

Erika Holding ApS
Bundgårdsvej 60
9000 Aalborg
Central Business Registration
No 32270581

Annual report 2016

The Annual General Meeting adopted the annual report on 22.06.2017

Chairman of the General Meeting

Name: Erik Bent Hansen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2016	7
Consolidated balance sheet at 31.12.2016	8
Consolidated statement of changes in equity for 2016	10
Notes to consolidated financial statements	11
Parent income statement for 2016	15
Parent balance sheet at 31.12.2016	16
Parent statement of changes in equity for 2016	18
Notes to parent financial statements	19
Accounting policies	21

Entity details

Entity

Erika Holding ApS
Bundgårdsvej 60
9000 Aalborg

Central Business Registration No: 32270581
Registered in: Aalborg
Financial year: 01.01.2016 - 31.12.2016

Executive Board

Lisbeth Simonsen Pelle, CEO
Erik Bent Hansen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Gøteborgvej 18
9200 Aalborg SV

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Erika Holding ApS for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 22.06.2017

Executive Board

Lisbeth Simonsen Pelle
CEO

Erik Bent Hansen
CEO

Independent auditor's report

To the shareholders of Erika Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Erika Holding ApS for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2016, and of the results of their operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent financial 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 22.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Lars Birner Sørensen
State-Authorised Public Accountant

Management commentary

Primary activities

The primary activities of the Group are real estate investment and other investment activities.

Development in activities and finances

Net income for the year was a profit of DKK 5,740k. Management considers the profit satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Gross profit		3.739.652	2.867
Fair value adjustments of investment property		2.227.884	5.016
Fair value adjustments of debt		0	(107)
Depreciation, amortisation and impairment losses		(109.371)	(113)
Other operating expenses		0	(63)
Operating profit/loss		5.858.165	7.600
Income from investments in associates		1.019.563	0
Other financial income	1	1.553.564	3.205
Other financial expenses	2	(1.688.373)	(1.572)
Profit/loss before tax		6.742.919	9.233
Tax on profit/loss for the year	3	(1.003.283)	(1.479)
Profit/loss for the year		5.739.636	7.754
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		1.019.563	0
Retained earnings		4.720.073	7.754
		5.739.636	7.754

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Investment property		98.150.000	87.700
Other fixtures and fittings, tools and equipment		398.638	507
Prepayments for property, plant and equipment		500.000	640
Property, plant and equipment	4	<u>99.048.638</u>	<u>88.847</u>
Investments in associates		9.068.178	0
Fixed asset investments	5	<u>9.068.178</u>	<u>0</u>
Fixed assets		<u>108.116.816</u>	<u>88.847</u>
Trade receivables		116.427	133
Receivables from group enterprises		166.439	352
Receivables from associates		3.088.229	0
Other receivables		299.712	624
Prepayments		22.728	33
Receivables		<u>3.693.535</u>	<u>1.142</u>
Other investments		0	7.248
Other investments		<u>0</u>	<u>7.248</u>
Cash		<u>1.152.992</u>	<u>944</u>
Current assets		<u>4.846.527</u>	<u>9.334</u>
Assets		<u>112.963.343</u>	<u>98.181</u>

Consolidated balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital		125.000	125
Reserve for net revaluation according to the equity method		1.019.563	0
Retained earnings		30.861.825	26.141
Equity		32.006.388	26.266
Deferred tax		5.099.933	4.177
Provisions		5.099.933	4.177
Mortgage debts		59.355.569	57.448
Other payables		2.230.567	2.340
Non-current liabilities other than provisions	7	61.586.136	59.788
Current portion of long-term liabilities other than provisions	7	836.275	813
Bank loans		10.726.384	4.506
Deposits		1.299.843	1.167
Trade payables		103.880	5
Income tax payable		71.615	0
Other payables		388.991	713
Deferred income		843.898	746
Current liabilities other than provisions		14.270.886	7.950
Liabilities other than provisions		75.857.022	67.738
Equity and liabilities		112.963.343	98.181
Associates	6		
Financial instruments	8		
Mortgages and securities	9		
Subsidiaries	10		

Consolidated statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125.000	0	26.141.752	26.266.752
Profit/loss for the year	0	1.019.563	4.720.073	5.739.636
Equity end of year	125.000	1.019.563	30.861.825	32.006.388

Notes to consolidated financial statements

	2016 DKK	2015 DKK'000
1. Other financial income		
Financial income arising from group enterprises	9.591	3
Exchange rate adjustments	5.311	0
Fair value adjustments	880.830	2.681
Other financial income	657.832	521
	1.553.564	3.205
	2016 DKK	2015 DKK'000
2. Other financial expenses		
Interest expenses	171.308	174
Other financial expenses	1.517.065	1.398
	1.688.373	1.572
	2016 DKK	2015 DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	71.615	0
Change in deferred tax for the year	923.380	1.479
Refund in joint taxation arrangement	8.288	0
	1.003.283	1.479

Notes to consolidated financial statements

	Investment property DKK	Other fixtures and fittings, tools and equipment DKK	Prepay- ments for property, plant and equipment DKK
4. Property, plant and equipment			
Cost beginning of year	66.147.632	990.370	640.000
Transfers	640.000	0	(640.000)
Additions	7.582.115	0	500.000
Cost end of year	74.369.747	990.370	500.000
Depreciation and impairment losses beginning of the year	0	(482.361)	0
Depreciation for the year	0	(109.371)	0
Depreciation and impairment losses end of the year	0	(591.732)	0
Fair value adjustments beginning of year	21.552.368	0	0
Fair value adjustments for the year	2.227.885	0	0
Fair value adjustments end of year	23.780.253	0	0
Carrying amount end of year	98.150.000	398.638	500.000

As described under accounting policies, investment property is measured at fair value using the return-based model. The Group's investment property consists of residential leases as well as a few commercial leases. The Group's investment property is situated in Aalborg, Denmark. The following required rate of return is used for the valuation of the residential investment property, 4,34-4,99% (weighted average, 4,85%).

A deviation on the required rate of return of an average of +/- 0,5 percentage points will result in a change in fair value of DKK -9,421k and DKK +10,761k, respectively, and a change in equity of DKK -7,349k and DKK 8,394k.

Normalised net rent used for the calculation is fixed by Management at DKK 4,688k based on the operating expenses and the actual lease of the property.

The Company's properties, in all material respects, have been leased out in the financial year, and according to the market standard for similar properties, vacancy is not budgeted for in the assumptions for normalised operations due to the location of the property. An external real estate appraiser has not been used for the valuation of the investment property, but Management has used updated market data from a recognised market report to determine the required rate of return. The required rate of return is fixed by a weighted average of the required rate of return relating to the individual leases and amounts to 4,37 %.

Notes to consolidated financial statements

	Investments in associates DKK
5. Fixed asset investments	
Additions	8.048.615
Cost end of year	8.048.615
Share of profit/loss for the year	1.019.563
Revaluations end of year	1.019.563
Carrying amount end of year	9.068.178

	Registered in	Equity inte- rest %
6. Associates		
Jenka Holding ApS	København	50,0

	Instalments within 12 months 2016 DKK	Instalments within 12 months 2015 DKK'000	Instalments beyond 12 months 2016 DKK	Outstanding after 5 years DKK
7. Liabilities other than provisions				
Mortgage debts	337.275	387	59.355.569	57.296.833
Other payables	499.000	426	2.230.567	235.000
	836.275	813	61.586.136	57.531.833

8. Financial instruments

Other payables include a negative fair value of interest rate swaps of DKK 2,730k. The principal of the interest rate swaps amounts to DKK 18,225k, and the remaining term to maturity is 5-6 years. The interest paid is a fixed interest rate between 2.85 and 3.7%, and the interest received is a floating interest rate based on CIBOR 3M. The interest rate swap does not meet the conditions of being treated as hedge accounting, and the change in fair value is therefore recognised on a continuous basis in the income statement under financial income and expenses.

9. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties.

Bank debt is secured by way of a mortgage on properties.

Notes to consolidated financial statements

The Group is liable for debt to Jyske Bank and BRF Kredit in Prinsessesgade 61-63 ApS. The debt amounts to DKK 21.650k at the balance sheet date.

The Group is liable for debt to Jyske Bank and BRF Kredit in Glentevej 10 ApS. The debt amounts to DKK 10.331k at the balance sheet date.

	Registered in	Corpo- rate form	Equity inte- rest %
10. Subsidiaries			
Ejendomsselskabet VN 82 ApS	Aalborg	ApS	100,0
Ejendomsselskabet Kjellerupsgade 9, Aalborg ApS	Aalborg	ApS	100,0
Rantzausgade 1-5 ApS	Aalborg	ApS	100,0
Louisegade 17 ApS	Aalborg	ApS	100,0
Boliganpartsselskabet Boulevarden 26A, Aalborg	Aalborg	ApS	100,0
Prinsensgade 41 ApS	Aalborg	ApS	100,0
MHP Byg ApS	Aalborg	ApS	100,0
Danmarksgade 67 ApS	Aalborg	ApS	100,0

Parent income statement for 2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Gross loss		(113.112)	(203)
Income from investments in group enterprises		4.217.186	5.679
Income from investments in associates		1.019.563	0
Other financial income	1	1.551.646	3.211
Other financial expenses	2	<u>(1.114.819)</u>	<u>(1.087)</u>
Profit/loss before tax		5.560.464	7.600
Tax on profit/loss for the year	3	<u>179.172</u>	<u>155</u>
Profit/loss for the year		5.739.636	7.755
Proposed distribution of profit/loss			
Transferred to reserve for net revaluation according to the equity method		5.236.749	5.679
Retained earnings		<u>502.887</u>	<u>2.076</u>
		5.739.636	7.755

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Investments in group enterprises		45.546.705	41.328
Investments in associates		9.068.178	0
Other receivables		500.000	0
Fixed asset investments	4	55.114.883	41.328
Fixed assets		55.114.883	41.328
Receivables from group enterprises		266.878	942
Receivables from associates		3.088.229	0
Deferred tax		408.375	502
Other receivables		0	305
Receivables		3.763.482	1.749
Other investments		0	7.248
Other investments		0	7.248
Cash		85.512	76
Current assets		3.848.994	9.073
Assets		58.963.877	50.401

Parent balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK</u>	<u>2015 DKK'000</u>
Contributed capital		125.000	125
Reserve for net revaluation according to the equity method		29.417.619	24.181
Retained earnings		2.463.769	1.961
Equity		32.006.388	26.267
Other payables		2.230.567	2.329
Non-current liabilities other than provisions	5	2.230.567	2.329
Current portion of long-term liabilities other than provisions	5	499.000	426
Bank loans		2.003.549	2.030
Payables to group enterprises		22.208.873	19.333
Other payables		15.500	16
Current liabilities other than provisions		24.726.922	21.805
Liabilities other than provisions		26.957.489	24.134
Equity and liabilities		58.963.877	50.401
Financial instruments	6		
Contingent liabilities	7		
Mortgages and securities	8		

Parent statement of changes in equity for 2016

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
Equity beginning of year	125.000	24.180.870	1.960.882	26.266.752
Profit/loss for the year	0	5.236.749	502.887	5.739.636
Equity end of year	125.000	29.417.619	2.463.769	32.006.388

Notes to parent financial statements

	2016 DKK	2015 DKK'000	
1. Other financial income			
Financial income arising from group enterprises	12.984	8	
Fair value adjustments	880.830	2.681	
Other financial income	657.832	522	
	1.551.646	3.211	
	2016 DKK	2015 DKK'000	
2. Other financial expenses			
Financial expenses from group enterprises	410.938	363	
Other financial expenses	703.881	724	
	1.114.819	1.087	
	2016 DKK	2015 DKK'000	
3. Tax on profit/loss for the year			
Change in deferred tax for the year	(122.565)	(155)	
Adjustment concerning previous years	(39.168)	0	
Effect of changed tax rates	(17.439)	0	
	(179.172)	(155)	
	Investments in group enterprises DKK	Investments in associates DKK	Other receivables DKK
4. Fixed asset investments			
Cost beginning of year	17.148.649	0	0
Additions	0	8.048.615	500.000
Cost end of year	17.148.649	8.048.615	500.000
Revaluations beginning of year	24.180.870	0	0
Share of profit/loss for the year	4.217.186	1.019.563	0
Revaluations end of year	28.398.056	1.019.563	0
Carrying amount end of year	45.546.705	9.068.178	500.000

Specification of investments in subsidiaries is shown in the notes to the consolidated financial statements.

Notes to parent financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
Investments in associates comprise:			
Jenka Holding ApS	København	ApS	50,0

	<u>Instalments within 12 months 2016 DKK</u>	<u>Instalments within 12 months 2015 DKK'000</u>	<u>Instalments beyond 12 months 2016 DKK</u>	<u>Outstanding after 5 years DKK</u>
5. Liabilities other than provisions				
Other payables	499.000	426	2.230.567	235.000
	499.000	426	2.230.567	235.000

6. Financial instruments

Other payables include a negative fair value of interest rate swaps of DKK 2,730k. The principal of the interest rate swaps amounts to DKK 18,225k, and the remaining term to maturity is 5-6 years. The interest paid is a fixed interest rate between 2.85 and 3.7%, and the interest received is a floating interest rate based on CIBOR 3M. The interest rate swap does not meet the conditions of being treated as hedge accounting, and the change in fair value is therefore recognised on a continuous basis in the income statement under financial income and expenses.

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which LPEH Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

8. Mortgages and securities

The Company is liable for debt to Jyske Bank and BRF Kredit in Prinsessesgade 61-63 ApS. The debt amounts to DKK 21.650k at the balance sheet date.

The Company is liable for debt to Jyske Bank and BRF Kredit in Glentevej 10 ApS. The debt amounts to DKK 10.331k at the balance sheet date.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Accounting policies

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Fair value adjustments of investment property

Fair value adjustment of investment properties for the financial year of the Entity's investment properties measured at fair value at the balance sheet date.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Accounting policies

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
--	---------

There is no expected residual value after use.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date. Fair value is determined by applying the return-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been

Accounting policies

adjusted to normal earnings, and using a required rate of return that reflects current market required rates of return for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Securities recognised under current assets comprise listed and unlisted investments measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Accounting policies

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.