HusCompagniet Midt- og Nordjylland A/S

Plutovej 3, 8700 Horsens

CVR no. 26 86 62 78

Financial statements for the year ended 31 December 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman:

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Peter Ahlers Sørensen

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of HusCompagniet Midt- og Nordjylland A/S for the financial year 1 January - 31 December 2015.

The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements and the company financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2015.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Horsens, 31 May 2016
Executive Board:

Ejvin Legaard
CEO

Board of Directors:

Steffen Martin Baungaard Chairman	Jesper Svendsen	Søren Haugaard

Independent auditors' report

To the shareholders of HusCompagniet Midt- og Nordjylland A/S

Independent auditors' report on the financial statements and the company financial statements

We have audited the financial statements and the company financial statements of HusCompagniet Midt- og Nordjylland A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the company. The financial statements and the company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the financial statements and the company financial statements

Management is responsible for the preparation of financial statements and company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements and company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements and the company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements and the company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements and the company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements and company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements and the company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements and the company financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Independent auditors' report

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements and the company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements and the company financial statements.

Aarhus, 31 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Steen Skorstengaard State Authorised Public Accountant	Lone Nørgaard Eskildsen State Authorised Public Accountant

Management's review

In 2012, HusCompagniet established a branch in Handewitt, Germany. The expansion in Germany continued in 2014 and another branch was established in Neumünster, which is the Group's largest branch. In 2015, yet another branch was opened in Hamburg, and the Group now has three branches in Germany.

There is considerable interest for HusCompagniet's houses in Germany and long-term prospects are promising. In 2015, sales in Germany showed an upward trend and the level is satisfactory.

In Sweden, the Group is still working from the branches in Malmö and Gothenburg. Focus on the market surrounding Gothenburg has been intensified, and the Group expects this branch to make a higher contribution to growth in Sweden.

Overall, Management considers the profit realised in 2015 satisfactory.

The Group's market share in Denmark is deemed to be 20% - 30% at present.

Financing

The Group's solvency ratio is 51% and the cash balance is DKK 262 million. Furthermore, the Group has drawing rights through revolving credit facilities in the Group's bank of DKK 200 million. See "Financial risks" for more details.

As part of the financing of Diego HC's purchase of HusCompagniet group, two long-term loans with a total principal amount of DKK 900 million have been taken.

Uncertainty of recognition and measurement

The Group's holding of land plots is valued at the lower of cost and net realisable value. In general, the land is developed by HusCompagniet before start-up of the building projects, and the individual plots are assessed individually.

Employee relations

In 2015 new employees were hired, which has strengthened the Group's knowledge base and qualifications. During the year, capacity adjustments were made to reflect the level of activities.

Average number of employees 2014	231
Average number of employees 2015	260

In order to deliver competitive products at a fair price and of good quality, it is decisive that the Group is able to recruit and retain its employees.

Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position and thereby the assessment of the annual report.

Expected development

In 2016, Management expects revenue to grow in line with the market. Expected earnings are still affected by the investments made and costs incurred in connection with HusCompagniet's expansion in the Swedish and German markets.

Management's review

Corporate governance

Diego HC TopCo's Board of Directors and Executive Board always aim at ensuring that the Group's management structure and control systems are appropriate and function satisfactorily. Management assesses on an ongoing basis whether this is the case.

Management's tasks are among other things based on the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Company's Articles of association and ethical guidelines as well as good practice for enterprises of the same size and with the same reach as HusCompagniet. Furthermore being owned by a private equity fund, the Company complies with DVCA's guidelines on responsible ownership and corporate governance. Based on this, a number of internal procedures have been developed and they are regularly updated in order to ensure an active, safe and profitable management of the Group.

Risks

General risks

The most significant operating risk of the Company relates to general development in macroeconomics, market conditions, primarily the number of new single-family houses built.

Financial risks

Due to its operations, investments and financing, the Group is exposed to changes in interest rates. The parent company manages the Group's financial risks centrally and coordinates the Group's cash management, including new funding and placement of excess liquidity. The Group follows a finance policy approved by the Board of Directors which operates with a low risk profile; accordingly interest and credit risks only arise from commercial activities.

Management assesses on a regular basis whether the Group's capital structure is adequate.

Subsequent to EQT VI's acquisition of the Group, Diego HC A/S became the owner of HC TopCo A/S. As a part of the new ownership new interest-bearing loans have been taken in Diego HC A/S.

No changes to the Group's guidelines and procedures for management of the capital structure and the administration hereof have been made in 2015.

Statutory report on corporate social responsibility

Statutory report on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act.

Customer confidence, security and satisfaction are key issues for HusCompagniet. Operating in the building industry, HusCompagniet has to comply with various legislation and a number of rules that put high demands on the Company in all phases of the building process, ranging from the contract with the customer to working environment at the building site and from indoor climate of the house to energy consumption.

HusCompagniet supports such regulations that provide more security and satisfaction to the customers and a better working place for its employees and sub-suppliers. HusCompagniet operates within the rules and regulations in force at all times.

HusCompagniet continuously focuses on providing the best conditions for its customers' satisfaction living in the houses by using sound materials that are processed in a socially acceptable manner and ensures a healthy indoor climate.

The Company has no written policies that relate to section 99a.

Management's review

Stakeholders

HusCompagniet seeks to develop and maintain good relations with its stakeholders on an on-going basis, as such relations are assessed to have a significant and positive effect on the Group's development.

Based on this a communication policy has been made together with specific policies for various key areas such as employees and responsibility towards customers and the society in general.

The communication policy and related procedures are made to ensure that information relevant to investors, employees and authorities are available to them and made public in accordance with rules and agreements.

It is the Board of Directors' responsibility to ensure compliance and to regularly adjust the policies in accordance with the development in and around the Company.

Recommendations for active ownership and corporate governance for private equity funds

In June 2011, the Danish Venture And Private Equity Association ("DVCA") issued guidelines for responsible ownership and corporate governance for private equity funds and companies controlled by them.

The recommendations contain guidelines for the description of a number of matters in the Management commentary, including corporate governance, financial risks, employee matters and strategy.

Being a company owned by a private equity fund, HusCompagniet must either follow those recommendations or explain why the recommendations are not followed in whole or in part. HusCompagniet's corporate governance, which is described above, complies in general with DVCA's recommendations except for the recommendation made according to which the annual report must include a description of the Company's revenue and earnings expectations, which only has been made to a limited extent as the Company works in a market characterised by considerable uncertainty and for competitive reasons.

Report on the gender composition of the management

The target figure for the Board of Directors only includes the members elected by the annual general meeting, and consequently, employee representatives are not included.

As to the Board of Directors, the target figure previously laid down for the share of female members on the Board of Directors was 20% (corresponding to 1 person). In connection with EQT's acquisition of the HC TopCo Group, changes have been made to the ultimate Group Board of Directors, as at present there are no female members of the Board of Directors.

Other executive levels of the Group are represented by approx. 5% female managers. The aim is to have diversity in the recruitment process and to make recruitments at a high qualification level and at the same time to reflect the society which we are a part of.

The target remains 10% female employees at key positions. The Group considers this as an ambitious target in an industry dominated by male employees.

Shareholder relations

The Board of Directors assesses on an on-going basis whether the Company's capital structure is in accordance with the Company's and its partners' interests. The overall aim is to ensure a capital structure which supports a long-term profitable growth.

Diego HC TopCo A/S' share capital is divided into three share classes. A shares that carry no voting rights, B shares that carry 10 votes per share and C shares that carry one vote per share.

Management's review

A shares have preferential rights of distribution, corresponding to a maximum of 9% p.a. (incl. compound interest). B shares and C shares receive the amount remaining after the A shares' preferential right.

EQT exercises control over the Company. EQT VI is represented on the Board of Directors through the board member, Andreas Aschenbrenner and Mads Ditlevsen. Moreover, EQT has appointed Tore Thorstensen (Chairman), Allan Jørgensen, Matthew Russell and Jan Buck-Emden for the Board of Directors.

The Board of Directors' role and responsibilities

The Boards of Directors of Diego HC TopCo A/S and its subsidiaries ensure that the Executive Boards comply with the Boards of Directors' aims, strategies and business procedures. Information from the Executive Boards of the individual companies is given systematically at meetings and through written and oral reporting. This reporting e.g. comprises the development in the Company's surroundings, the Company's development and profitability and the financial position.

The Board of Directors of Diego HC TopCo A/S holds meetings according to a fixed schedule at least six times a year. Usually one strategy seminar is held once a year during which the Company's vision, goals and strategy are settled. In the period between the ordinary meetings of the Board of Directors, the Board of Directors receive, on a regular basis, written information on the Company's and the Group's financial position, and extraordinary meetings are held if required.

The Board of Directors may set up a committee for special assignments. An audit committee has been set up to attend to accounting and audit assignments on a regular basis.

Management remuneration

In order to attract and maintain the Group's managerial qualifications, the members of the Executive Board and executive employees' remuneration is set according to tasks, value created and terms in comparable companies. Remuneration includes incentive programmes which should ensure shared interest of the Company's Management and the shareholders as the schemes consider both short-term as well as long-term goals.

In addition to the usual performance-related bonus scheme, certain employees of the Group take part in the Group's share investment programme. Remuneration of the Board of Directors and the Executive Board is disclosed in a note to the annual report. Some of the members of the Board of Directors of Diego HC TopCo A/S take part in the Company's share investment programme.

The Board of Directors' direct shareholdings (as a Group)

At the end of 2015, members of the Board of Directors held 77,460 shares in Diego HC TopCo A/S, corresponding to 0.54% of the total share capital.

Management review

Corporate information

Registered office	HusCompagniet Midt- og Nordjylland A/S Plutovej 3 DK-8700 Horsens
CVR no.	26 86 62 78
Financial year	1 January - 31 December
Webpage	www.huscompagniet.dk
Board of directors	Steffen Martin Baungaard, Chairman Jesper Svendsen Søren Haugaard
Executive board	Ejvin Legaard, CEO
Bank	Nordea Bank Danmark A/S
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

Management review

Key figures

DKK'm	2015	2014	2013*	2012*	2011*
Revenue	768	508	582	422	404
Gross profit	137	122	121	89	77
Operating profit before depreciation and special items (EBITDA)	71	68	90	63	53
Operating profit	60	67	90	63	53
Financial items	0	0	0	0	-2
Net profit	46	50	67	47	39
Total assets	289	284	246	265	183
Equity	152	176	163	155	109
Cash flow from operating activities before interest and tax	50	100	72	81	50
Cash flow from operating activities	35	78	54	65	35
Key figures					
Gross margin	17.8	24.0	20.7	21.2	19.0
Average number of employees	61	47	42	35	33

*The key figures for 2011, 2012 and 2013 is prepared in accordance with Danish GAAP, and has not been restated in accordance with IFRS as adopted by the EU.

Financial statements 1 January - 31 December

Income Statement for the year ended 31 December

Notes	DKK'000	2015	2014
7	Revenue	767,661	580,381
	Production costs	630,531	458,002
	Gross profit	137,130	122,379
	Other operating income	-	-
8	Staff costs	52,046	42,385
	Other operating expenses	13,739	12,340
	Operating profit before depreciation and amortisation and special items (EBITDA before special items)	71,345	67,654
9	Depreciation and amortization	1,146	570
10	Special items, net	10,370	0
	Operating profit	59,829	67,084
11	Finance costs	199	277
12	Finance income	0	6
	Profit before tax	59,630	66,813
13	Income tax	13,958	16,524
	Profit for the year	45,672	50,289
	Profit for the year		
	Attributable to		
	Equity holders of the parent	45,672	50,289

Statement of other comprehensive income for the year ended 31 December

Notes	DKK'000	2015	2014
	Profit for the year	45,672	50,289
	Other comprehensive income, net of tax	0	0
	Total comprehensive income for the year, net of tax	45,672	50,289
	Total comprehensive income attributable to:		
	Equity holders of the parent	45,672	50,289

Financial statements 1 January – 31 December

Statement of financial position as at 31 December

Notes	DKK'000	2015	2014	1/1 2014
	Assets			
	Non-current assets			
14	Property, plant and equipment	4,949	3,335	1,341
	Total non-current assets	4,949	3,335	1,341
	Current assets			
15	Inventories	75,444	88,956	83,489
16	Construction contracts	122,550	72,191	86,385
22	Trade and other receivables	12,054	11,312	11,033
	Prepayments	1,107	1,026	1,043
	Receivables from affiliated companies	118	157	291
19	Income tax receivables	1,087	0	0
21	Cash and short-term deposits	70,409	107,124	79,412
	Total current assets	282,769	280,766	261,653
	Total assets	287,718	284,101	262,994
	Equity and liabilities			
17	Equity			
	Share capital	2,000	2,000	2,000
	Retained earnings	150,015	104,343	124,054
	Proposed Dividend	0	70,000	50,000
	Total equity	152,015	176,343	176,054
	Non-current liabilities			
18	Provisions	1,251	1,155	1,065
13	Deferred tax liabilities	4,170	3,125	3,757
	Total non-current liabilities	5,421	4,280	4,822
	Current liabilities			
18	Provisions	5,004	4,621	4,260
16	Prepayments from customers	4,234	0	0
16	Construction contracts	1,473	292	0
19	Income tax payable	0	656	5,088
	Other liabilities	20,533	19,699	14,293
	Payables to affiliated companies	5,898	4,537	2,832
22	Trade and other payables	93,140	73,673	55,645
	Total current liabilities	130,282	103,478	82,118
	Total liabilities	135,703	107,758	86,940
	Total equity and liabilities	287,718	284,101	262,994

Financial statements 1 January - 31 December

Statement of cash flows for the year ended 31 December

Notes	DKK'000	2015	2014
	Operating activities		
	Profit before tax	59,630	66,813
24	Other adjustments	1,824	1,292
	Working capital adjustments:		
	Increase in construction contracts and inventory	-35,666	9,019
	Increase in trade and other receivables	-823	-262
	Increase in trade and other payables	24,535	23,434
	Net cash flows from operating activities before interest and tax	49,500	100,297
	Interest received	0	6
	Interest paid	-199	-277
	Income tax paid	-14,656	-21,589
	Net cash flows from operating activities	34,645	78,437
	Investing activities		
	Purchase of property, plant and equipment	-2,760	-2,564
	Net cash flows used in investing activities	-2,760	-2,564
	Financing activities		
	Prepayment/ Proceeds from payables to affiliated companies	1,400	1,839
	Dividends paid to equity holders of the parent	-70,000	-50,000
	Net cash flows from/(used in) financing activities	-68,600	-48,161
	Net increase in cash	-36,715	27,712
	Cash at 1 January	107,124	79,412
21	**Cash at 31 December**	70,409	107,124

Financial statements 1 January - 31 December

Statement of changes in equity

for the year ended 31 December 2015

DKK'000	Issued capital	Retained earnings	Foreign currency translation reserve	Total equity
As at 1 January 2015	2,000	174,343	0	176,343
Comprehensive income for the year				
Profit for the year	-	45,672	-	45,672
Other comprehensive income	-	-	-	-
Total comprehensive income	0	45,672	0	45,672
Transactions with owners of the company				
Dividends	-	-70,000	-	-70,000
Total transactions with owners of the company	0	-70,000	0	-70,000
At 31 December 2015	2,000	150,015	0	152,015

for the year ended 31 December 2014

DKK'000	Issued capital	Retained earnings	Foreign currency translation reserve	Total equity
As at 1 January 2014	2,000	174,054	0	176,054
Comprehensive income for the year				
Profit for the year	-	50,289	-	50,289
Other comprehensive income	-	-	-	-
Total comprehensive income	0	50,289	0	50,289
Transactions with owners of the company				
Dividends	-	-50,000	-	-50,000
Total transactions with owners of the company	0	-50,000	0	-50,000
At 31 December 2014	2,000	174,343	0	176,343

Financial statements 1 January – 31 December

Notes to the financial statements

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Corporate information**

The financial statements of HusCompagniet Midt- og Nordjylland A/S for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 May 2016. HusCompagniet Midt- og Nordjylland A/S (the Company or the parent) is a limited company incorporated and domiciled in Denmark. The registered office is located at Plutovej 3, 8700 Horsens.

The Company is principally engaged in construction and sale of single-family-houses in Denmark, Sweden and Germany.

2 **Basis of preparation**

These financial statements are the first financial statements prepared by the Company in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS'). IFRS 1 (transition disclosures) is stated in note 6 below.

The financial statements are expressed in DKK, as this is the Company's functional and presentation currency. All values are rounded to the nearest thousand DKK'000 where indicated.

The financial statements have been prepared on a historical cost basis, except as noted in the various accounting policies.

Applied materiality

The financial statements are a result of processing large numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the financial statements. Line items not individually material are aggregated with other items of a similar nature in the financial statements or in the notes.

IFRS disclosure requirements are substantial. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the financial decision-making of the users of these financial statements and otherwise not warranted or not applicable.

3 **Summary of significant accounting policies**

Foreign currencies

The financial statements are presented in DKK.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Notes to the financial statements

3 **Summary of significant accounting policies (continued)**

Income taxes

Current income tax

The company is jointly taxed with the Company and all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized in other comprehensive income.

Current tax payable is recognized in current liabilities and deferred tax is recognized in non-current liabilities. Tax receivable is recognized in current assets and deferred tax assets are recognized in non-current assets.

Deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the period, adjusted for tax on the taxable income of prior periods and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Revenue recognition

Sale of completed (non-contracted)

Revenue from sale of completed non-contracted houses is recognised when the significant risks and rewards have been transferred to the buyer, which is on delivery of the house to the customer.

Sales of houses before or during construction (contracted)

Sale of contracted houses, when the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied. For such contracts, revenue is recognised as work progresses.

Financial statements 1 January - 31 December

Notes to the financial statements

3 **Summary of significant accounting policies (continued)**

Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land plot on which the development takes place is owned by the final customer, and
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Company

In such situations, the percentage of work completed is measured based on the costs

Production costs

Production costs include direct and indirect costs of raw materials and consumables incurred in generating the revenue for the year.

Other operating expenses

Other external expenses include the period's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other operating income

Other operating income includes income from secondary activities such as gains/losses from sale of property, plant and equipment.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Special items

Special items include significant income and costs of a special nature in terms of the Company's revenue-generating operating activities which cannot be attributed directly to the Company's ordinary operating activities. Such income and costs include the cost related to significant restructuring of processes and fundamental structural adjustment, as well as gains or losses arising in this connection, and which are significant over time.

Special items also include items, that by nature are non-recurring, specifically impairment of goodwill, gains and losses on the disposal of activities and transaction cost in a business combination.

These items are classified separately in the income statement, in order to provide a more accurate and transparent view of the Company's recurring operating profit.

Financial items

Financial income and expenses comprise interest income and expenses, cost of permanent loan facilities, gains and losses on securities, receivables, payables, and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, etc.

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Intangible assets

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and costs of materials, components, suppliers, direct wages and salaries and indirect production costs until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives, which are 3-5 years for operating assets and equipment, and 3-5 for leasehold improvements.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Work in progress and finished houses (non-contracted construction): cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Construction contracts

Construction contracts are measured at the sales value of the work performed.

Construction contracts are characterised by the manufactured products containing a high degree of individualisation in terms of design. Furthermore, it is a requirement prior to the commencement of the work that a binding contract has been entered into, which is compensated at cancellation.

The sales value is measured based on the level of completion at the balance sheet date and the total expected income from the individual contract work. The percentage of completion is calculated on the basis of an assessment of the completed work, normally calculated as the relationship between the costs and the total expected costs for the construction contract.

When it is likely that the total construction costs for a construction contract will exceed the total construction income, the expected loss on the construction contract is immediately included as an expense.

When the sales value of a construction contract cannot be measured reliably, the sales value is measured as the costs to be spent on the construction which the Company considers to be the most probable to recover.

Construction contracts for which the sales value of the work performed exceeds the invoicing on account and expected loss are recognise as receivables. Construction contracts for which invoicing on account and expected losses exceed the sales value, are recognised as a liability.

Prepayments from customers are recognised as a liability.

Expenses in connection with sales work and obtaining contracts are recognised in the income statement as incurred.

Trade and other receivables

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date on which the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables.

Other receivables are deposits on leaseholds. On initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR) less impairment. The EIR amortisation is included in financial income in the income statement. The losses arising from impairment are recognised in the income statement in financial expenses.

Notes to the financial statements

3 Summary of significant accounting policies (continued)

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities comprise other payables, which primary consist of staff-related costs not due for payment.

Cash and short-term deposits

Cash and short-term deposits comprise cash at banks and on hand and demand deposits.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Provisions

Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision. Provisions are recognized in the balance sheet when a legal or informal commitment exists due to an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are recognized at amortized cost.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Notes to the financial statements

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reporting in these financial statements and the accompanying notes. These estimates are based on historical experiences, other relevant information available at the reporting date and expectation of future events that are believed to be reasonable under the circumstances and as such, actual results could differ from those estimates.

In the process of applying the Company's accounting policies, management has made estimates and assumption related to the following:

Percentage-of-completion profit recognition

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with the Company's systems for project control and that project management has the necessary skills.

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 128 million (2014: 73 million), refer to Note 16 Construction contracts.

Guarantee commitments

At year-end, the guarantee provision amounted to DKK 6 million (2014: 6 million), refer to Note 18 Provisions. Provisions for future costs due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

Guarantee obligations, legal disputes, etc.

Within the framework of its regular business operations, The Company occasionally becomes a party to legal disputes. In such cases, an assessment is made of the Company's obligations and the probability of a negative outcome for the Company. The Company's assessment is made on the basis of the information and knowledge currently possessed by the company. In some cases, these are difficult assessments and the final outcome could differ from the estimation made.

5 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are as follows: IFRS 9, IFRS 14, IFRS 15, IFRS 16, amendments to IFRS 11, amendments to IAS 16 and IAS 38, amendments to IFRS 10 and IAS 28, annual improvements to 2012-2014 cycle, amendments to IAS 1 and amendments to IFRS 10, IFRS 12 and IAS 28.

In the opinion of the management, all new standards and interpretations will not materially impact recognition and measurement of assets and liabilities in annual reports in the coming financial years.

Notes to the financial statements

6 First-time adoption of IFRS

These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with local generally accepted accounting principle (Danish GAAP).

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31 December 2015, together with the comparative period data for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Danish GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements for the year ended 31 December 2014.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The estimates at 1 January 2014 and at 31 December, 2014 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Company to present these amounts in accordance with IFRS reflect conditions at 1 January 2014, the date of transition to IFRS and as at 31 December 2014.

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Reconciliation of equity as at 1 January 2014 (date of transition to IFRS)

DKK'000	Danish GAAP	Recognition and measure-ment	IFRS as at 1 January 2014
Assets			
Non-current assets			
Intangible assets	-	-	-
Property, plant and equipment	1,341	-	1,341
Total non-current assets	1,341	0	1,341
Current assets			
Inventories	83,489	-	83,489
Construction contracts	69,008	17,377	86,385
Trade and other receivables	11,033	-	11,033
Prepayments	1,043	-	1,043
Receivables from affiliated companies	291	-	291
Cash and short-term deposits	79,412	-	79,412
Total current assets	244,276	17,377	261,653
Total assets	245,617	17,377	262,994
Equity and liabilities			
Equity			
Share capital	2,000	-	2,000
Retained earnings	110,500	13,554	124,054
Proposed Dividend	50,000	-	50,000
Total equity	162,500	13,554	176,054
Non-current liabilities			
Provisions	1,065	-	1,065
Deferred tax liabilities	-66	3,823	3,757
Total non-current liabilities	999	3,823	4,822
Current liabilities			
Provisions	4,260	-	4,260
Trade and other payables	55,645	-	55,645
Income tax payable	5,088	-	5,088
Payables to affiliated companies	2,832	-	2,832
Other liabilities	14,293	-	14,293
Total current liabilities	82,118	0	82,118
Total liabilities	83,117	3,823	86,940
Total equity and liabilities	245,617	17,377	262,994

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Reconciliation of equity as at 31 December 2014

DKK'000	Danish GAAP	Recognition and measurement	IFRS as at 31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	3,335	-	3,335
Total non-current assets	3,335	0	3,335
Current assets			
Inventories	88,956	-	88,956
Construction contracts	72,191	-	72,191
Trade and other receivables	-1,734	14,072	12,338
Receivables from affiliated companies	157	-	157
Cash and short-term deposits	107,124	-	107,124
Total current assets	266,694	14,072	280,766
Total assets	270,029	14,072	284,101
Equity and liabilities			
Equity			
Share capital	2,000	-	2,000
Retained earnings	93,367	10,976	104,343
Proposed dividend	70,000	-	70,000
Total equity	165,367	10,976	176,343
Non-current liabilities			
Provisions	1,155	-	1,155
Deferred tax liabilities	29	3,096	3,125
Total non-current liabilities	1,184	3,096	4,280
Current liabilities			
Provisions	4,621	-	4,621
Constructions contracts	292	-	292
Trade and other payables	73,673	-	73,673
Income tax payable	656	-	656
Payables to affiliated companies	4,537	-	4,537
Other liabilities	19,699	-	19,699
Total current liabilities	103,478	0	103,478
Total liabilities	104,662	3,096	107,758
Total equity and liabilities	270,029	14,072	284,101

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Reconciliation of total comprehensive income for the year ended 31 December 2014

DKK'000	Danish GAAP	Recognition and measurement	IFRS for the year ended 31 December 2014
Revenue	593,862	-13,481	580,381
Production costs	468,178	-10,176	458,002
Gross profit	125,684	-3,305	122,379
Other operating income	0	-	0
Employee and personnel costs	42,385	-	42,385
Other operating expenses	12,340	-	12,340
Operating profit before special items (EBITDA before special items)	70,959	-3,305	67,654
Depreciation and amortization	570	-	570
Special items, net	0	-	0
Operating profit	70,389	-3,305	67,084
Finance costs	277	-	277
Finance income	6	-	6
Profit before tax	70,118	-3,305	66,813
Income tax	17,251	-727	16,524
Profit for the year	52,867	-2,578	50,289
Profit for the year			
Attributable to			
Equity holders of the parent	52,867	-2,578	50,289
Statement of other comprehensive income for the year ended 31 December			
Profit for the year	52,867	-2,578	50,289
Other comprehensive income	0	0	0
Total comprehensive income for the year, net of tax	52,867	-2,578	50,289
Total comprehensive income attributable to:			
Equity holders of the parent	52,867	-2,578	50,289

Notes to the financial statements

6 First-time adoption of IFRS (continued)

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014 and total comprehensive income for the year ended 31 December 2014

A Revenue and construction contracts

Under Danish GAAAP, the Company has recognised revenue from sale of houses, when construction has ended, and significant risk and rewards has been transferred to the customer. According to IFRS, revenue from sale of houses, where the buyer controls the work in progress, and where risks and rewards of ownership of the work in progress are transferred to the buyer as construction progresses, should be recognised under the percentage-of-completion method. Accordingly, constructions contracts should be measured at the sales value of the work in progress.

B Deferred tax

The various transitional adjustments lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

C Statement of cash flows

The transition from Danish GAAP to IFRS has not had a material impact on the statement of cash flows or key figures.

7 Revenue

2015 DKK'000	Contracted sales	Non-contracted sales	Total Revenue
Sales value houses sold on customers building sites	672,380	-	672,381
Sales value houses sold on own building sites	58,192	*9,035	67,227
Sales of land plots	24,309	-	24,309
Other revenue	-	3,744	3,744
	754,881	12,779	767,661

2014 DKK'000	Contracted sales	Non-contracted sales	Total Revenue
Sales value houses sold on customers building sites	477,421	-	477,425
Sales value houses sold on own building sites	47,893	*19,195	67,088
Sales of land plots	31,454	-	31,454
Other revenue	-	4,414	4,414
	556,768	23,609	580,381

*Non-contracted sales is sales of exhibition houses

Notes to the financial statements

	DKK'000	2015	2014
8	**Staff costs**		
	Wages and salaries	33,757	23,940
	Pensions, defined contribution plans	18	3
	Other social security costs	435	457
	Other staff costs	17,836	17,985
	Transfer to production cost	-	-
		52,046	42,385
	Number of employees	61	47

Remuneration to the Executive Management Board and the Board of Directors

By reference to section 98 b (3), (iii), of the Danish Financial Statements Act, remuneration to management and Board is not disclosed.

In 2015, Diego HC TopCo A/S and HusCompagniet Midt- og Nordjylland A/S have issued a Management Participation programme (MPP) through which Management and selected key employees have received an opportunity to purchase shares in Diego HC TopCo A/S subject to certain market conditions.

	DKK'000	2015	2014
9	**Depreciation and amortization**		
	Depreciation of property, plant and equipment	1,146	570
		1,146	570
10	**Special items**		
	Cost related to restructuring of processes and fundamental structural adjustment as a result of new owners and new plans:		
	Organisational changes	3,646	-
	Write-down of excess building sites as a result of new strategy	6,724	-
		10,370	0
11	**Finance costs**		
	Interests paid to banks	108	-
	Exchange rate losses	-	277
	Other financial cost	91	-
		199	277

Notes to the financial statements

DKK'000		2015	2014
12	**Finance income**		
	Interests received from banks	-	6
		0	6

		2015	2014
13	**Income taxes**		
	Current tax		
	Income tax	12,913	17,156
	Movement in deferred tax	1,045	-632
		13,958	16,524
	Profit before tax	59,630	66,813
	Tax rate, Denmark	23.5%	24.5%
	Tax at applicable rate	14,013	16,369
	Non-taxable income	16	51
	Effect of change in tax rate	-71	-97
	Other	-	201
	Tax expense for the year	13,958	16,524
	Effective tax rate, %	23.4%	24.7%

Notes to the financial statements

DKK'000	2015	2014
13 Income taxes (continued)		
Deferred tax		
Deferred tax 1 January	3,125	3,757
Recognised in income statement	1,045	-632
Deferred tax 31 December	4,170	3,125
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets	-	-
Deferred tax liabilities	4,170	3,125
	4,170	3,125
Deferred tax related to:		
Tangible assets	70	29
Construction contracts	4,100	3,069
	4,170	3,125

Financial statements 1 January - 31 December

Notes to the financial statements

14 Property, plant and equipment

DKK'000	Total
Cost at 1 January 2015	6,481
Additions	2,759
Disposals	-30
Cost at 31 December 2015	9,210
Depreciation and impairment at 1 January 2015	3,145
Depreciation	1,146
Reversal of depreciation and, impairment of disposals	-30
Depreciation and impairment at 31 December 2015	4,261
Carrying amount 31 December 2015	4,949
Cost at 1 January 2014	4,074
Additions	2,565
Disposals	-158
Exchange rate adjustment	-
Cost at 31 December 2014	6,481
Depreciation and impairment at 1 January 2014	2,734
Depreciation	570
Reversal of depreciation and impairment of disposals	-158
Depreciation and impairment at 31 December 2014	3,146
Carrying amount 31 December 2014	3,335

Notes to the financial statements

	DKK'000	2015	2014
15	**Inventories**		
	Raw materials	1,216	1,928
	Work in progress (non-contracted), including show-houses	45,581	46,459
	Land plots, including used for show-houses	28,647	40,569
		75,444	88,956

Inventories with a value of DKK 8 million (2014: DKK 14 million) are carried at the lower of net realisable value and cost. During 2015, DKK 7 million (2014: DKK 0 million) was charged to the income statement for special items.

	DKK'000	2015	2014
16	**Construction contracts**		
	Selling price of construction contracts	127,831	72,904
	Invoicing on account	-6,754	-1,005
		121,077	71,899
	Calculated as follows		
	Construction contracts (assets)	122,550	72,191
	Construction contracts (liabilities)	-1,473	-292
		121,077	71,899
	Prepayments from customers regarding construction contracts not yet started	4,234	0

17 **Equity**

Capital Management

The primary objective of HusCompagniet Midt- og Nordjylland A/S's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. HusCompagniet Midt- og Nordjylland A/S manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, HusCompagniet Midt- og Nordjylland A/S may adjust the dividend payments to shareholders, acquire its own shares or issue new shares.

Share Capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2015	2014	2015	2014
1 January 2015	2,000	2,000	2,000	2,000
31 December 2015 - fully paid	2,000	2,000	2,000	2,000

Notes to the financial statements

18 Provisions

DKK'000	Guarantees
Provisions 1 January 2015	5,776
Arising during the year	6,255
Utilised	-5,776
Provisions 31 December 2015	6,225

Distributed in the balance as follows:

Non-current liabilities	1,251
Current liabilities	5,004
	6,255

19 Tax payable

DKK'000	2015	2014
Tax payable at 1 January	656	5,088
Foreign exchange adjustments	-	-
Tax at the applicable rate	12,913	17,156
Tax paid for the year	-14,656	-21,588
Tax payable 31 December	-1,087	656

Notes to the financial statements

20 Contingent assets, contingent liabilities, collateral and leases

Contingent liabilities

The Company is continuously involved in minor disputes, but no significant per 31 December 2015.

The Company is jointly taxed with its parent, Diego HC A/S, which acts as Management Company for the other Danish group entities. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years 2013 and withholding taxes falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

Collateral

DKK 5 million (2014: DKK 2 million) of cash and short-term deposits is placed in restricted accounts, and is released when the completed houses are delivered to the customers.

Leases

The Company leases properties and equipment under operational leasing contracts. The term of the leases are usually between 0-8 years (2014: 0-9 years) with possible extension. None of the leasing contracts include conditional lease payments.

Lease payment for 2015 amounts DKK 3 million (2014: 3 million).

Minimum lease payments can be specified as follows:

DKK'000	2015	2014
0-1 year	3,058	2,495
1-5 years	9,306	6,258
> 5 years	3,410	4,176
	15,774	12,929

21 Cash

Cash	70,409	107,124
Bank overdraft	-	-
	70,409	107,124

Notes to the financial statements

22 Financial instruments and risks

Financial risk managements

HusCompagniet's activities and capital structure is exposed to a variety of financial risks: market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.
Group management oversees the management of these risks in accordance with the Group's risk management policies.

Market risks	Expected impact	Description of risk	Risk Management	Outcome	Sensitivity
Interest rate risk	Low	HusCompagniet is exposed towards fluctuations in market interest rates primarily related to the Group's long-term loan with floating rates.	The Group's aims to a reasonable part of its borrowings at fixed rates of interest. At 31 December 2015 the Group's long-term debt is kept at floating rates. The Group has in 2015 entered into an interest rate cap and an interest rate swap effective from February 2016 to address the exposure towards interest fluctuations.	At 31 December 2015, the Group has placed all its long-term borrowings at floating rates of interests.	If the interest rate increased (decreased) by 1% the effect on interest during 2015 would have been DKK 3.1 (3.5) million.
Currency risk	Low	The primarily exposure towards currency fluctuations relates to the Group's activities in Germany and Sweden.	Management continuously assesses the significance of the Group's activities denominated in foreign currencies.	Total revenue generated in SEK and EUR for 2015 amounted to 156 million.	Management considers The Group's exposure to SEK and EUR as low.
Credit risk	Low	HusCompagniet is exposed towards customers' inability to meet their financial obligations.	The Group obtains a bank guarantee from all customers before construction is initiated. Consequently, the Group's exposure towards credit risk is limited to the customers' changes to the house after construction has started.	Total impairment of trade receivables amounted to nil in 2015 and 2014.	Management considers the Group's exposure to credit risk as low.
Liquidity risk	Low	HusCompagniet does not receive payment until construction is finished and the house is handed over to the client. Accordingly, the Group needs sufficient facilities to fund ongoing constructions.	The Group aims to have a undrawn credit of minimum DKK 200 million to ensure that the Group is able to meet its obligations.	The Group has an undrawn credit facility of DKK 200 million to ensure that the Group is able to meet its obligations.	Management considers the exposure as being low.

Notes to the financial statements

23 Related parties

The ultimate Parent

The ultimate parent of the Group is EQT Foundation VI, Guernsey. There were no transactions between the Company and the ultimate company.

Other related parties

Other related parties include the following affiliated companies:

Name	Country of incorporation
HusCompagniet Sjælland A/S	Denmark
HusCompagniet Fyn A/S	Denmark
HusCompagniet Sønderjylland A/S	Denmark
FM-Søkjær Entreprise A/S	Denmark
Svenska HusCompagniet AB	Sweden
Die Haus-Compagnie Gmbh	Germany
HusCompagniet A/S	Denmark
HC NewCo A/S	Denmark
LejlighedsCompagniet A/S	Denmark
HC TopCo A/S	Denmark
Diego HC A/S	Denmark
Diego HC TopCo A/S	Denmark

Transactions with other related parties include management fee DKK 10,400 thousand (2014: DKK 1,090 thousand) and production cost DKK 16,532 thousand (2014: DKK 20,462 thousand) .

Transactions with key management personnel in 2015

Transactions with key management personnel include transactions with companies controlled by the key management personnel.

No direct payroll costs have been paid to key management personnel, but indirectly in the form of management fees for executive management services.

DKK'000	2015	2014
24 Other adjustments		
Depreciation, amortisation and impairment	1,146	570
Movements in provisions recognised in the income statement	479	451
Non-cash financial items	199	271
	1,824	1,292

25 Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

26 Fee to the auditors appointed by the Company in general meeting		
Fee regarding statutory audit	95	52
Tax assistance	-	3
Other assistance	-	14
	95	69