

Investeringselskabet Luxor A/S

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Half-year Report as at 31 March 2020

27 May 2020

Announcement No 6, 2019/20

Half-year Report as at 31 March 2020

The Supervisory Board of Investeringselskabet Luxor A/S has today adopted the Half-year Report as at 31 March 2020.

Second quarter 2019/20:

- Basic earnings amount to DKK 9.0 million (DKK 7.9 million).
- The Group's profit before tax amounts to DKK 9.2 million (DKK 3.2 million).

Profit before tax for the quarter is DKK 0.2 million higher than basic earnings, primarily due to fair value adjustments of interest swaps.

Half-year 2019/20:

- Basic earnings for the half-year amount to DKK 20.7 million (DKK 15.9 million).
- The Group's profit before tax for the half-year amounts to DKK 27.1 million (DKK 8.4 million).

Profit before tax for the half-year is DKK 6.4 million higher than basic earnings, primarily due to:

- fair value adjustments of interest swaps and mortgage credit loans of DKK 6.8 million;
- fair value adjustments of financial assets of DKK -0.4 million.

Expected basic earnings 2019/20:

- For the financial year 2019/20, basic earnings of approx. DKK 33 million are expected, which is identical with the most recent announcement made in Company Announcement No 5, 2019/20 of 21 February 2020.
- Fair value adjustments of interest swaps and financial assets are not included in basic earnings and will until 18 May 2020 affect results for the year before tax by DKK 4.6 million. The amount is distributed with DKK 6.4 million for the half-year and DKK -1.8 million for the period 1 April - 18 May 2020.

To date, the Company's basic earnings have not been materially affected by COVID-19. The expected level of basic earnings for the year, DKK 33 million, allows for the uncertainties included in our present assessment of the situation.

The Company is to a certain extent dependent on the impact of COVID-19 on society and assesses on a current basis whether any adjustments are to be made based on this.

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

Announcement No 6 of 27 May 2020
Half-year Report for the period 1 October 2019 - 31 March 2020

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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

	OCTOBER - MARCH			
<u>DKK million</u>	<u>2019/20</u> <u>half-year</u>	<u>2018/19</u> <u>half-year</u>	<u>2017/18</u> <u>half-year</u>	<u>2018/19</u> <u>full year</u>
<u>Key figures</u>				
Income	48.3	41.7	31.4	85.1
Gross earnings	37.3	32.8	24.7	69.0
Profit/loss before tax.....	27.1	8.4	9.4	19.7
Net profit/loss for the period	21.0	6.6	7.3	15.3
Basic earnings.....	20.7	15.9	9.2	29.0
Assets.....	892.2	878.7	869.8	908.3
Equity	343.9	337.1	337.6	345.8
Investment in property, plant and equipment	0.0	0.0	0.3	0.0
Profit/loss for analytical purposes:				
Net profit/loss for the period (after tax).....	<u>21.0</u>	<u>6.6</u>	<u>7.3</u>	<u>15.3</u>
<u>Ratios</u>				
<u>Values per DKK 100 share</u>				
Earnings per share (EPS) (DKK).....	21.02	6.55	7.31	15.26
Net asset value per share in circulation (DKK) ..	343.85	337.12	337.56	345.83
Return on equity in percentage p.a.	12.19	3.80	4.24	4.36
Equity share in percentage.....	38.54	38.37	38.81	38.07
<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	384	416	401	402
Highest.....	442	555	460	555
End of period.....	390	438	424	416
Volume of trade on the Stock Exchange, number of shares.....	8,274	6,994	7,953	11,104
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 half-year

The Group's basic earnings for the half-year amount to DKK 20.7 million (DKK 15.9 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 27.1 million (DKK 8.4 million).

Profit before tax for the half-year is DKK 6.4 million higher than basic earnings, primarily due to fair value adjustments of interest swaps and debt to mortgage credit institutes of DKK 6.8 million and fair value adjustments of financial assets of DKK -0.4 million.

Similarly, profit before tax for the half-year 2018/19 was DKK 7.5 million lower than basic earnings, primarily due to fair value adjustments of interest swaps and debt to mortgage credit institutes as well as financial assets.

After recognition of tax for the half-year of DKK 6.1 million (DKK 1.8 million), the profit after tax for the half-year amounts to DKK 21.0 million (DKK 6.6 million).

Business areas

The Group's balance sheet, which compared with the same time last year has increased from DKK 878.7 million to DKK 892.2 million, includes the following business areas:

	<u>2019/20</u> <u>DKK million</u>	<u>2018/19</u> <u>DKK million</u>
Mortgage deeds	672.0	658.3
Shares	<u>0.6</u>	<u>0.7</u>
Total securities.....	672.6	659.0
Investment properties	<u>191.4</u>	<u>187.9</u>
Total.....	<u>864.0</u>	<u>846.9</u>

Mortgage deeds

The fair value of the Group's portfolio of mortgage deeds amounts to DKK 672.0 million (DKK 658.3 million), and the nominal value amounts to DKK 716.8 million (DKK 720.5 million).

The fair value of the Group's portfolio of mortgage deeds is distributed with DKK 515.4 million (DKK 490.4 million) in fixed-interest mortgage deeds and DKK 156.6 million (DKK 167.9 million) in floating-rate cibor mortgage deeds.

Return on the portfolio of mortgage deeds for the half-year is specified as follows:

	2019/20 DKK million	2018/19 DKK million
Interest income.....	27.4	26.6
Capital gains, mortgage deeds	5.2	3.8
Fair value adjustment.....	-0.3	0.2
	32.3	30.6
Direct expenses, mortgage deeds.....	1.2	0.8
Realised losses on mortgage deeds, fair value adjustment for credit risk as well as expenses relating to the sale of mortgages in default.....	-4.1	-3.8
Bad debts recovered.....	6.3	3.3
	33.3	29.3

Fixed-interest mortgage deeds of a nominal amount of DKK 513.2 million (DKK 492.9 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.). Fixed-interest mortgage deeds of a nominal amount of DKK 30.8 million (DKK 36.9 million) and cibor mortgage deeds of a nominal amount of DKK 172.7 million (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 recognised.

The Group's portfolio of mortgage deeds has an average fair value per mortgage deed of kDKK 298.5 (kDKK 301.0).

Net loss/gain on mortgage deeds amounts to DKK 2.2 million (DKK -0.5 million), which is higher than expected.

Net loss/gain on mortgage deeds includes:

- realised net losses on mortgage deeds and mortgage deed receivables of DKK -4.1 million (DKK -3.8 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 6.3 million (DKK 3.3 million).

The total fair value adjustment for credit risk on mortgage deeds amounts to DKK 11.3 million (DKK 14.7 million), corresponding to 1.7% (2.2%) 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 191.4 million (DKK 187.9 million).

Return on investment properties for the half-year is specified as follows:

	2019/20 DKK million	2018/19 DKK million
Rental income.....	7.7	6.5
Direct expenses, investment properties	5.3	4.2
	2.4	2.3

As to the Group's total portfolio of rental properties, which comprises approx. 34,085 m², it can be stated that at 31 March 2020, the lease rate is approx. 93.6% (85.5%).

In connection with re-letting, costs for rebuilding and renovation of the m² let out have been recognised at approx. DKK 3.4 million.

Financing and debt

The fair value of the Group's short-term debt to credit institutions amounts to DKK 404.3 million (DKK 422.8 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 years. Fair value adjustments of interest swaps for the half-year amount to DKK 4.8 million (DKK -7.2 million) due to the interest rate development.

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 -14.5 million (DKK -12.2 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 104.1 million (DKK 86.4 million).

Fair value adjustment of mortgage credit loans for the half-year amounts to DKK 1.1 million (DKK -0.1 million).

The Group has pegged the interest rate on DKK 29.8 million (DKK 34.0 million) through interest swaps with a duration of up to 7.75 years. Fair value adjustment of interest swaps for the half-year amounts to DKK 0.9 million (DKK -0.2 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 -3.8 million (DKK -4.6 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 14 million. The loans have been raised as cash loans issued on the basis of 0.5% 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 at 31 March 2020 and 31 March 2019.

<u>DKK million</u>	<u>Increase in parameter</u>	<u>2019/20 Fair value</u>	<u>2019/20 Change of value</u>	<u>2018/19 Fair value</u>	<u>2018/19 Change of value</u>
Mortgage deeds	1% effective rate of interest	672.0	26.6	658.3	25.5
Shares	10% change in value	0.6	0.1	0.7	0.1
Investment properties	0.5% yield requirement	191.4	12.3	187.9	12.3
Securities in foreign currencies	10% change in value	0.6	0.1	0.7	0.1
Interest swaps	0.5% change in rate of interest	18.3	7.9	16.8	9.4

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 32 to the Annual Report; see the Company's website www.luxor.dk.

Future prospects and post balance sheet events

For the financial year 2019/20, basic earnings of approx. DKK 33 million are expected, which is identical with the most recent announcement made in Company Announcement No 5, 2019/20 of 21 February 2020.

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 18 May 2020 affect results for the year before tax by DKK 4.6 million. The amount is distributed with DKK 6.4 million for the half-year and DKK -1.8 million for the period 31 March - 18 May 2020.

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 Half-year Report.

To date, the Company's basic earnings have not been materially affected by COVID-19. The expected level of basic earnings for the year, DKK 33 million, allows for the uncertainties included in our present assessment of the situation.

The Company is to a certain extent dependent on the impact of COVID-19 on society and assesses on a current basis whether any adjustments are to be made based on this.

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 2018/19, to which we refer.

The accounting policies remain unchanged from those applied in the Annual Report as at 30 September 2019.

The chosen presentation of the Half-year Report as at 31 March 2020 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 2019 - 31 March 2020.

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 2020 of the Group and of the results of the Group's operations and cash flows for the period 1 October 2019 - 31 March 2020.

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

Copenhagen, 27 May 2020

Executive Board:

Jannik Rolf Larsen

Supervisory Board:

Steffen Heegaard

Casper Moltke
Chairman

Michael Hedegaard Lyng

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD
1 OCTOBER 2019 - 31 MARCH 2020

		GROUP					
		1/1 - 31/3 2020	1/1 - 31/3 2019	1/10 2019 - 31/3 2020	1/10 2018 - 31/3 2019	1/10 2018 - 30/9 2019	
Note		DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	
	Financial income	2	15,541	15,186	32,782	30,663	61,797
	Net loss/gain, mortgage deeds	3	2,184	-31	2,186	-492	-3,511
	Fair value adjustment of financial assets	4	-98	-45	-395	-103	6,463
			<u>17,627</u>	<u>15,110</u>	<u>34,573</u>	<u>30,068</u>	<u>64,749</u>
	Rental income		3,887	3,302	7,701	6,497	13,987
	Other income		682	614	1,537	1,255	2,615
	Fair value adjustment of investment properties		0	0	0	0	219
			<u>4,569</u>	<u>3,916</u>	<u>9,238</u>	<u>7,752</u>	<u>16,821</u>
	Total income		22,196	19,026	43,811	37,820	81,570
	Direct expenses, securities		623	349	1,218	821	1,853
	Direct expenses, properties		<u>3,470</u>	<u>1,915</u>	<u>5,293</u>	<u>4,230</u>	<u>10,759</u>
	Total gross earnings		18,103	16,762	37,300	32,769	68,958
	Financial expenses	5	<u>3,625</u>	<u>8,804</u>	709	<u>15,294</u>	<u>32,773</u>
			<u>14,478</u>	<u>7,958</u>	<u>36,591</u>	<u>17,475</u>	<u>36,185</u>
	Other external expenses		983	1,004	2,075	1,929	3,299
	Staff expenses	6	4,193	3,658	7,227	6,935	12,753
	Depreciation and amortisation		<u>98</u>	<u>103</u>	<u>201</u>	<u>206</u>	<u>412</u>
			<u>5,274</u>	<u>4,765</u>	<u>9,503</u>	<u>9,070</u>	<u>16,464</u>
	Profit/loss before tax		9,204	3,193	27,088	8,405	19,721
	Tax on profit/loss for the period ..	7	<u>2,119</u>	<u>693</u>	<u>6,066</u>	<u>1,850</u>	<u>4,459</u>
	NET PROFIT/LOSS FOR THE PERIOD (COMPREHENSIVE INCOME)		<u>7,085</u>	<u>2,500</u>	<u>21,022</u>	<u>6,555</u>	<u>15,262</u>
	Earnings per A & B share (EPS) in DKK		7.1	2.5	21.0	6.6	15.3
	Earnings per A & B share (EPS) in DKK (diluted value)		7.1	2.5	21.0	6.6	15.3

BALANCE SHEET AS AT 31 MARCH 2020

ASSETS

	<u>Note</u>	Group		
		31/3 2020 DKK '000	31/3 2019 DKK '000	30/9 2019 DKK '000
Fixed assets				
Domicile properties		10,548	10,737	10,642
Fixtures, fittings and equipment		379	597	486
Property, plant and equipment		10,927	11,334	11,128
Investment properties.....		191,400	187,886	191,400
Rebuilding in progress		0	3,146	0
Investment properties.....		191,400	191,032	191,400
Securities	8	672,581	658,981	687,984
Fixed asset investments		672,581	658,981	687,984
Non-current assets.....		874,908	861,347	890,512
Other receivables		6,536	7,035	7,063
Corporation tax		0	278	0
Prepayments		1,370	622	1,081
Receivables		7,906	7,935	8,144
Cash at bank and in hand.....		9,419	9,371	9,659
Current assets		17,325	17,306	17,803
ASSETS		892,233	878,653	908,315

BALANCE SHEET AS AT 31 MARCH 2020

LIABILITIES AND EQUITY

	<u>Note</u>	Group		
		31/3 2020 DKK '000	31/3 2019 DKK '000	30/9 2019 DKK '000
Share capital		100,000	100,000	100,000
Proposed dividend		0	0	23,000
Retained earnings		243,851	237,122	222,829
Equity		343,851	337,122	345,829
Deferred tax	7	10,805	4,540	6,253
Mortgage credit institutes	9	95,120	78,276	86,723
Interest swaps	11	18,074	16,798	23,775
Other payables		771	0	97
Non-current liabilities		124,770	99,614	116,848
Mortgage credit institutes	9	8,799	7,879	8,381
Credit institutions	10	404,341	422,833	425,559
Deposits		4,586	4,329	4,363
Corporation tax		1,036	0	618
Other payables		3,854	6,058	5,837
Interest swaps	11	241	0	290
Deferred income		755	818	590
Current liabilities.....		423,612	441,917	445,638
Liabilities.....		548,382	541,531	562,486
LIABILITIES AND EQUITY		892,233	878,653	908,315

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
Equity A & B shares at 1 October 2018.....	17,500	82,500	230,567	23,000	353,567
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>
Equity A & B shares at 31 March 2019	<u>17,500</u>	<u>82,500</u>	<u>237,122</u>	<u>0</u>	<u>337,122</u>
Equity A & B shares at 1 October 2019.....	17,500	82,500	222,829	23,000	345,829
Dividend paid	0	0	0	-23,000	-23,000
Net profit/loss for the period (comprehensive income).....	<u>0</u>	<u>0</u>	<u>21,022</u>	<u>0</u>	<u>21,022</u>
Equity A & B shares at 31 March 2020	<u>17,500</u>	<u>82,500</u>	<u>243,851</u>	<u>0</u>	<u>343,851</u>

CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2019 - 31 MARCH 2020

	Group	
	2019/2020 DKK '000	2018/19 DKK '000
Cash flows from operating activities		
Interest received on mortgage deeds	27,454	26,636
Other financial income	196	234
Other income	1,537	1,255
Rental income.....	8,147	6,893
Interest payments.....	-7,485	-7,681
Operating expenses and other payments	-17,299	-11,629
Expenses relating to the sale of mortgages in default.....	0	-13
Corporation tax.....	-1,096	-1,746
Cash flows from operating activities.....	11,454	13,949
Cash flows from investing activities		
Additions of mortgage deeds.....	-61,381	-68,331
Disposals of mortgage deeds.....	83,724	58,194
Deposits received.....	238	1,209
Capital investments	0	-1,532
Cash flows from investing activities.....	22,581	-10,460
Cash flows from financing activities		
Repayment, credit institutions	-21,218	154
Raising of loans, mortgage credit institutes.....	15,465	21,980
Repayment, mortgage credit institutes	-5,508	-3,755
Dividend.....	-23,000	-23,000
Deposits paid	-14	-32
Cash flows from financing activities.....	-34,275	-4,653
Net change in cash and cash equivalents.....	-240	-1,164
Cash and cash equivalents, beginning of period.....	9,659	10,535
Cash and cash equivalents, end of period.....	9,419	9,371

SEGMENT REPORTING

Group

	Mortgage deeds <u>DKK '000</u>	Investment properties <u>DKK '000</u>	Other <u>DKK '000</u>	Total <u>DKK '000</u>
<u>Group 2019/20</u>				
Income (realised)	39,091	7,701	1,537	48,329
Fair value adjustment.....	-332	0	-63	-395
Gross earnings	33,418	2,408	1,474	37,300
Assets.....	677,816	192,662	21,755	892,233
Capital investments.....	61,381	0	0	61,381
Liabilities (segments).....	418,493	131,292	-7,819	541,966

<u>Group 2018/19</u>				
Income (realised)	33,890	6,497	1,358	41,745
Fair value adjustment.....	189	0	-292	-103
Gross earnings	29,436	2,267	1,066	32,769
Assets.....	664,167	191,633	22,853	878,653
Capital investments.....	68,331	1,532	0	69,863
Liabilities (segments).....	434,587	112,925	-12,857	534,655

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 11,323 (kDKK 14,686). The financial period saw a positive fair value adjustment relating to credit risks on mortgage deeds and mortgage deed receivables of kDKK 3,817 (kDKK 3,716), 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:

	Group	
	2019/20 <u>DKK '000</u>	2018/19 <u>DKK '000</u>
Gross earnings	37,300	32,769
Financial expenses	709	15,294
Other external expenses	2,075	1,929
Staff expenses	7,227	6,935
Depreciation and amortisation	201	206
Profit/loss before tax	27,088	8,405

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

	Group	
	2019/20 DKK '000	2018/19 DKK '000
Liabilities, segments	541,966	534,655
Other payables	4,625	6,058
Corporation tax	1,036	0
Deferred income	755	818
Liabilities.....	548,382	541,531

	Group	
	2019/20 DKK '000	2018/19 DKK '000
1. Statement of basic earnings		
Financial income	32,782	30,599
Rental income	7,701	6,497
Other income	1,537	1,255
Net loss/gain, mortgage deeds	2,186	-492
Direct expenses, securities.....	1,218	821
Direct expenses, properties.....	5,293	4,230
Financial expenses.....	7,493	7,832
Other external expenses.....	2,076	1,929
Staff expenses.....	7,227	6,935
Depreciation and amortisation.....	201	206
Basic earnings	20,698	15,906
2. Financial income		
Mortgage deeds, interest.....	27,378	26,565
Interest, bonds.....	0	40
Capital gains, mortgage deeds	5,208	3,762
Capital gain, share	0	62
Currency swaps	0	1
Other financial income	196	233
	32,782	30,663

	Group	
	2019/20 DKK '000	2018/19 DKK '000
3. Net loss/gain, mortgage deeds		
Realised net losses on mortgage deeds and mortgage deed receivables.....	7,940	7,523
Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables.....	3,817	3,716
Expenses relating to the sale of mortgages in default.....	0	15
	-4,123	-3,822
 Bad debts recovered	 6,309	 3,330
	2,186	-492
4. Fair value adjustment of financial assets		
Fair value adjustment, mortgage deeds	-332	189
Fair value adjustment, shares.....	-63	-292
	-395	-103
5. Financial expenses		
Credit institutions	5,308	5,340
Interest swaps, credit institutions.....	825	825
Interest swaps, credit institutions, fair value adjustment.....	-4,828	7,166
	1,305	13,331
Mortgage credit institutes	813	815
Interest swaps, mortgage credit institutes.....	542	584
Mortgage credit institutes, fair value adjustment	-1,148	104
Interest swaps, mortgage credit institutes, fair value adjustment	-922	192
Interest expenses, Danish tax authorities.....	5	0
Expenses relating to raising of loans from mortgage credit institutes....	114	268
	709	15,294
6. Staff expenses		
Remuneration of Supervisory Board	340	305
Wages and salaries	6,290	6,107
Defined contribution plan.....	551	479
Other social security expenses.....	46	44
Staff, total	6,887	6,630
Total staff expenses	7,227	6,935
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 1.5 million (DKK 2.0 million).

	Group	
	2019/20	2018/19
	DKK '000	DKK '000
7. Corporation tax		
Tax on profit/loss on ordinary activities for the period:		
Calculated tax 22% on profit/loss before tax for the period	5,959	1,849
Tax effect of:		
Non-taxable income, expenses, value adjustments, etc	107	1
	6,066	1,850
Effective tax rate.....	22.39%	22.01%
Tax asset at 1 October	19,930	22,911
Transferred to DI-Ejendoms Invest A/S	-500	-237
Adjustment of deferred tax	-45	12
Change in deferred tax recognised in the income statement	-3,802	-1,511
Tax asset at 31 March.....	15,583	21,175
Deferred tax at 1 October	26,183	25,593
Change in deferred tax recognised in the income statement	205	122
Deferred tax at 31 March.....	26,388	25,715
Total deferred tax at 31 March	10,805	4,540
The value of deferred tax is specified as follows:		
Investment properties	26,258	25,684
Fixed asset investments, fair value adjustments relating to mortgage credit institutes and credit institutions, etc	-160	-335
Tax loss carry-forwards	-15,293	-20,809
Deferred tax	10,805	4,540

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 2020, the loss amounts to DKK 97.5 million (DKK 97.5 million) measured on the basis of a tax rate of 22%. Utilisation of the tax loss is not time-limited.

	Group	
8. Securities	2019/20 DKK '000	2018/19 DKK '000
Number of mortgage deeds.....	2,289	2,236
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.).....	513,232	492,885
Measured at fair value, which substantially corresponds to the cost of the mortgage deeds	30,837	36,892
Total fixed-interest mortgage deeds	544,069	529,777
Cibor mortgage deeds, measured at fair value on the basis of the cost of the mortgage deeds	172,702	190,714
	716,771	720,491

The portfolio of securities in the Parent Company and the Group at 31 March 2020 is specified as follows:

	Mortgage deeds	Shares	Total
Total cost	671,234	1,610	672,844
Fair value adjustment	12,120	-1,060	11,060
Fair value adjustment, credit risk	-11,323	0	-11,323
Fair value	672,031	550	672,581

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 33,417 (kDKK 62,171), of which kDKK 11,323 (kDKK 14,686) relates to fair value adjustment for credit risk.

	Group	
9. Mortgage credit institutes	2019/20 DKK '000	2018/19 DKK '000
Cash loan, outstanding debt.....	103,891	85,313
Fair value of outstanding debt, bonds.....	104,132	86,401
Measurement of debt to mortgage credit institutes:		
Investment properties, fair value	96,760	78,624
Domicile property, amortised cost.....	7,159	7,531
	103,919	86,155

	Group	
	2019/20	2018/19
	<u>DKK '000</u>	<u>DKK '000</u>
10. Credit institutions		
Fair value of loans (DKK), credit institutions	<u>404,341</u>	<u>422,833</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 29.8 million (DKK 34.0 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
Interest swaps, mortgage credit institutes				
Group				
31 March 2020				
Interest swaps cibor 6 months	DKK 18.2	31.12.2027	-3,384	-710
Interest swaps cibor 3 months	DKK 11.6	31.12.2024	<u>-448</u>	<u>-212</u>
			<u>-3,832</u>	<u>-922</u>

Interest swaps, credit institutions

Group				
31 March 2020				
Interest swap	DKK 25.0	03.07.2020	-241	-49
Interest swap	DKK 50.0	09.07.2022	-1,779	-437
Interest swap	DKK 25.0	26.06.2025	-1,223	-454
Interest swap	DKK 25.0	29.07.2025	-2,147	-467
Interest swap	DKK 25.0	26.06.2026	-1,576	-526
Interest swap	DKK 50.0	26.06.2027	-3,896	-1,168
Interest swap	DKK 25.0	25.01.2028	-2,224	-913
Interest swap	DKK 25.0	22.03.2029	<u>-1,397</u>	<u>-814</u>
			<u>-14,483</u>	<u>-4,828</u>

12. Financial gearing

	Group	
	2019/20	2018/19
	<u>DKK '000</u>	<u>DKK '000</u>
The Group's financial gearing is specified as follows:		
Credit institutions	404,341	422,833
Mortgage credit institutes	103,919	86,155
Other payables	4,625	6,058
Corporation tax	1,036	-278
Cash and cash equivalents	<u>-9,419</u>	<u>-9,371</u>
	<u>504,502</u>	<u>505,397</u>
Equity	<u>343,851</u>	<u>337,122</u>
Financial gearing	<u>1.47</u>	<u>1.50</u>