
TBL Holding ApS

Højmarkvej 26, DK-8270 Højbjerg

Annual Report for 1 January - 31 December 2020

CVR No 28 97 90 29

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /8 2021

Steen Sønderby
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of TBL Holding ApS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 4 August 2021

Executive Board

Rasmus Nørgaard

Mikkel Bülow-Lehnsby

Independent Auditor's Report

To the Shareholders of TBL Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TBL Holding ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial

Independent Auditor's Report

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 4 August 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Michael Groth Hansen
statsautoriseret revisor
mne33228

Jakob Thisted Binder
statsautoriseret revisor
mne42816

Company Information

The Company

TBL Holding ApS
Højmarkvej 26
DK-8270 Højbjerg

CVR No: 28 97 90 29
Financial period: 1 January - 31 December
Incorporated: 29 August 2005
Financial year: 15th financial year
Municipality of reg. office: Aarhus

Executive Board

Rasmus Nørgaard
Mikkel Bülow-Lehnsby

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank
Lersø Parkallé 100
DK-2100 København Ø

Nykredit
Under Krystallen 1
DK-1780 København V

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	525,303	294,662	249,927	168,219	158,983
Operating profit/loss	23,026	-29,526	34,442	2,411	46,960
Net financials	107,989	135,518	-10,496	31,128	27,658
Net profit/loss for the year	125,589	109,382	16,571	29,836	57,831
Balance sheet					
Balance sheet total	929,443	444,433	243,987	208,784	203,774
Equity	594,056	190,574	81,572	90,975	128,902
Cash flows					
Cash flows from:					
Ratios					
Return on assets	2.5%	-6.5%	14.8%	1.2%	23.1%
Solvency ratio	63.9%	42.9%	33.4%	43.6%	63.3%
Return on equity	32.0%	80.4%	19.2%	27.1%	70.1%

Management's Review

Key activities

The main purpose of the Company is to function as a holding company and directly or indirectly (i) to own and administrate properties, (ii) to run investments companies through purchase, sales and be in possession of group enterprises or shares, as well (iii) other companies which is related thereto after the Executive Boards assessments. The Company's purpose is also to allocate funds to charitable or other related charitable purposes. In addition, the Company can make passive investments. The Company also has the purpose to carry out consultancy work and other business assistance.

Development in the year

The Management's Review is concerning the entire TBL Holding ApS Group ("TBL Group"). As NREP A/S is by far the largest subsidiary and sub-group ("NREP") within TBL Group the Management Review primarily address matters regarding NREP.

The income statement of the Group for 2020 shows a profit of DKK 125,588,710 and at 31 December 2020 the balance sheet of the Group shows equity of DKK 594,056,146.

In many ways 2020 has been a very eventful year for NREP with a number of major milestones achieved. Below are some of the main activities in 2020 in terms of organization, fund raising and larger deals & partnerships:

- February; Emanuel Bena joins as partner in UK, being the first UK based partner in NREP's efforts to establish a foothold in UK, with the role as Head of Capital Markets and with focus on structured deals.
- May; Novo joins as 25% owner of NREP A/S, and Morten Beck Jørgensen joins as board member
- March; NREP divests its shares in NIO
- June; Henrik Skak Bender joins as partner and COO in a newly established role as part of the Executive Management Team in NREP
- September; Closing of the largest value-add fund in the Nordics (NSF IV) of EUR 1,9 billion
- October; NREP enters into cooperation with Ernst & Young to transform its financial operational platform and create best-in-class finance operating model, aimed at a scalable and flexible solution from lease administration over accounting to consolidation and reporting.
- November; First closing of the new NREP Income+ fund (NIP)
- December; As the first company, NREP starts to implement pan-Nordic use of an Artificial Intelligence tool (Spacemaker) to support a more customer-centric, effective, and sustainable development of real estate.
- December; NREP's largest Logistics acquisition becomes a reality, as NIP takes over a highly automated, highbay quality property measuring 84,800 m², let to the grocery retailer Coop.

115 new employees joined NREP in 2020 bringing the total number of employees at end of 2020 to 298, equivalent to 245 FTE.

Management's Review

The past year and follow-up on development expectations from last year

The profit of the year reflects:

- Managements fees and other income has been higher than expectations, as new funds raised and funds committed investments ended higher than expected. Management fees and other income increased by DKK 230 million or 80% compared to 2019
- Continued professionalization of NREP through continued recruitment of high-level professionals, including focus on investment teams locally as well as the continued build-up and competency-enhancement of corporate functions to enable the strong growth of NREP and strengthening of NREP Systems. Overall, a total of 115 new employees joined NREP in 2020.
- Returns on co-investments in NREP managed funds.

Profit before tax of the year increased by DKK 70 million equal to an increase of 115% which was higher than expected.

Management considers the result for the year to be very satisfactory as a result of the above-mentioned circumstances. Management considers 2020 to be a year of investing into the organization, including new talent base and stronger functions to allow for the growth strategy 2020 – 2025, wherefore the result before financial items was higher than in previous years, and in line with NREP's long-term plans.

Targets and expectations for the year ahead

Despite Covid-19, Management expects a higher level of activity during 2021. Due to continued divestment of smaller existing funds, some fees will be reduced. However, with the full effect of fees from NSF IV and NIP, combined with additional new fund raises and the fund management agreement with Dades (see further under Subsequent events) income in 2021 is expected to be slightly higher than 2020. Additional new fund products are being considered; however, they are likely to launch in late 2021 or beginning of 2022 and will therefore have limited impact on the 2021 results.

Costs are expected to continue to increase, as NREP is continuing building its organization and will seek to increase number of employees in a range of 25-40%. Furthermore, investments in new platforms will continue to outpace the revenue stream from these new activities, as expected, until these platforms result in large bases of new assets, which will happen from the ongoing development projects in both NSF III as well as NSF IV.

Hence, the result for the coming year is expected to be lower than in 2020, but in line with budgets and longer-term strategic plans. Management fee and other income are expected to increase in the range of 10-15% in 2021 and profit before taxes is expected to decrease in the range of DKK 50-75 million.

Management's Review

Market risks

Management fees received from funds are primarily based on the committed or deployed capital. In Management's assessment, the risk profile of the NREP Group is normal for this market.

The value assessments of properties held directly or indirectly through equity investments are inherently subject to some degree of uncertainty. In order to limit the risk as much as possible, all relevant properties have been assessed by external valuers, who are external parties independent of the company.

Foreign exchange risks

The Group primarily receives management fees in EUR, whereas the Group's expenses are distributed between DKK, SEK, NOK and EUR. This implies a risk in respect of exchange fluctuation of which the main part is however covered for operating purposes by matching income and expenses in the same currency. During 2020 NREP further strengthened its focus on treasury related risk areas, by adding a dedicated Treasury function.

Interest rate risks

The Group has little exposure to interest rate risk as external financing is limited

The NREP group might be indirectly exposed to interest rate risk through the Funds' performance. Funds have a dedicated policy for their own interest rate risk exposures.

Development activities

During the year investments of DKK 7 million were made in development activities. Development projects include investments in a number of new platforms as well as specific joint ventures with the aim to support the long-term strategy and focus areas of NREP. Importantly, NREP has built significant internal competencies within development and construction, and by mid-2020 NREP's in-house construction team comprises of 25 full time employees. During the first period with Covid-19 (March-May 2020), NREP had less than 1% of its building sites delayed.

Management's Review

External environment

NREP considers effective environmental risk management and sustainability a prerequisite to operate, but it also sees it as an integrated part of ensuring and improving the long-term value of its investments. Effective environmental management not only mitigates potential future risks and liabilities but is also an opportunity to directly improve both net operating income, capital requirements and residual value.

NREP is committed to establish sustainable relationships with the local stakeholders impacted by our businesses to ensure mutual respect and understanding, active partnership and a long-term sustainable commitment. Well beyond mere regulatory compliance, NREP's ambition is to have a positive impact on the local communities in which we invest.

NREP explicitly includes sustainability as a key component in its investment policy and investment decision-making.

Management's Review

Subsequent events

NREP launches '2150', a dedicated venture capital firm, to further accelerate a sustainable transition of the built environment. The €130 million initial closing of 2150's first fund received backing from Chr. Augustinus Fabrikker, Novo Holdings and Vaekstfonden, part of Denmark's Green Future Fund. The fund targets to invest in roughly 20 companies, each with a potential to become a so-called 'gigacorn', a commercially successful company with the potential to reduce or mitigate gigatons of CO₂. The first company to be backed by the fund is CarbonCure Technologies, a Canadian cleantech company with an innovative technology that injects recycled CO₂ into fresh concrete.

May 2021:

Celia Francis joins as independent/external member of the Board of Directors of NREP A/S. Celia Francis has held senior leadership roles at companies like AltaVista and T-Mobile. Later, she became CEO of WeeWorld, a social networking company. Most recently, Celia was CEO of Rated People for five years. Rated People is the UK's largest online marketplace for connecting homeowners with local tradespeople. Celia Francis' deep experience with product development, customer experience and technology is expected to greatly benefit NREP. Celia Francis, based in London, graduated from Harvard and holds an MBA from MIT.

May 2021:

NREP signs an agreement to take over the future asset management and optimization mandate of a €3.4bn real estate portfolio – consisting primarily of offices – from Dades, one of Denmark's largest real estate owners. The strategic rationale is to strengthen NREP's new strategy within the multi-purpose office segment and increase the company's presence in and positive impact on the Danish real estate market. NREP will insource all Dades' employees working on the portfolio today and, over time, expand with asset management teams to further manage and enhance the portfolio. The mandate for any new investments stays with Dades, which will continue to exist as the legal owner. Total footprint of the portfolio is 1.1m sqm, primarily located in Copenhagen and Aarhus, split across 101 properties in total (66 office properties, 11 local retail shopping centers, and 24 multi-family residential properties).

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Revenue		525,302,710	294,661,938	0	0
Other operating income		243,509	813,012	243,509	715,924
Other external expenses		-165,972,566	-98,644,567	-1,069,081	-710,479
Gross profit/loss		359,573,653	196,830,383	-825,572	5,445
Staff expenses	1	-320,292,761	-191,377,003	-1,132,856	-1,315,635
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-16,011,338	-34,166,360	0	0
Profit/loss before financial income and expenses		23,269,554	-28,712,980	-1,958,428	-1,310,190
Income from investments in subsidiaries		0	0	14,252,942	78,724
Income from investments in associates		121,521,489	74,419,947	57,959,051	78,521,597
Financial income	2	36,606,929	74,562,900	3,468,486	51,533,249
Financial expenses	3	-50,139,162	-13,465,339	-12,592,272	-7,795,146
Profit/loss before tax		131,258,810	106,804,528	61,129,779	121,028,234
Tax on profit/loss for the year	4	-5,670,100	2,577,079	-10	-524,155
Net profit/loss for the year		125,588,710	109,381,607	61,129,769	120,504,079

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Software		317,883	0	0	0
Development projects in progress		7,089,716	7,659,601	0	0
Intangible assets	5	7,407,599	7,659,601	0	0
Land and buildings		47,788,636	55,762,643	0	0
Other fixtures and fittings, tools and equipment		7,195,802	7,669,772	0	0
Leasehold improvements		5,161,157	6,570,842	0	0
Tangible assets	6	60,145,595	70,003,257	0	0
Investments in subsidiaries	7	0	0	2,037,534	2,207,433
Investments in associates	8	52,757,701	27,575,742	9,656,158	7,855,402
Receivables from group enterprises	9	0	0	186,802	0
Receivables from associates	9	1,690,495	1,649,433	1,690,495	1,649,433
Other fixed asset investments	9	112,847,348	69,052,244	33,587,595	36,277,138
Other receivables	9	17,721,610	15,377,547	9,233,949	4,640,149
		185,017,154	113,654,966	56,392,533	52,629,555
Fixed assets		252,570,348	191,317,824	56,392,533	52,629,555
Trade receivables		65,760,972	38,519,564	179,268	539,502
Receivables from group enterprises		0	69,020	14,497,785	69,020
Receivables from associates		17,664,099	1,504,548	3,961,303	765,957
Other receivables		49,318,493	56,629,128	6,404,421	25,869,487
Deferred tax asset	12	2,797,599	0	0	0
Corporation tax		152,921	5,369,740	152,921	429,160
Prepayments	10	4,602,575	4,290,199	0	0
Receivables		140,296,659	106,382,199	25,195,698	27,673,126
Cash at bank and in hand		536,575,944	146,733,219	31,060,588	82,232,695
Currents assets		676,872,603	253,115,418	56,256,286	109,905,821
Assets		929,442,951	444,433,242	112,648,819	162,535,376

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		150,000	150,000	150,000	150,000
Retained earnings		243,801,407	142,261,786	21,730,114	120,600,345
Proposed dividend for the year		50,000,000	0	50,000,000	0
Equity attributable to shareholders of the Parent Company		293,951,407	142,411,786	71,880,114	120,750,345
Minority interests		300,104,739	48,162,456	0	0
Equity		594,056,146	190,574,242	71,880,114	120,750,345
Other provisions		19,131,900	0	0	0
Provisions		19,131,900	0	0	0
Lease obligations		36,177,258	39,396,805	0	0
Payables to associates		38,241,153	27,284,866	38,241,153	27,284,866
Other payables		16,055,778	30,866,010	1,722,698	13,637,556
	13	90,474,189	97,547,681	39,963,851	40,922,422
Other credit institutions		44,872,258	47,739,226	11,564	49
Lease obligation	13	12,820,118	17,736,450	0	0
Trade payables		43,193,310	8,955,931	123,049	454,668
Other payables	13	124,895,030	81,849,839	670,241	407,892
Deferred income		0	29,873	0	0
		225,780,716	156,311,319	804,854	862,609
Debt		316,254,905	253,859,000	40,768,705	41,785,031
Liabilities and equity		929,442,951	444,433,242	112,648,819	162,535,376
Distribution of profit	11				
Contingent assets, liabilities and other financial obligations	17				
Related parties	18				
Accounting Policies	19				

Statement of Changes in Equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
2020						
Equity at 1 January	150,000	142,261,786	0	142,411,786	48,162,456	190,574,242
Exchange adjustments	0	3,387,665	0	3,387,665	0	3,387,665
Cash capital increase	0	156,303,524	0	156,303,524	235,327,883	391,631,407
Ordinary dividend paid	0	0	0	0	-16,078,164	-16,078,164
Extraordinary dividend paid	0	-110,000,000	0	-110,000,000	0	-110,000,000
Other equity movements	0	8,952,286	0	8,952,286	0	8,952,286
Net profit/loss for the year	0	42,896,146	50,000,000	92,896,146	32,692,564	125,588,710
Equity at 31 December	150,000	243,801,407	50,000,000	293,951,407	300,104,739	594,056,146

Group

2019

Equity 1. januar	150,000	26,685,140	27,000,000	53,835,140	27,736,589	81,571,729
Ordinary dividend paid	0	0	-27,000,000	-27,000,000	0	-27,000,000
Other equity movements	0	26,620,906	0	26,620,906	0	26,620,906
Net profit/loss for the year	0	88,955,740	0	88,955,740	20,425,867	109,381,607
Equity at 31 December	150,000	142,261,786	0	142,411,786	48,162,456	190,574,242

Statement of Changes in Equity

Parent Company

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
2020						
Equity at 1 January	150,000	120,600,345	0	120,750,345	0	120,750,345
Extraordinary dividend paid	0	-110,000,000	0	-110,000,000	0	-110,000,000
Net profit/loss for the year	0	11,129,769	50,000,000	61,129,769	0	61,129,769
Equity at 31 December	150,000	21,730,114	50,000,000	71,880,114	0	71,880,114

Parent Company

2019						
Equity 1. januar	150,000	96,266	27,000,000	27,246,266	0	27,246,266
Ordinary dividend paid	0	0	-27,000,000	-27,000,000	0	-27,000,000
Net profit/loss for the year	0	120,504,079	0	120,504,079	0	120,504,079
Equity at 31 December	150,000	120,600,345	0	120,750,345	0	120,750,345

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 DKK	2019 DKK
Net profit/loss for the year		125,588,710	109,381,607
Adjustments	15	-90,021,779	-104,468,471
Change in working capital	16	42,896,622	18,158,403
Cash flows from operating activities before financial income and expenses		78,463,553	23,071,539
Financial income		36,355,114	75,399,209
Financial expenses		-8,728,409	-13,465,339
Cash flows from ordinary activities		106,090,258	85,005,409
Corporation tax paid		7,964,238	-6,174,863
Cash flows from operating activities		114,054,496	78,830,546
Purchase of intangible assets		-511,943	-14,538,142
Purchase of property, plant and equipment		-1,648,713	-15,251,156
Purchase of investments in associates		-11,655,657	-17,928,741
Purchase of other non-current financial assets etc.		-84,689,740	0
Sale of other non-current financial assets etc.		1,786,338	0
Sales og other fixtures and fittings		0	8,382,280
Sales of other asset investments made etc		0	3,120,015
Dividends received from associates and other investments		124,271,001	84,137,913
Cash flows from investing activities		27,551,286	47,922,169
Repayment of mortgage loans		0	-12,484,518
Repayment of loans from credit institutions		-2,866,968	0
Repayment of principal portion of lease liabilities		-13,223,274	-11,010,309
Raising of loans from credit institutions		0	19,959,523
Raising of loans from associates		10,915,225	-9,152,687
Share based payment expense		1,601,714	0
Cash capital increase		391,631,407	0
Other equity entries (should be broken down)		-14,252,942	0
Dividend paid to shareholders		-110,000,000	-27,000,000
Dividend paid to Non-controlling interests		-16,078,164	0
Cash flows from financing activities		247,726,998	-39,687,991
Change in cash and cash equivalents		389,332,780	87,064,724
Cash and cash equivalents at 1 January		146,733,219	59,668,495
Exchange adjustments of cash and cash equivalents		509,945	0

Cash Flow Statement 1 January - 31 December

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Cash and cash equivalents at 31 December		<u>536,575,944</u>	<u>146,733,219</u>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>536,575,944</u>	<u>146,733,219</u>
Cash and cash equivalents at 31 December		<u>536,575,944</u>	<u>146,733,219</u>

Notes to the Financial Statements

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
1 Staff expenses				
Wages and salaries	247,616,138	133,475,389	1,008,406	1,310,321
Pensions	20,386,380	12,792,936	118,947	0
Other social security expenses	15,659,648	9,248,104	5,503	5,314
Other staff expenses	36,630,595	35,860,574	0	0
	320,292,761	191,377,003	1,132,856	1,315,635
Average number of employees	230	152	1	1
2 Financial income				
Income from fixed asset investments	26,595,818	17,140,751	1,339,591	4,531,534
Other financial income	9,759,296	57,293,722	2,068,587	46,873,288
Exchange adjustments	251,815	128,427	60,308	128,427
	36,606,929	74,562,900	3,468,486	51,533,249
3 Financial expenses				
Write down of investments and other fixed assets investments	33,333,205	6,710,000	11,072,537	6,710,000
Interest paid to group enterprises	0	336,347	0	336,347
Interest paid to associates	629,622	601,484	629,622	601,484
Other financial expenses	11,751,270	5,735,609	522,800	65,416
Exchange adjustments	4,425,065	81,899	367,313	81,899
	50,139,162	13,465,339	12,592,272	7,795,146
4 Tax on profit/loss for the year				
Current tax for the year	5,670,090	-2,876,394	0	224,840
Deferred tax for the year	0	299,315	0	299,315
Adjustment of tax concerning previous years	10	0	10	0
	5,670,100	-2,577,079	10	524,155

Notes to the Financial Statements

5 Intangible assets

Group

	Software DKK	Development projects in progress DKK
Cost at 1 January	19,980,030	10,920,826
Exchange adjustment	0	-26,374
Additions for the year	<u>317,883</u>	<u>194,060</u>
Cost at 31 December	<u>20,297,913</u>	<u>11,088,512</u>
Impairment losses and amortisation at 1 January	19,980,030	3,261,225
Exchange adjustment	0	-9,272
Amortisation for the year	<u>0</u>	<u>746,843</u>
Impairment losses and amortisation at 31 December	<u>19,980,030</u>	<u>3,998,796</u>
Carrying amount at 31 December	<u>317,883</u>	<u>7,089,716</u>

Development projects in progress holds capitalized costs related to set up of the new serviced living hotel business and the new student residences business. The costs occurred consists of legal, marketing and ITC costs in connection with the set-up and development of the new businesses. Software assets and impairment losses in prior years relate to accounting system still in use.

Notes to the Financial Statements

6 Tangible assets

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK	DKK
Cost at 1 January	65,819,708	16,629,245	7,848,857
Additions for the year	2,438,168	2,977,095	232,178
Disposals for the year	0	-1,986,552	0
Transfers for the year	1,251,375	-275,415	0
Cost at 31 December	<u>69,509,251</u>	<u>17,344,373</u>	<u>8,081,035</u>
Exchange adjustment	<u>554,943</u>	<u>112,509</u>	<u>0</u>
Revaluations at 31 December	<u>554,943</u>	<u>112,509</u>	<u>0</u>
Impairment losses and depreciation at 1 January	10,057,065	8,959,473	1,278,015
Exchange adjustment	358,511	34,277	0
Impairment losses for the year	0	1,113,326	1,641,863
Depreciation for the year	12,252,220	659,646	0
Reversal of impairment and depreciation of sold assets	0	-495,308	0
Reversal for the year of previous years' impairment losses	<u>-392,238</u>	<u>-10,334</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>22,275,558</u>	<u>10,261,080</u>	<u>2,919,878</u>
Carrying amount at 31 December	<u>47,788,636</u>	<u>7,195,802</u>	<u>5,161,157</u>
Including assets under leases amounting to	<u>46,577,219</u>	<u>1,799,045</u>	<u>0</u>

Notes to the Financial Statements

	Parent Company	
	2020	2019
	DKK	DKK
7 Investments in subsidiaries		
Cost at 1 January	2,207,433	2,586,941
Additions for the year	15,332,315	89,504
Disposals for the year	-15,502,214	-469,012
Carrying amount at 31 December	2,037,534	2,207,433

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
NREP A/S	Denmark	DKK 1.359.094	43%	191,567,521	50,323,481
NREP NSF III Inv. Sarl	Denmark	EUR 20.000	100%	-25,470	-24,743
NBL Invest ApS	Denmark	DKK 40.000	100%	8,603	-31,397
NREP-TF ApS	Denmark	DKK 40.000	79%	-640,635	-680,635

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
8 Investments in associates				
Cost at 1 January	63,903,412	65,686,756	10,690,849	17,033,783
Exchange adjustment	227,924	147,823	126	0
Other Adjustments	-1,352,385	0	11,782,344	0
Additions for the year	17,995,656	1,312,773	5,806,331	312,773
Disposals for the year	-63,474	-6,739,030	-63,474	-6,646,341
Transfers for the year	-2,736,363	3,495,090	0	-9,366
Cost at 31 December	<u>77,974,770</u>	<u>63,903,412</u>	<u>28,216,176</u>	<u>10,690,849</u>
Revaluations at 1 January	-36,327,670	-26,280,818	-2,835,447	-2,835,447
Exchange adjustment	149,775	-328,886	0	0
Net profit/loss for the year	121,521,489	74,419,947	0	0
Dividend to the Group	-117,110,871	-84,137,913	0	0
Impairment	0	0	-3,900,000	0
Other Adjustments	<u>6,550,208</u>	<u>0</u>	<u>-11,824,571</u>	<u>0</u>
Revaluations at 31 December	<u>-25,217,069</u>	<u>-36,327,670</u>	<u>-18,560,018</u>	<u>-2,835,447</u>
Carrying amount at 31 December	<u>52,757,701</u>	<u>27,575,742</u>	<u>9,656,158</u>	<u>7,855,402</u>

Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
NREP NSF					
Investments S.à.r.l. (2019)	Luxembourg, Luxembourg	EUR 12.500	27%	1,042	1,964,425,316
NREP InvestCo 4 AB (2019)	Stockholm, Sweden	SEK 100.000	20%	698,277	71,751
NREP InvestCo 7 AB (2019)	Stockholm, Sweden	EUR 60.000	34%	35,462,697	35,331,031
NREP InvestCo 18 AB (2019)	Stockholm, Sweden	EUR 13.000	23%	7,276,429	3,797,620
NREP InvestCo 22 AB (2019)	Stockholm, Sweden	EUR 6.500	20%	12,313,786	12,216,146
NREP InvestCo 27 AB (2019)	Stockholm, Sweden	EUR 13.000	25%	3,977,367	2,120,720
NREP InvestCo 82 AB (2019)	Stockholm, Sweden	EUR 12.500	25%	124,270	-19,972
Dinos Legeland					
Holding ApS	Rudersdal, Denmark	DKK 88.889	28%	15,208,522	3,603,168
KulPå ApS	København, Denmark	DKK 1.000.000	33%	2,118,165	829,574
NIO CIV I GP ApS	København, Denmark	EUR 5.354	33%	9,426	1,534
NREP InvestCo 3 AB (2019)	Stockholm, Sweden	SEK 100.000	23%	2,151,048	1,568,904
NREP InvestCo 28 AB (2019)	Stockholm, Sweden	SEK 50.000	32%	1,059,990	1,027,443
NREP InvestCo 15 AB (2019)	Stockholm, Sweden	EUR 6.500	39%	118,603,498	115,051,459
NREP InvestCo 31 AB	Stockholm, Sweden	SEK 50.000	43%	681,264	619,129
NREP InvestCo 50 AB (2019)	Stockholm, Sweden	EUR 6.500	24%	92,463	-34,026
NREP InvestCo 14 AB (2019)	Stockholm, Sweden	EUR 6.500	36%	47,344,499	27,345,230
NREP NSF III					
InvestCo 94 AS	Oslo, Norway	NOK 35.548	29%	391,321	-1,617
NREP InvestCo 44 AS	Oslo, Norway	NOK 99.425	22%	550,424	19,043
NREP NSF III					
InvestCo 84 AB (2019)	Stockholm, Sweden	EUR 6.500	25%	988,979	-509,653
NREP InvestCo 95 AB (2019)	Stockholm, Sweden	EUR 17.333	33%	250,758	-33,287

Notes to the Financial Statements

8 Investments in associates (continued)

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
NREP InvestCo 63 AB (2019)	Stockholm, Sweden	EUR 6.500	30%	4,065,391	3,950,738
NREP Co-Investment Nordhavn K/S	København, Denmark	DKK 12.000.000	48%	11,774,582	-3,743,731
Komp. NREP Co- Investment Nordhavn ApS	København, Denmark	DKK 60.000	48%	19,521	-97,631
Ejendomsselskabet Hellebro A/S	København, Denmark	DKK 17.500.000	20%	37,305,000	1,711,000
Lendager Group ApS	København, Denmark	DKK 103.342	45%	5,856,195	4,325,093

All foreign associates are recognised and measured as separate entities.

The majority of the Swedish ABs has not filed the Annual Report as per the date of the Annual Report. Therefore 2019 figures are used, as these are the most recent figures for the companies.

Notes to the Financial Statements

9 Other fixed assets

	Group			Parent Company			
	Receivables from asso- ciates	Other fixed asset investments	Other receiv- ables	Receivables from group enterprises	Receivables from asso- ciates	Other fixed asset investments	Other receiv- ables
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Cost at 1 January	1,649,433	72,625,273	15,377,547	0	1,649,433	39,522,540	4,640,149
Exchange adjustments	0	-140,395	180,022	0	0	-355,596	0
Other adjustments	0	4,209,037	-666,229	0	0	4,407,244	0
Additions for the year	41,062	95,007,590	8,426,117	186,802	41,062	16,124,179	7,810,510
Disposals for the year	0	-17,774,512	-5,595,847	0	0	-8,783,046	-3,216,710
Transfers for the year	0	2,736,362	0	0	0	0	0
Cost at 31 December	1,690,495	156,663,355	17,721,610	186,802	1,690,495	50,915,321	9,233,949
Impairment losses at 1 January	0	3,573,026	0	0	0	3,245,402	0
Impairment losses for the year	0	33,333,205	0	0	0	7,172,537	0
Other adjustments	0	6,909,776	0	0	0	6,909,787	0
Impairment losses at 31 December	0	43,816,007	0	0	0	17,327,726	0
Carrying amount at 31 December	1,690,495	112,847,348	17,721,610	186,802	1,690,495	33,587,595	9,233,949

Notes to the Financial Statements

10 Prepayments

The prepayments relate to consultancy fee in for the funding of NREP Group managed funds.

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
11 Distribution of profit				
Extraordinary dividend paid	110,000,000	0	110,000,000	0
Proposed dividend for the year	50,000,000	0	50,000,000	0
Minority interests' share of net profit/loss of subsidiaries	32,692,564	20,425,867	0	0
Retained earnings	-67,103,854	88,955,740	-98,870,231	120,504,079
	125,588,710	109,381,607	61,129,769	120,504,079

12 Deferred tax asset

Deferred tax asset at 1 January	0	262,745	0	299,315
Amounts recognised in the income statement for the year	2,797,599	-299,315	0	-299,315
Amounts recognised in equity for the year	0	36,570	0	0
Deferred tax asset at 31 December	2,797,599	0	0	0

Notes to the Financial Statements

13 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
Lease obligations				
Between 1 and 5 years	36,177,258	39,396,805	0	0
Long-term part	36,177,258	39,396,805	0	0
Within 1 year	12,820,118	17,736,450	0	0
	48,997,376	57,133,255	0	0
Payables to associates				
After 5 years	38,241,153	0	38,241,153	0
Between 1 and 5 years	0	27,284,866	0	27,284,866
Long-term part	38,241,153	27,284,866	38,241,153	27,284,866
Within 1 year	0	0	0	0
	38,241,153	27,284,866	38,241,153	27,284,866
Other payables				
After 5 years	1,722,698	13,637,556	1,722,698	13,637,556
Between 1 and 5 years	14,333,080	17,228,454	0	0
Long-term part	16,055,778	30,866,010	1,722,698	13,637,556
Other short-term payables	124,895,030	81,849,839	670,241	407,892
	140,950,808	112,715,849	2,392,939	14,045,448

Notes to the Financial Statements

	2020 DKK	2019 DKK
14 Other provisions		
<p>In December 2020, an unfavourable judgement was handed down against the group in respect of a dispute with the Authorities. However, after taking appropriate consultation Management has decided to appeal against the decision. No payment has been made to the claimant as a result of the unfavourable judgement. The recognised provision reflects Management best estimated likely outcome of the situation.</p>		
Other provisions	19,131,900	0
	19,131,900	0
	Group	
	2020 DKK	2019 DKK
15 Cash flow statement - adjustments		
Financial income	-36,606,929	-74,562,900
Financial expenses	50,139,162	13,465,339
Depreciation, amortisation and impairment losses, including losses and gains on sales	16,011,338	34,166,360
Income from investments in associates	-121,521,489	-74,419,947
Tax on profit/loss for the year	5,670,100	-2,577,079
Other adjustments	-3,713,961	-540,244
	-90,021,779	-104,468,471
16 Cash flow statement - change in working capital		
Change in receivables	-38,677,743	-25,358,149
Change in other provisions	19,131,900	0
Change in trade payables, etc.	62,442,465	43,516,552
	42,896,622	18,158,403

Notes to the Financial Statements

17 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Parent

The Company has provided an unlimited solidarity guarantee to the associated Company, KulPå ApS.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. se the Company's liability.

The Company have entered into binding commitments to add futher capital USD 240k (DKK 1,584k) to the Company's investment in West Street Capital Partners (Goldman Sachs) and USD 154k (DKK 1,147k) according to investment agreements.

Group

The Group companies are jointly and separately liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TBL Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Group has entered into binding commitments to invest further EUR 7m into NREP Income+ Fund.

The Group has issued a claw-back guarantee for the carried interest paid from the NREP managed funds, which have not been enclosed.

18 Related parties

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Doughnut Capital ApS, Højmarkvej 26, DK-8270 Højbjerg
Two Degrees ApS, Højmarkvej 26, DK-8270 Højbjerg

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of TBL Holding ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TBL Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates. These are recognised in the Consolidated Financial Statement with the Parent Company's share of the net asset value of the associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

19 Accounting Policies (continued)

Business combinations

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that

Notes to the Financial Statements

19 Accounting Policies (continued)

the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Other external expenses

Other external expenses comprise expenses for administration.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in associates

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

19 Accounting Policies (continued)

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Software investments are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software licences are amortised over the period of the agreement, which is 10 years.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-20 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

19 Accounting Policies (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of lowvalue assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to the Financial Statements

19 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Investments in subsidiaries and associates are measured at cost in the Parent Company. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables

Other receivables consist of long term receivables.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Treasury shares

Treasury shares are deducted from equity and no gain or loss are recognised on the purchase, sale, issue or cancellation of such shares.

Treasury shares are presented in 'other equity'/disclosed as a separate line item in the balance sheet/deducted from retained earnings/ presented in a specific reserve.

Notes to the Financial Statements

19 Accounting Policies (continued)

Where any group company purchases the company's equity instruments, the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the owners of the parent company. The Group's share of equity instruments of the Group held by associates are treated as own equity instruments. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the owners of the parent company.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

The Group reports cash flows from operating activities using the indirect method. Financial income received from joint ventures and associates etc., and financial expenses paid on loans is presented within financing activities in the cash flow statement. The acquisitions and disposals of investments are disclosed as cash flows from investing activities because this most appropriately reflects the Groups business activities.

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$