

# 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 6, 2018/19**  
page 1 of 20  
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## **Interim Report as at 30 June 2019**

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Interim Report as at 30 June 2019.

### **Third quarter 2018/19:**

- Basic earnings amount to DKK 6.5 million (DKK 9.2 million). The lower basic earnings are primarily due to expenses relating to rebuilding in connection with the letting of vacant rental units.
- The Group's profit before tax amounts to DKK 7.5 million (DKK 6.4 million).

Profit before tax for the quarter is DKK 1.0 million higher than basic earnings, primarily due to:

- fair value adjustments of mortgage deeds of DKK 6.6 million, primarily due to an adjustment of the effective interest rate from 8.5% to 8.25%;
- fair value adjustments of interest swaps and mortgage credit loans of DKK -4.8 million;
- fair value adjustments of investment properties of DKK -0.6 million.

### **Interim period 2018/19:**

- Basic earnings for the period amount to DKK 22.4 million (DKK 18.4 million).
- The Group's profit before tax for the period amounts to DKK 15.9 million (DKK 15.8 million).

Profit before tax for the period is DKK 6.5 million lower than basic earnings, primarily due to:

- fair value adjustments of mortgage deeds of DKK 6.8 million, primarily due to an adjustment of the effective interest rate from 8.5% to 8.25%;
- fair value adjustments of interest swaps and mortgage credit loans of DKK -12.3 million;
- fair value adjustments of investment properties of DKK -0.6 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 5, 2018/19 of 27 May 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 21 August 2019 affect results for the year before tax by DKK -10.6 million. The amount is distributed with DKK -6.5 million for the period and DKK -4.1 million for the period 1 July to 21 August 2019.

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

Announcement No 6 of 29 August 2019  
Interim Report for the period 1 October 2018 to 30 June 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.

Investeringsselskabet 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, Investeringsselskabet 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**

OCTOBER - JUNE

<u>DKK million</u>	<u>2018/19</u> <u>Q1-Q3</u>	<u>2017/18</u> <u>Q1-Q3</u>	<u>2016/17</u> <u>Q1-Q3</u>	<u>2017/18</u> <u>full year</u>
<u>Key figures</u>				
Income .....	63.2	48.4	48.5	69.3
Gross earnings .....	53.3	41.6	40.5	61.6
Profit/loss before tax.....	15.9	15.8	22.5	29.6
Net profit/loss for the period .....	12.3	12.3	17.5	23.3
Basic earnings.....	22.4	18.4	18.9	27.1
Assets.....	923.4	863.6	842.0	867.1
Equity .....	342.9	342.6	348.8	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>12.3</u>	<u>12.3</u>	<u>17.5</u>	<u>23.3</u>
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK).....	12.29	12.31	17.49	23.32
Net asset value per share in circulation (DKK) ..	342.86	342.56	348.85	353.57
Return on equity in percentage p.a. ....	4.71	4.72	6.62	6.61
Equity share in percentage.....	37.13	39.67	41.43	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 .....	402	414	333	405
Highest.....	555	460	420	460
End of period .....	406	401	400	426
Volume of trade on the Stock Exchange, number of shares.....	10,290	11,361	11,886	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 period amount to DKK 22.4 million (DKK 18.4 million).

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

The Group's profit before tax for the period amounts to DKK 15.9 million (DKK 15.8 million).

Profit before tax for the period is DKK 6.5 million lower than basic earnings, primarily due to fair value adjustments of interest swaps and debt to mortgage credit institutes of DKK -12.3 million and fair value adjustments of assets of DKK 5.8 million.

Similarly, profit before tax for the period 2017/18 was DKK 2.6 million lower than basic earnings, primarily due to fair value adjustments of assets, interest swaps and debt to mortgage credit institutes.

After recognition of tax for the period of DKK 3.6 million (DKK 3.5 million), the profit after tax for the period amounts to DKK 12.3 million (DKK 12.3 million).

**Business areas**

The Group's balance sheet, which compared with the same time last year has increased from DKK 863.6 million to DKK 923.4 million, includes the following business areas:

	2018/19 <u>DKK million</u>	2017/18 <u>DKK million</u>
Mortgage deeds .....	684.6	645.1
Bonds .....	0.0	1.2
Shares .....	<u>0.6</u>	<u>0.9</u>
Total securities.....	685.2	647.2
Investment properties .....	<u>190.6</u>	<u>185.7</u>
Total.....	<u>875.8</u>	<u>832.9</u>

**Mortgage deeds**

The fair value of the Group's portfolio of mortgage deeds amounts to DKK 684.6 million (DKK 645.1 million), and the nominal value amounts to DKK 736.2 million (DKK 716.5 million).

The fair value of the Group's portfolio of mortgage deeds is distributed with DKK 514.2 million (DKK 474.5 million) in fixed-interest mortgage deeds and DKK 170.4 million (DKK 170.6 million) in floating-rate cibor mortgage deeds.

Return on the portfolio of mortgage deeds for the period is specified as follows:

	<u>2018/19</u> <u>DKK million</u>	<u>2017/18</u> <u>DKK million</u>
Interest income.....	40.1	38.0
Capital gains, mortgage deeds .....	5.8	4.8
Fair value adjustment.....	<u>6.8</u>	<u>-0.3</u>
	52.7	42.5
Direct expenses, mortgage deeds.....	1.4	1.5
Realised losses on mortgage deeds, fair value adjustment for credit risk as well as expenses relating to the sale of mortgages in default.....	-6.1	-9.7
Bad debts recovered.....	<u>5.3</u> <u>-0.8</u>	<u>5.0</u> <u>-4.7</u>
	<u>50.5</u>	<u>36.3</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 510.9 million (DKK 477.9 million) have been measured in the balance sheet at fair value on the basis of an effective interest rate of 8.25% p.a. (8.5% p.a.). The total effect of the change of the effective interest rate is approx. DKK 6.6 million, which has been recognised in the item fair value adjustments of mortgage deeds. The adjustment of the effective interest rate is due to strengthening of the price in the mortgage deed market as a result of the general decrease in interest rates.

Fixed-interest mortgage deeds of a nominal amount of DKK 33.6 million (DKK 41.0 million) and cibor mortgage deeds of a nominal amount of DKK 191.7 million (DKK 197.6 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 298.5 (kDKK 294.7).

Net loss/gain, mortgage deeds amounts to DKK -0.8 million (DKK -4.7 million), which is lower than expected.

Net loss/gain, mortgage deeds includes:

- realised net losses on mortgage deeds and mortgage deed receivables of DKK -6.1 million (DKK -9.7 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 5.3 million (DKK 5.0 million).

The total fair value adjustment of credit risk on mortgage deeds amounts to DKK 13.0 million (DKK 17.9 million), corresponding to 1.9% (2.7%) 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 190.6 million (DKK 185.7 million).

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

	<u>2018/19</u> <u>DKK million</u>	<u>2017/18</u> <u>DKK million</u>
Rental income .....	10.2	9.3
Direct expenses, investment properties .....	<u>8.6</u>	<u>5.3</u>
	<u>1.6</u>	<u>4.0</u>

As to the Group's total property portfolio, which comprises approx. 34,085 m<sup>2</sup>, it can be stated that the lease rate as at 1 July 2019 is 91.6% compared to 79.7% as at 30 September 2018.

In connection with the leases, the m<sup>2</sup> let out have been considerably rebuilt and renovated, corresponding to approx. DKK 3.6 million.

### **Financing and debt**

The fair value of the Group's short-term debt to credit institutions amounts to DKK 442.5 million (DKK 428.8 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. 9.75 years. Fair value adjustments of interest swaps for the period amount to DKK -11.5 million (DKK -1.9 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 DKK -16.5 million (DKK -6.8 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 84.5 million (DKK 69.8 million).

The Group has pegged the interest rate on DKK 32.9 million (DKK 37.0 million) through interest swaps with a duration of up to 7.5 years. Fair value adjustment of mortgage credit institutes for the period is DKK -0.4 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 DKK -4.8 million (DKK -4.8 million). The amount is counterbalanced through current fair value adjustments over the terms of the contracts.

During the period, 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 2040.

After the end of the quarter, additional mortgage credit loans of DKK 12 million have been raised. The loans have been raised as cash loans issued on the basis of 1.5% bonds with maturity in 2040.

**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 as at 30 June 2019 and 30 June 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	684.6	26.5	645.1	24.6
Bonds	10% change in value	0.0	0.0	1.2	0.2
Shares	10% change in value	0.6	0.1	0.9	0.1
Investment properties	0.5% yield requirement	190.6	12.3	185.7	11.8
Securities in foreign currencies	10% change in value	0.6	0.1	2.1	0.2
Interest swaps	0.5% change in rate of interest	21.3	9.1	11.6	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 5, 2018/19 of 27 May 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 21 August 2019 affect results for the year before tax by DKK -10.6 million. The amount is distributed with DKK -6.5 million for the period and DKK -4.1 million for the period 1 July to 21 August 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 30 June 2019 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 2018 - 30 June 2019.

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 assets, liabilities and financial position as at 30 June 2019 of the Group and of the results of the Group's operations and cash flows for the period 1 October 2018 - 30 June 2019.

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

Copenhagen, 29 August 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 - 30 JUNE 2019**

		G R O U P					
		1/4 - 30/6 2019	1/4 - 30/6 2018	1/10 2018 - 30/6 2019	1/10 2017 - 30/6 2018	1/10 2017 - 30/9 2018	
Note		DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	
	Financial income .....	2	15,586	15,146	46,249	36,261	44,358
	Net loss/gain, mortgage deeds .....	3	-365	441	-857	-4,725	-5,927
	Fair value adjustment of financial assets .....	4	6,509	-817	6,406	5,877	14,694
			<u>21,730</u>	<u>14,770</u>	<u>51,798</u>	<u>37,413</u>	<u>53,125</u>
	Rental income .....		3,719	3,242	10,216	9,261	12,549
	Other income .....		547	604	1,802	1,756	2,373
	Fair value adjustment of investment properties .....		-581	0	-581	0	1,256
			<u>3,685</u>	<u>3,846</u>	<u>11,437</u>	<u>11,017</u>	<u>16,178</u>
	<b>Total income</b> .....		25,415	18,616	63,235	48,430	69,303
	Direct expenses, securities .....		540	441	1,361	1,479	1,931
	Direct expenses, properties .....		<u>4,368</u>	<u>1,242</u>	<u>8,598</u>	<u>5,316</u>	<u>5,768</u>
	<b>Total gross earnings</b> .....		20,507	16,933	53,276	41,635	61,604
	Financial expenses .....	5	<u>9,036</u>	<u>6,155</u>	<u>24,330</u>	<u>13,065</u>	<u>15,386</u>
			<u>11,471</u>	<u>10,778</u>	<u>28,946</u>	<u>28,570</u>	<u>46,218</u>
	Other external expenses .....		707	658	2,636	2,252	2,916
	Other income .....		0	0	0	80	78
	Staff expenses .....	6	3,131	3,592	10,066	10,277	13,336
	Depreciation and amortisation .....		<u>102</u>	<u>103</u>	<u>308</u>	<u>298</u>	<u>401</u>
			<u>3,940</u>	<u>4,353</u>	<u>13,010</u>	<u>12,747</u>	<u>16,575</u>
	<b>Profit/loss before tax</b> .....		7,531	6,425	15,936	15,823	29,643
	Tax on profit/loss for the period ..	7	<u>1,796</u>	<u>1,424</u>	<u>3,646</u>	<u>3,513</u>	<u>6,326</u>
	<b>NET PROFIT/LOSS FOR THE PERIOD (COMPREHENSIVE INCOME)</b>		<u>5,735</u>	<u>5,001</u>	<u>12,290</u>	<u>12,310</u>	<u>23,317</u>
	Earnings per A & B share (EPS) in DKK .....		5.7	5.0	12.3	12.3	23.3
	Earnings per A & B share (EPS) in DKK (diluted value) .....		5.7	5.0	12.3	12.3	23.3

**BALANCE SHEET AS AT 30 JUNE 2019**

**ASSETS**

		G R O U P		
	<u>Note</u>	<u>30/6 2019</u> <u>DKK '000</u>	<u>30/6 2018</u> <u>DKK '000</u>	<u>30/9 2018</u> <u>DKK '000</u>
<b>Fixed assets</b>				
Domicile properties .....		10,690	10,879	10,831
Fixtures, fittings and equipment .....		542	764	709
<b>Property, plant and equipment .....</b>		<b>11,232</b>	<b>11,643</b>	<b>11,540</b>
Investment properties.....		190,600	185,692	187,886
Rebuilding in progress .....		0	628	1,614
<b>Investment properties.....</b>		<b>190,600</b>	<b>186,320</b>	<b>189,500</b>
Securities .....	8	685,165	647,236	646,054
<b>Fixed asset investments .....</b>		<b>685,165</b>	<b>647,236</b>	<b>646,054</b>
<b>Non-current assets .....</b>		<b>886,997</b>	<b>845,199</b>	<b>847,094</b>
Other receivables .....		7,434	9,512	8,917
Prepayments .....		566	187	588
<b>Receivables .....</b>		<b>8,000</b>	<b>9,699</b>	<b>9,505</b>
<b>Cash at bank and in hand .....</b>		<b>28,432</b>	<b>8,682</b>	<b>10,535</b>
<b>Current assets .....</b>		<b>36,432</b>	<b>18,381</b>	<b>20,040</b>
<b>ASSETS .....</b>		<b>923,429</b>	<b>863,580</b>	<b>867,134</b>

**BALANCE SHEET AS AT 30 JUNE 2019**

**LIABILITIES AND EQUITY**

	<u>Note</u>	<u>GROUP</u>		
		<u>30/6 2019</u> <u>DKK '000</u>	<u>30/6 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>242,857</u>	<u>242,560</u>	<u>230,567</u>
<b>Equity</b> .....		<u>342,857</u>	<u>342,560</u>	<u>353,567</u>
Deferred tax .....	7	<u>5,700</u>	<u>909</u>	<u>2,682</u>
<b>Provisions</b> .....		<u>5,700</u>	<u>909</u>	<u>2,682</u>
Mortgage credit institutes .....	9	76,371	62,802	60,983
Interest swaps .....	11	<u>21,310</u>	<u>11,636</u>	<u>9,086</u>
<b>Non-current liabilities</b> .....		<u>97,681</u>	<u>74,438</u>	<u>70,069</u>
Mortgage credit institutes .....	9	7,906	6,900	6,915
Credit institutions .....	10	442,457	428,795	422,679
Deposits .....		4,322	3,158	3,153
Corporation tax .....		358	434	1,476
Other payables .....		21,521	4,467	4,517
Interest swaps .....		0	120	398
Deferred income .....		<u>627</u>	<u>1,799</u>	<u>1,678</u>
<b>Current liabilities</b> .....		<u>477,191</u>	<u>445,673</u>	<u>440,816</u>
<b>Liabilities</b> .....		<u>580,572</u>	<u>521,020</u>	<u>513,567</u>
<b>LIABILITIES AND EQUITY</b> .....		<u>923,429</u>	<u>863,580</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>12,310</u>	<u>0</u>	<u>12,310</u>
<b>Equity A &amp; B shares at 30 June 2018.....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>242,560</u></b>	<b><u>0</u></b>	<b><u>342,560</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>12,290</u>	<u>0</u>	<u>12,290</u>
<b>Equity A &amp; B shares at 30 June 2019.....</b>	<b><u>17,500</u></b>	<b><u>82,500</u></b>	<b><u>242,857</u></b>	<b><u>0</u></b>	<b><u>342,857</u></b>

**CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2018 - 30 JUNE 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 .....	40,033	38,201
Other financial income .....	314	261
Other income .....	1,802	1,756
Rental income.....	10,503	9,879
Interest payments.....	-12,117	-12,166
Operating expenses and other payments .....	-21,422	-19,934
Expenses relating to the sale of mortgages in default.....	-201	2,526
Corporation tax .....	-1,746	-3,243
<b>Cash flows from operating activities.....</b>	<b>17,166</b>	<b>17,280</b>
<b>Cash flows from investing activities</b>		
Additions of mortgage deeds.....	-120,874	-122,645
Disposals of mortgage deeds and shares .....	91,919	105,335
Deposits received.....	1,208	556
Capital investments .....	-1,681	-1,487
<b>Cash flows from investing activities.....</b>	<b>-29,428</b>	<b>-18,241</b>
<b>Cash flows from financing activities</b>		
Raising of loans, credit institutions. ....	36,938	33,460
Raising of loans, mortgage credit institutes.....	21,980	0
Repayment, mortgage credit institutes .....	-5,720	-4,591
Dividend.....	-23,000	-22,000
Deposits paid .....	-39	-71
<b>Cash flows from financing activities.....</b>	<b>30,159</b>	<b>6,798</b>
Net change in cash and cash equivalents.....	17,897	5,837
Cash and cash equivalents, beginning of period.....	10,535	2,845
<b>Cash and cash equivalents, end of period.....</b>	<b>28,432</b>	<b>8,682</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) .....	46,146	40	63	10,216	1,802	58,267
Fair value adjustment....	6,755	0	-349	-581	0	5,825
Gross earnings .....	50,683	40	-286	1,037	1,802	53,276
Assets.....	690,812	0	603	191,061	40,953	923,429
Capital investments.....	120,874	0	0	1,681	0	122,555
Liabilities (segments)....	458,589	0	389	111,496	-12,408	558,066

<b><u>Group 2017/18</u></b>						
Income (realised) .....	43,079	-6,709	-109	9,261	1,756	47,278
Fair value adjustment....	-288	6,403	-238	0	0	5,877
Gross earnings .....	36,587	-306	-347	3,945	1,756	41,635
Assets.....	653,685	1,208	911	186,414	21,362	863,580
Capital investments.....	122,645	0	0	1,588	310	124,543
Liabilities (segments)....	435,002	69	656	95,877	-17,284	514,320

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 13,038 (kDKK 17,888). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 5,947 (kDKK 1,449), 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 .....	53,276	41,635
Financial expenses .....	24,330	13,065
Other external expenses .....	2,636	2,252
Other income.....	0	80
Staff expenses .....	10,066	10,277
Depreciation and amortisation .....	<u>308</u>	<u>298</u>
Profit/loss before tax .....	<u>15,936</u>	<u>15,823</u>

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

	<u>Group</u>	
	2018/19	2017/18
	<u>DKK '000</u>	<u>DKK '000</u>
Liabilities, segments .....	558,066	514,320
Other payables .....	21,521	4,467
Interest and currency swaps .....	358	434
Deferred income .....	<u>627</u>	<u>1,799</u>
Liabilities.....	<u>580,572</u>	<u>521,020</u>

	<u>GROUP</u>	
	2018/19	2017/18
	<u>DKK '000</u>	<u>DKK '000</u>
<b>1. Statement of basic earnings</b>		
Financial income .....	46,186	43,270
Rental income .....	10,216	9,261
Other income .....	1,802	1,756
Net loss/gain, mortgage deeds .....	-857	-4,725
Direct expenses, securities.....	1,361	1,479
Direct expenses, properties.....	8,598	5,316
Financial expenses.....	12,005	11,647
Other external expenses.....	2,636	2,172
Staff expenses.....	10,066	10,277
Depreciation and amortisation.....	<u>309</u>	<u>298</u>
<b>Basic earnings</b> .....	<u>22,372</u>	<u>18,373</u>
<b>2. Financial income</b>		
Mortgage deeds, interest.....	40,060	37,969
Bonds, interest .....	<u>40</u>	<u>191</u>
	40,100	38,160
Capital gains, mortgage deeds .....	5,774	4,849
Capital gains, bonds.....	0	-6,636
Capital gain, shares.....	62	-79
Currency swaps .....	1	-1
Exchange adjustments, securities .....	0	-293
Other financial income .....	<u>312</u>	<u>261</u>
	<u>46,249</u>	<u>36,261</u>

	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.....	11,863	10,885
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	5,947	1,449
Loss/gain on sale of properties acquired for the purpose of resale.....	0	-4
Expenses relating to the sale of mortgages in default.....	201	498
Provision for losses on properties acquired for the purpose of resale ....	0	200
	-6,117	-9,738
 Bad debts recovered .....	 5,260	 5,013
	-857	-4,725
<b>4. Fair value adjustment of financial assets</b>		
Fair value adjustment, mortgage deeds .....	6,755	-288
Fair value adjustment, bonds .....	0	6,403
Fair value adjustment, shares.....	-349	-238
	6,406	5,877
<b>5. Financial expenses</b>		
Credit institutions .....	8,035	8,128
Interest swaps, credit institutions.....	1,846	1,849
Interest swaps, credit institutions, fair value adjustment.....	11,509	1,865
Exchange loss/gain on foreign loans etc, net.....	0	-30
	21,390	11,812
Mortgage credit institutes .....	1,259	1,070
Interest swaps, mortgage credit institutes.....	865	947
Mortgage credit institutes, fair value adjustment .....	187	-196
Interest swaps, mortgage credit institutes, fair value adjustment .....	361	-570
Expenses relating to raising of loans from mortgage credit institutes....	268	0
Other interest expenses .....	0	2
	24,330	13,065
<b>6. Staff expenses</b>		
Remuneration of Supervisory Board .....	458	458
Wages and salaries .....	8,812	9,099
Defined contribution plan.....	728	657
Other social security expenses.....	68	63
Other staff, total.....	9,608	9,819
Total staff expenses .....	10,066	10,277
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 3.0 million (DKK 2.6 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 .....	3,506	3,481
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc .....	140	32
	3,646	3,513
Effective tax rate .....	22.88%	22.20%
Tax asset at 1 October 2018 .....	22,911	27,242
Transferred to DI-Ejendoms Invest A/S .....	-311	-597
Adjustment of deferred tax .....	12	0
Change in deferred tax recognised in the income statement .....	-2,388	-2,153
Tax asset at 30 June 2019 .....	20,224	24,492
Deferred tax at 1 October 2018 .....	25,593	25,199
Change in deferred tax recognised in the income statement .....	331	202
Deferred tax at 30 June 2019 .....	25,924	25,401
Total deferred tax at 30 June 2019 .....	-5,700	-909
The value of deferred tax is specified as follows:		
Investment properties .....	-25,890	-25,377
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc .....	350	281
Tax loss carry-forwards .....	19,840	24,187
Deferred tax .....	-5,700	-909

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 30 June 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**

	<u>2018/19</u> <u>DKK '000</u>	<u>2017/18</u> <u>DKK '000</u>
Number of mortgage deeds.....	<u>2,337</u>	<u>2,250</u>
Mortgage deeds distributed on nominal value:		
Fixed-interest mortgage deeds:		
Measured at fair value on the basis of an average effective interest rate of 8.25% p.a. (8.5% p.a.).....	510,859	477,928
Measured at fair value, which substantially corresponds to the cost of the mortgage deeds .....	<u>33,598</u>	<u>40,982</u>
Total fixed-interest mortgage deeds .....	544,457	518,910
Cibor mortgage deeds, measured at fair value on the basis of the cost of the mortgage deeds .....	<u>191,790</u>	<u>197,585</u>
	<u>736,247</u>	<u>716,495</u>

The portfolio of securities in the Parent Company and the Group as at 30 June 2019 is specified as follows:

	<u>Mortgage</u> <u>deeds</u>	<u>Shares</u>	<u>Total</u>
Total cost .....	685,196	1,609	686,805
Fair value adjustment .....	12,404	-1,006	11,398
Fair value adjustment, credit risk .....	<u>-13,038</u>	<u>0</u>	<u>-13,038</u>
Fair value .....	<u>684,562</u>	<u>603</u>	<u>685,165</u>

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 51,685 (kDKK 71,378), of which kDKK 13,038 (kDKK 17,888) relates to fair value adjustment for credit risk.

GROUP

**9. Mortgage credit institutes**

	<u>2018/19</u> <u>DKK '000</u>	<u>2017/18</u> <u>DKK '000</u>
Cash loan, outstanding debt.....	<u>83,347</u>	<u>68,808</u>
Fair value of outstanding debt, bonds.....	<u>84,514</u>	<u>69,849</u>
Measurement of debt to mortgage credit institutes:		
Investment properties, fair value .....	76,838	65,243
Domicile property, amortised cost.....	<u>7,439</u>	<u>4,459</u>
	<u>84,277</u>	<u>69,702</u>

GROUP

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

**10. Credit institutions**

Fair value of loans (DKK), credit institutions .....	<u>442,457</u>	<u>428,795</u>
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**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 32.9 million (DKK 37.0 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.

	<u>Contractual value in million</u>	<u>Remaining term</u>	<u>Fair value DKK '000</u>	<u>Value ad- justment in the income statement DKK '000</u>
<b>Interest swaps, mortgage credit institutes</b>				
Group				
30 June 2019				
Interest swaps cibor 6 months	DKK 19.7	31.12.2027	-4,126	-204
Interest swaps cibor 3 months	DKK 13.2	31.12.2024	<u>-663</u>	<u>-157</u>
			<u>-4,789</u>	<u>-361</u>

**Interest swaps, credit institutions**

Group				
30 June 2019				
Interest swap (expired)	DKK 25.0	13.03.2019	0	354
Interest swap	DKK 25.0	03.07.2020	-517	-72
Interest swap	DKK 50.0	09.07.2022	-2,665	-1,066
Interest swap	DKK 25.0	26.06.2025	-1,347	-1,178
Interest swap	DKK 25.0	29.07.2025	-2,639	-1,450
Interest swap	DKK 25.0	26.06.2026	-1,642	-1,445
Interest swap	DKK 50.0	26.06.2027	-3,862	-3,414
Interest swap	DKK 25.0	25.01.2028	-2,466	-1,855
Interest swap	DKK 25.0	22.03.2029	<u>-1,383</u>	<u>-1,383</u>
			<u>-16,521</u>	<u>-11,509</u>

**12. Financial gearing**

	G R O U P	
	2018/19 DKK '000	2017/18 DKK '000
The Group's financial gearing is calculated as follows:		
Credit institutions .....	442,457	428,795
Mortgage credit institutes .....	84,277	69,702
Other payables .....	21,521	4,467
Corporation tax .....	358	434
Cash and cash equivalents .....	-28,432	-8,682
	520,181	494,716
Equity .....	342,857	342,560
Financial gearing.....	1.52	1.44