167.9 million (DKK 175.1 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.....	26.6	25.0
Capital gains, mortgage deeds .....	3.8	2.5
Fair value adjustment .....	<u>0.2</u>	<u>-0.5</u>
	30.6	27.0
Direct expenses, mortgage deeds .....	0.8	1.0
Realised losses on mortgage deeds, fair value adjustment for credit risk as well as expenses relating to the sale of mortgages in default .....	-3.8	-8.2
Bad debts recovered .....	<u>3.3</u> <u>-0.5</u>	<u>3.1</u> <u>-5.2</u>
	<u>29.3</u>	<u>20.8</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 492.9 million have been measured in the balance sheet at fair value on the basis of an effective interest rate of 8.5% p.a. (8.5% p.a.). Fixed-interest mortgage deeds of a nominal amount of DKK 36.9 million and cibor mortgage deeds of a nominal amount of DKK 190.7 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 301.0 (kDKK 295.9).

Net loss/gain, mortgage deeds amounts to DKK -0.5 million (DKK -5.2 million), which is lower than expected.

Net loss/gain, mortgage deeds includes:

- realised net losses on mortgage deeds and mortgage deed receivables of DKK -3.8 million (DKK -8.2 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 3.3 million (DKK 3.1 million).

The total fair value adjustment of credit risk on mortgage deeds amounts to DKK 14.7 million (DKK 20.6 million), corresponding to 2.2% (3.1%) 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 half-year is specified as follows:

	<u>2018/19</u> <u>DKK million</u>	<u>2017/18</u> <u>DKK million</u>
Rental income .....	6.5	6.0
Direct expenses, investment properties .....	<u>4.2</u>	<u>4.1</u>
	<u>2.3</u>	<u>1.9</u>

As to the Group's total property portfolio, which comprises approx. 34,085 m2, it can be stated that the lease rate as at 1 June 2019 will be 91.6% compared to 79.7% as at 30 September 2018.

In connection with the leases, the m2 let out are considerably rebuilt and renovated.

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 422.8 million (DKK 440.7 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. 10 years. Fair value adjustment of interest swaps for the half-year is a negative DKK -7.2 million (DKK -0.1 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 -12.2 million (DKK -5.1 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 86.2 million (DKK 71.6 million).

The Group has pegged the interest rate on DKK 34.0 million (DKK 38.0 million) through interest swaps with a duration of up to 8.75 years. Fair value adjustment of mortgage credit institutes for the half-year is DKK -0.2 million (DKK 0.6 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 -4.6 million (DKK -4.8 million). The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

During the half-year, 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 March 2019 and 31 March 2018.

<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	658.3	25.5	647.6	24.7
Bonds	10% change in value	0.0	0.0	2.2	0.2
Shares	10% change in value	0.7	0.1	0.9	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	3.1	0.3
Interest swaps	0.5% change in rate of interest	16.8	9.4	9.9	9.2

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 4, 2018/19 of 22 February 2019.

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 16 May 2019 affect results for the year before tax by DKK -9.0 million. The amount is distributed with DKK -7.5 million for the half-year and DKK -1.5 million for the period 1 April to 16 May 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 Half-year Report has been prepared in accordance with the same accounting policies as the Annual Report for 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 Half-year Report as at 31 March 2019 remains unchanged compared to last year.

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

**MANAGEMENT'S STATEMENT**

The Supervisory and Executive Boards have today considered and adopted the Half-year Report of Investeringselskabet Luxor A/S for the period 1 October 2018 - 31 March 2019.

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

We consider the accounting policies applied appropriate, so that the Half-year Report gives a true and fair view of the financial position as at 31 March 2019 of the Group and of the results of the Group's operations and cash flows for the period 1 October 2018 - 31 March 2019.

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

Copenhagen, 27 May 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 2018 - 31 MARCH 2019**

		G R O U P					
		1/1 - 31/3 2019	1/1 - 31/3 2018	1/10 2018 - 31/3 2019	1/10 2017 - 31/3 2018	1/10 2017 - 30/9 2018	
Note		<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	<u>DKK '000</u>	
	Financial income .....	2	15,186	7,950	30,663	21,115	44,358
	Net loss/gain, mortgage deeds .....	3	-31	-2,725	-492	-5,166	-5,927
	Fair value adjustment of financial assets .....	4	-45	8,264	-103	6,694	14,694
			<u>15,110</u>	<u>13,489</u>	<u>30,068</u>	<u>22,643</u>	<u>53,125</u>
	Rental income .....		3,302	3,076	6,497	6,019	12,549
	Other income .....		614	566	1,255	1,152	2,373
	Fair value adjustment of investment properties .....		0	0	0	0	1,256
			<u>3,916</u>	<u>3,642</u>	<u>7,752</u>	<u>7,171</u>	<u>16,178</u>
	<b>Total income .....</b>		19,026	17,131	37,820	29,814	69,303
	Direct expenses, securities .....		349	503	821	1,038	1,931
	Direct expenses, properties .....		<u>1,915</u>	<u>2,939</u>	<u>4,230</u>	<u>4,074</u>	<u>5,768</u>
	<b>Total gross earnings .....</b>		16,762	13,689	32,769	24,702	61,604
	Financial expenses .....	5	<u>8,804</u>	<u>2,920</u>	<u>15,294</u>	<u>6,910</u>	<u>15,386</u>
			<u>7,958</u>	<u>10,769</u>	<u>17,475</u>	<u>17,792</u>	<u>46,218</u>
	Other external expenses .....		1,004	797	1,929	1,594	2,916
	Other income and expenses .....		0	0	0	-80	-78
	Staff expenses .....	6	3,658	3,418	6,935	6,685	13,336
	Depreciation and amortisation .....		<u>103</u>	<u>103</u>	<u>206</u>	<u>195</u>	<u>401</u>
			<u>4,765</u>	<u>4,318</u>	<u>9,070</u>	<u>8,394</u>	<u>16,575</u>
	<b>Profit/loss before tax .....</b>		3,193	6,451	8,405	9,398	29,643
	Tax on profit/loss for the period ..	7	<u>693</u>	<u>1,430</u>	<u>1,850</u>	<u>2,089</u>	<u>6,326</u>
	<b>NET PROFIT/LOSS FOR THE PERIOD (COMPREHENSIVE INCOME)</b>		<u>2,500</u>	<u>5,021</u>	<u>6,555</u>	<u>7,309</u>	<u>23,317</u>
	Earnings per A & B share (EPS) in DKK .....		2.5	5.0	6.6	7.3	23.3
	Earnings per A & B share (EPS) in DKK (diluted value) .....		2.5	5.0	6.6	7.3	23.3

**BALANCE SHEET AS AT 31 MARCH 2019**

**ASSETS**

		<b>GROUP</b>		
	<u>Note</u>	<u>31/3 2019</u> <u>DKK '000</u>	<u>31/3 2018</u> <u>DKK '000</u>	<u>30/9 2018</u> <u>DKK '000</u>
<b>Fixed assets</b>				
Domicile properties .....		10,737	10,926	10,831
Fixtures, fittings and equipment .....		597	820	709
<b>Property, plant and equipment .....</b>		<b>11,334</b>	<b>11,746</b>	<b>11,540</b>
Investment properties.....		187,886	184,104	187,886
Rebuilding in progress .....		3,146	1,739	1,614
<b>Investment properties.....</b>		<b>191,032</b>	<b>185,843</b>	<b>189,500</b>
Securities .....	8	658,981	650,707	646,054
<b>Fixed asset investments .....</b>		<b>658,981</b>	<b>650,707</b>	<b>646,054</b>
Deferred tax .....	7	0	27	0
<b>Non-current assets .....</b>		<b>861,347</b>	<b>848,323</b>	<b>847,094</b>
<b>Property acquired for the purpose of resale .....</b>		<b>0</b>	<b>2,454</b>	<b>0</b>
Other receivables .....		7,035	10,502	8,917
Corporation tax .....		278	54	0
Prepayments .....		622	534	588
<b>Receivables .....</b>		<b>7,935</b>	<b>11,090</b>	<b>9,505</b>
<b>Cash at bank and in hand.....</b>		<b>9,371</b>	<b>7,961</b>	<b>10,535</b>
<b>Current assets .....</b>		<b>17,306</b>	<b>21,505</b>	<b>20,040</b>
<b>ASSETS .....</b>		<b>878,653</b>	<b>869,828</b>	<b>867,134</b>

**BALANCE SHEET AS AT 31 MARCH 2019**

**LIABILITIES AND EQUITY**

		<b>GROUP</b>		
	<u>Note</u>	<u>31/3 2019</u> <u>DKK '000</u>	<u>31/3 2018</u> <u>DKK '000</u>	<u>30/9 2018</u> <u>DKK '000</u>
Share capital .....		100,000	100,000	100,000
Proposed dividend .....		0	0	23,000
Retained earnings .....		<u>237,122</u>	<u>237,559</u>	<u>230,567</u>
<b>Equity .....</b>		<u>337,122</u>	<u>337,559</u>	<u>353,567</u>
Deferred tax .....		<u>4,540</u>	<u>0</u>	<u>2,682</u>
<b>Provisions .....</b>		<u>4,540</u>	<u>0</u>	<u>2,682</u>
Mortgage credit institutes .....	9	78,276	64,562	60,983
Interest swaps .....	11	<u>16,798</u>	<u>9,886</u>	<u>9,086</u>
<b>Non-current liabilities .....</b>		<u>95,074</u>	<u>74,448</u>	<u>70,069</u>
Mortgage credit institutes .....	9	7,879	6,888	6,915
Credit institutions .....	10	422,833	440,685	422,679
Deposits .....		4,329	3,149	3,153
Corporation tax .....		0	0	1,476
Other payables .....		6,058	5,086	4,517
Interest swaps .....	11	0	84	398
Deferred income .....		<u>818</u>	<u>1,929</u>	<u>1,678</u>
<b>Current liabilities.....</b>		<u>441,917</u>	<u>457,821</u>	<u>440,816</u>
<b>Liabilities .....</b>		<u>541,531</u>	<u>532,269</u>	<u>513,567</u>
<b>LIABILITIES AND EQUITY .....</b>		<u>878,653</u>	<u>869,828</u>	<u>867,134</u>

Note 12 Financial gearing

**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 2017 .....</b>	<b>17,500</b>	<b>82,500</b>	<b>230,250</b>	<b>22,000</b>	<b>352,250</b>
Dividend paid .....	0	0	0	-22,000	-22,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>7,309</u>	<u>0</u>	<u>7,309</u>
<b>Equity A &amp; B shares at 31 March 2018 .....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>237,559</u></b>	<b><u>0</u></b>	<b><u>337,559</u></b>
 <b>Equity A &amp; 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>
Dividend paid .....	0	0	0	-23,000	-23,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>6,555</u>	<u>0</u>	<u>6,555</u>
<b>Equity A &amp; B shares at 31 March 2019 .....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>237,122</u></b>	<b><u>0</u></b>	<b><u>337,122</u></b>

**CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2018 - 31 MARCH 2019**

	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 .....	26,636	25,254
Other financial income .....	234	417
Other income .....	1,255	1,152
Rental income.....	6,893	6,637
Interest payments.....	-7,681	-7,738
Operating expenses and other payments .....	-11,629	-14,601
Expenses relating to the sale of mortgages in default.....	-13	-428
Corporation tax.....	-1,746	-3,243
<b>Cash flows from operating activities.....</b>	<b>13,949</b>	<b>7,450</b>
<b>Cash flows from investing activities</b>		
Additions of mortgage deeds.....	-68,331	-84,405
Disposals of mortgage deeds and shares .....	58,194	62,160
Deposits received.....	1,209	537
Capital investments .....	-1,532	-1,010
<b>Cash flows from investing activities.....</b>	<b>-10,460</b>	<b>-22,718</b>
<b>Cash flows from financing activities</b>		
Raising of loans, credit institutions. ....	154	45,320
Raising of loans, mortgage credit institutes.....	21,980	0
Repayment, mortgage credit institutes .....	-3,755	-2,875
Dividend.....	-23,000	-22,000
Deposits paid .....	-32	-61
<b>Cash flows from financing activities.....</b>	<b>-4,653</b>	<b>20,384</b>
Net change in cash and cash equivalents.....	-1,164	5,116
Cash and cash equivalents, beginning of period.....	10,535	2,845
<b>Cash and cash equivalents, end of period.....</b>	<b>9,371</b>	<b>7,961</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>Group 2018/19</b>						
Income (realised) .....	30,068	40	63	6,497	1,255	37,923
Fair value adjustment....	189	0	-292	0	0	-103
Gross earnings .....	29,436	40	-229	2,267	1,255	32,769
Assets .....	664,167	0	661	191,633	22,192	878,653
Capital investments.....	68,331	0	0	1,532	0	69,863
Liabilities (segments)....	434,587	0	424	112,925	-13,281	534,655

<b>Group 2017/18</b>						
Income (realised) .....	22,524	-6,466	-109	6,019	1,152	23,120
Fair value adjustment....	-479	7,413	-240	0	0	6,694
Gross earnings .....	21,007	947	-349	1,945	1,152	24,702
Assets .....	659,461	2,218	910	161,504	45,735	869,828
Capital investments.....	84,405	0	0	943	310	85,658
Liabilities (segments)....	445,124	0	618	74,911	4,517	525,170

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 14,686 (kDKK 20,620). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 3,716 (kDKK -901), 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 half-year as follows:

	<u>Group</u>	
	<u>2018/19</u> <u>DKK '000</u>	<u>2017/18</u> <u>DKK '000</u>
Gross earnings.....	32,769	24,702
Financial expenses .....	15,294	6,910
Other external expenses .....	1,929	1,594
Other income and expenses .....	0	-80
Staff expenses .....	6,935	6,685
Depreciation and amortisation .....	<u>206</u>	<u>195</u>
Profit/loss before tax .....	<u>8,405</u>	<u>9,398</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 .....	534,655	525,170
Other payables .....	6,058	5,086
Interest and currency swaps .....	0	84
Deferred income .....	818	1,929
Liabilities.....	541,531	532,269

	GROUP	
	2018/19 DKK '000	2017/18 DKK '000
<b>1. Statement of basic earnings</b>		
Financial income .....	30,599	27,881
Rental income .....	6,497	6,019
Other income .....	1,255	1,152
Net loss/gain, mortgage deeds .....	-492	-5,166
Direct expenses, securities.....	821	1,038
Direct expenses, properties.....	4,230	4,074
Financial expenses.....	7,832	7,181
Other external expenses.....	1,929	1,514
Staff expenses.....	6,935	6,685
Depreciation and amortisation.....	206	195
<b>Basic earnings .....</b>	<b>15,906</b>	<b>9,199</b>
<b>2. Financial income</b>		
Mortgage deeds, interest.....	26,565	25,034
Bonds, interest .....	40	191
	26,605	25,225
Capital gains, mortgage deeds .....	3,762	2,482
Capital gains, bonds.....	0	-6,636
Capital gain, shares.....	62	-79
Currency swaps .....	1	243
Exchange adjustments, securities .....	0	-294
Other financial income .....	233	174
	30,663	21,115

	GROUP	
	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.....	7,523	6,532
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	3,716	-901
Loss/gain on sale of properties acquired for the purpose of resale.....	0	-10
Expenses relating to the sale of mortgages in default.....	15	392
Provision for losses on properties acquired for the purpose of resale ....	0	-400
	-3,822	-8,235
 Bad debts recovered .....	 3,330	 3,069
	-492	-5,166
<b>4. Fair value adjustment of financial assets</b>		
Fair value adjustment, mortgage deeds .....	189	-479
Fair value adjustment, bonds .....	0	7,413
Fair value adjustment, shares.....	-292	-240
	-103	6,694
<b>5. Financial expenses</b>		
Credit institutions .....	5,340	5,371
Interest swaps, credit institutions.....	825	807
Interest swaps, credit institutions, fair value adjustment.....	7,166	110
Exchange loss/gain on foreign loans etc, net.....	0	-2
	13,331	6,286
Mortgage credit institutes .....	815	721
Interest swaps, mortgage credit institutes.....	584	629
Mortgage credit institutes, fair value adjustment .....	104	-163
Interest swaps, mortgage credit institutes, fair value adjustment .....	192	-565
Expenses relating to raising of loans from mortgage credit institutes....	268	0
Other interest expenses .....	0	2
	15,294	6,910
<b>6. Staff expenses</b>		
Remuneration of Supervisory Board .....	305	305
Wages and salaries .....	6,107	5,938
Defined contribution plan.....	479	402
Other social security expenses.....	44	40
Other staff, total.....	6,630	6,380
Total staff expenses .....	6,935	6,685
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 2.0 million (DKK 1.6 million).

	G R O U P	
	2018/19 DKK '000	2017/18 DKK '000
<b>7. Corporation tax</b>		
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.....	1,849	2,068
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc.....	1	21
	1,850	2,089
Effective tax rate.....	22,01%	22,23%
Tax asset at 1 October 2018 .....	22,911	27,242
Transferred to DI-Ejendoms Invest A/S .....	-237	-389
Adjustment of deferred tax .....	12	0
Change in deferred tax recognised in the income statement .....	-1,511	-1,493
Tax asset at 31 March 2019.....	21,175	25,360
Deferred tax at 1 October 2018 .....	25,593	25,199
Change in deferred tax recognised in the income statement .....	122	134
Deferred tax at 31 March 2019.....	25,715	25,333
Total deferred tax at 31 March 2019 .....	-4,540	27
The value of deferred tax is specified as follows:		
Investment properties .....	-25,684	-25,314
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc .....	335	422
Tax loss carry-forwards .....	20,809	24,919
Deferred tax .....	-4,540	27

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 March 2019, the loss amounts to DKK 97.5 million (DKK 97.6 million) measured on the basis of a tax rate of 22%. Utilisation of the tax loss is not time-limited.

	GROUP	
8. Securities	2018/19 DKK '000	2017/18 DKK '000
Number of mortgage deeds.....	2,236	2,258
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.).....	492,885	476,103
Measured at fair value, which substantially corresponds to the cost of the mortgage deeds .....	36,892	41,788
Total fixed-interest mortgage deeds .....	529,777	517,891
Cibor mortgage deeds, measured at fair value on the basis of the cost of the mortgage deeds .....	190,714	205,883
	720,491	723,774

The portfolio of securities in the Parent Company and the Group at 31 March 2019 is specified as follows:

	Mortgage deeds	Shares	Total
Total cost .....	667,168	1,610	668,778
Fair value adjustment .....	5,838	-949	4,889
Fair value adjustment, credit risk .....	-14,686	0	-14,686
Fair value .....	658,320	661	658,981

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 62,171 (kDKK 76,195), of which kDKK 14,686 (kDKK 20,620) relates to fair value adjustment for credit risk.

	GROUP	
9. Mortgage credit institutes	2018/19 DKK '000	2017/18 DKK '000
Cash loan, outstanding debt.....	85,313	70,524
Fair value of outstanding debt, bonds.....	86,401	71,601
Measurement of debt to mortgage credit institutes:		
Investment properties, fair value .....	78,624	66,933
Domicile property, amortised cost.....	7,531	4,517
	86,155	71,450

	G R O U P	
	2018/19	2017/18
	<u>DKK '000</u>	<u>DKK '000</u>
<b>10. Credit institutions</b>		
Fair value of loans (DKK), credit institutions .....	<u>422,833</u>	<u>440,685</u>

**11. Interest swaps**

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 34.0 million (DKK 38.0 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.

	Contractual value in million	Remaining term	Fair value DKK '000	Value ad- justment in the income statement DKK '000
<b>Interest swaps, mortgage credit institutes</b>				
Group				
31 March 2019				
Interest swaps cibor 6 months	DKK 20.2	31.12.2027	-4,023	101
Interest swaps cibor 3 months	DKK 13.8	31.12.2024	<u>-597</u>	<u>91</u>
			<u>-4,620</u>	<u>192</u>

**Interest swaps, credit institutions**

Group				
31 March 2019				
Interest swap (expired)	DKK 25.0	13.03.2019	0	-354
Interest swap	DKK 25.0	03.07.2020	-479	34
Interest swap	DKK 50.0	09.07.2022	-2,243	644
Interest swap	DKK 25.0	26.06.2025	-1,049	880
Interest swap	DKK 25.0	29.07.2025	-2,104	915
Interest swap	DKK 25.0	26.06.2026	-1,265	1,068
Interest swap	DKK 50.0	26.06.2027	-2,929	2,481
Interest swap	DKK 25.0	25.01.2028	-1,653	1,042
Interest swap	DKK 25.0	22.03.2029	<u>-456</u>	<u>456</u>
			<u>-12,178</u>	<u>7,166</u>

**12. Financial gearing**

	G R O U P	
	2018/19 DKK '000	2017/18 DKK '000
The Group's financial gearing is specified as follows:		
Credit institutions .....	422,833	440,685
Mortgage credit institutes .....	86,155	71,450
Other payables .....	6,058	5,086
Corporation tax .....	-278	-54
Cash and cash equivalents .....	-9,371	-7,961
	505,397	509,206
Equity .....	337,122	337,559
Financial gearing .....	1.50	1.51