



Euro Economics ApS

Amaliegade 22, 1.
1256 Copenhagen
CVR No. 32763138

Annual report 2020

The Annual General Meeting adopted the
annual report on 05.07.2021

Claus Molbech Bendtsen

Chairman of the General Meeting

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Entity details

Entity

Euro Economics ApS

Amaliegade 22, 1.

1256 Copenhagen

Business Registration No.: 32763138

Registered office: Copenhagen

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Claus Molbech Bendtsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Euro Economics ApS for the financial year 01.01.2020 - 31.12.2020

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

In my 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Copenhagen, 05.07.2021

Executive Board

Claus Molbech Bendtsen

Independent auditor's report

To the shareholders of Euro Economics ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Euro Economics ApS for the financial year 01.01.2020 - 31.12.2020, 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, and the consolidated cash flow statement. 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 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 and 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.

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.

Copenhagen, 05.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Gade Steinmetz

State Authorised Public Accountant
Identification No (MNE) mne34145

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	9,202	25,828	29,890	31,871	18,826
Operating profit/loss	52,407	26,316	187,714	46,418	35,981
Net financials	(26,472)	(36,562)	(36,533)	(33,229)	(28,543)
Profit/loss for the year	17,178	(7,690)	116,737	7,462	4,676
Balance sheet total	839,846	1,563,593	1,466,958	1,246,572	961,789
Investments in property, plant and equipment	7,887	124,386	96,760	224,211	378,494
Equity	125,492	108,314	116,004	(733)	(8,192)
Ratios					
Equity ratio (%)	14.94	6.93	7.91	(0.06)	(0.85)

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The group's primary activities consists in investing in properties and owning equity interests in other companies, exercising ownership rights and asset management in connection with this.

Description of material changes in activities and finances

The group has realized a result of 17.2 mDKK. The result is assessed to be satisfactory. Results are significantly affected by results from subsidiaries corresponding to 31.8 mDKK.

Uncertainty relating to recognition and measurement

The Company's investment properties are measured at fair value. The fair value of the investment properties are recognized at DKK 796,299k. Revaluations and impairment losses of investment properties are based on accounting judgements based on market value calculations of the net rent.

The required rate of return is set so that it is considered to reflect the market's actual required rate of return on similar properties. There is uncertainty related to determining the required rate of return and an increase in this of 0.5 percentage points will reduce the fair value by approx. DKK 103,6m as per the mentioning in the annual report's notes for investment properties.

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 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss		9,202	25,828
Fair value adjustments of investment property		44,240	1,679
Staff costs	1	(837)	(1,005)
Depreciation, amortisation and impairment losses	2	(198)	(186)
Operating profit/loss		52,407	26,316
Other financial income		2,907	419
Financial expenses from group enterprises		0	(26,204)
Other financial expenses		(29,379)	(10,777)
Profit/loss before tax		25,935	(10,246)
Tax on profit/loss for the year	3	(8,757)	2,556
Profit/loss for the year		17,178	(7,690)
Proposed distribution of profit and loss			
Retained earnings		17,178	(7,690)
Proposed distribution of profit and loss		17,178	(7,690)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Land and buildings		11,330	11,510
Investment property		796,299	1,522,188
Other fixtures and fittings, tools and equipment		121	76
Property, plant and equipment	4	807,750	1,533,774
Deposits		250	250
Financial assets	5	250	250
Fixed assets		808,000	1,534,024
Trade receivables		400	527
Other receivables		29,608	6,240
Prepayments		917	2,107
Receivables		30,925	8,874
Cash		921	20,695
Current assets		31,846	29,569
Assets		839,846	1,563,593

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		125	125
Retained earnings		125,367	108,189
Equity		125,492	108,314
Deferred tax		32,488	68,259
Provisions		32,488	68,259
Mortgage debt		312,567	566,783
Deposits		0	5,506
Payables to group enterprises		0	651,985
Payables to owners and management		326,743	0
Non-current liabilities other than provisions	6	639,310	1,224,274
Current portion of non-current liabilities other than provisions	6	8,201	17,377
Bank loans		488	63,861
Deposits		6,633	9,800
Prepayments received from customers		2,918	2,003
Trade payables		4,358	26,888
Payables to group enterprises		0	34,638
Tax payable		2,247	5,649
Other payables		17,711	2,530
Current liabilities other than provisions		42,556	162,746
Liabilities other than provisions		681,866	1,387,020
Equity and liabilities		839,846	1,563,593
Assets charged and collateral	8		
Subsidiaries	9		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	125	108,189	108,314
Profit/loss for the year	0	17,178	17,178
Equity end of year	125	125,367	125,492

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		52,407	26,316
Amortisation, depreciation and impairment losses		198	283
Working capital changes	7	(37,158)	103,894
Cash flow from ordinary operating activities		15,447	130,493
Financial income received		2,907	420
Financial expenses paid		(29,379)	(36,981)
Taxes refunded/(paid)		(3,402)	(6,721)
Other cash flows from operating activities		(44,240)	(1,679)
Cash flows from operating activities		(58,667)	85,532
Acquisition etc. of property, plant and equipment		(7,887)	(122,587)
Sale of property, plant and equipment		777,953	21,000
Cash flows from investing activities		770,066	(101,587)
Free cash flows generated from operations and investments before financing		711,399	(16,055)
Loans raised		292,105	53,274
Repayments of loans etc.		(1,023,278)	(24,076)
Cash flows from financing activities		(731,173)	29,198
Increase/decrease in cash and cash equivalents		(19,774)	13,143
Cash and cash equivalents beginning of year		20,695	7,552
Cash and cash equivalents end of year		921	20,695
Cash and cash equivalents at year-end are composed of:			
Cash		921	20,695
Cash and cash equivalents end of year		921	20,695

Notes to consolidated financial statements

1 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	808	916
Other social security costs	10	5
Other staff costs	19	84
	837	1,005

Average number of full-time employees	1	1
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2 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Depreciation on property, plant and equipment	198	186
	198	186

3 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Change in deferred tax	5,763	(415)
Adjustment concerning previous years	2,994	(2,141)
	8,757	(2,556)

4 Property, plant and equipment

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	12,698	1,197,008	95
Additions	0	7,824	63
Disposals	0	(616,975)	0
Cost end of year	12,698	587,857	158
Depreciation and impairment losses beginning of year	(1,188)	0	(19)
Depreciation for the year	(180)	0	(18)
Depreciation and impairment losses end of year	(1,368)	0	(37)
Fair value adjustments beginning of year	0	325,180	0
Fair value adjustments for the year	0	44,240	0
Reversal regarding disposals	0	(160,978)	0
Fair value adjustments end of year	0	208,442	0
Carrying amount end of year	11,330	796,299	121
Carrying amount if asset had not been revalued	-	587,857	-

Revaluations and impairment losses of investment properties are based on accounting judgements using market value calculations of the net rent.

As described under accounting policies, investment properties are measured at fair value using the return-based model. The average required rate of return of the Group's properties is 3.29% at 31.12.2020 compared to 3.6% last year. An increase of the required rate of return of 0.5 percentage points would reduce the total fair value by DKK 103.6m. A reduction of the required rate of return of 0.5 percentage points would increase the value by DKK 140.8m.

The size of the properties is 20,328 m², primarily consisting of residential rentals and commercial rentals. The property is situated in Copenhagen. The actual rent per m² of properties amounts to DKK 1,536 against DKK 2,022 last year.

In the financial year, there has been minor vacancy as a result of vacating and moving in.

The Group has signed leases with tenants, which are terminable at three months' notice.

The fair value of the Group's investment properties amounts to DKK 796,299k at the balance sheet date against DKK 1,522,188k last year. This yields a change in the fair value of DKK 44,240k, which is recognised directly in the income statement. In 2020 the group has sold properties of DKK 778 mio.

No external valuation expert has been engaged to determine the fair value.

5 Financial assets

	Deposits DKK'000
Cost beginning of year	250
Cost end of year	250
Carrying amount end of year	250

6 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Mortgage debt	8,201	17,377	312,567	278,109
Payables to owners and management	0	0	326,743	326,743
	8,201	17,377	639,310	604,852

7 Changes in working capital

	2020 DKK'000	2019 DKK'000
Increase/decrease in receivables	(22,051)	18,351
Increase/decrease in trade payables etc.	(15,107)	85,077
Other changes	0	466
	(37,158)	103,894

8 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties is DKK 796,299k

The company guarantees for all mortgage debt of the enterprises below:

Euro Economics I ApS – Central Business Registration No 36730862

Euro Economics V ApS - Central Business Registration No 37546208

Euro Economics XII ApS - Central Business Registration No 40475370

9 Subsidiaries

	Registered in	Corporate form	Ownership %
Euro Economics II ApS	Copenhagen	ApS	100
Euro Economics III ApS	Copenhagen	ApS	100
Euro Economics III Holding ApS	Copenhagen	ApS	100
Euro Economics IV ApS	Copenhagen	ApS	100
Euro Economics VI ApS	Copenhagen	ApS	100
Euro Economics VII ApS	Copenhagen	ApS	100
Euro Economics VII Holding ApS	Copenhagen	ApS	100
Euro Economics VIII ApS	Copenhagen	ApS	100
Euro Economics IX ApS	Copenhagen	ApS	100
Euro Economics X ApS	Copenhagen	ApS	100
Euro Economics X Holding ApS	Copenhagen	ApS	100
Euro Economics XI ApS	Copenhagen	ApS	100

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue		1,737	2,503
Other external expenses		(5,831)	(9,039)
Gross profit/loss		(4,094)	(6,536)
Staff costs	1	(837)	(1,006)
Depreciation, amortisation and impairment losses	2	(198)	(186)
Operating profit/loss		(5,129)	(7,728)
Income from investments in group enterprises		31,820	5,710
Other financial income from group enterprises		10,465	15,373
Other financial income	3	2,836	133
Financial expenses from group enterprises		(310)	(25,690)
Other financial expenses	4	(23,561)	(240)
Profit/loss before tax		16,121	(12,442)
Tax on profit/loss for the year	5	1,057	4,752
Profit/loss for the year		17,178	(7,690)
Proposed distribution of profit and loss			
Retained earnings		17,178	(7,690)
Proposed distribution of profit and loss		17,178	(7,690)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Land and buildings		11,329	11,509
Other fixtures and fittings, tools and equipment		121	76
Property, plant and equipment	6	11,450	11,585
Investments in group enterprises		178,177	404,662
Deposits		250	250
Financial assets	7	178,427	404,912
Fixed assets		189,877	416,497
Receivables from group enterprises		252,869	339,139
Deferred tax		14,177	10,126
Other receivables		1,442	1,036
Joint taxation contribution receivable		0	331
Prepayments		703	0
Receivables		269,191	350,632
Cash		222	9
Current assets		269,413	350,641
Assets		459,290	767,138

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		63,057	158,397
Retained earnings		62,310	(50,208)
Equity		125,492	108,314
Mortgage debt		2,634	0
Payables to group enterprises		0	651,985
Payables to owners and management		326,743	0
Non-current liabilities other than provisions	8	329,377	651,985
Current portion of non-current liabilities other than provisions	8	180	0
Trade payables		835	239
Payables to group enterprises		0	514
Tax payable		2,247	5,649
Other payables		1,159	437
Current liabilities other than provisions		4,421	6,839
Liabilities other than provisions		333,798	658,824
Equity and liabilities		459,290	767,138
Contingent liabilities	9		
Assets charged and collateral	10		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	125	158,397	(50,208)	108,314
Effect of divestments of entities etc.	0	(135,841)	135,841	0
Profit/loss for the year	0	40,501	(23,323)	17,178
Equity end of year	125	63,057	62,310	125,492

Notes to parent financial statements

1 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	808	916
Other social security costs	10	5
Other staff costs	19	85
	837	1,006
Average number of full-time employees	1	1

2 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK '000
Depreciation on property, plant and equipment	198	186
	198	186

3 Other financial income

	2020 DKK'000	2019 DKK'000
Other interest income	2,836	133
	2,836	133

4 Other financial expenses

	2020 DKK'000	2019 DKK'000
Other interest expenses	10,501	240
Other financial expenses	13,060	0
	23,561	240

5 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	0	(331)
Change in deferred tax	(4,051)	(2,275)
Adjustment concerning previous years	2,994	(2,146)
	(1,057)	(4,752)

6 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	12,697	95
Additions	0	63
Cost end of year	12,697	158
Depreciation and impairment losses beginning of year	(1,188)	(19)
Depreciation for the year	(180)	(18)
Depreciation and impairment losses end of year	(1,368)	(37)
Carrying amount end of year	11,329	121

7 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000
Cost beginning of year	246,265	250
Disposals	(131,145)	0
Cost end of year	115,120	250
Revaluations beginning of year	158,397	0
Share of profit/loss for the year	31,823	0
Investments with negative equity value depreciated over receivables	8,679	0
Reversal regarding disposals	(135,842)	0
Revaluations end of year	63,057	0
Carrying amount end of year	178,177	250

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Mortgage debt	180	2,634	1,914
Payables to owners and management	0	326,743	326,743
	180	329,377	328,657

9 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

10 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties is DKK 11,329k

The company guarantees for all mortgage debt of the group enterprises below:

Euro Economics I ApS – Central Business Registration No 36730862
Euro Economics II ApS - Central Business Registration No 36074698
Euro Economics III ApS - Central Business Registration No 32788823
Euro Economics IV ApS - Central Business Registration No 37362670
Euro Economics V ApS - Central Business Registration No 37546208
Euro Economics VI ApS - Central Business Registration No 38133365
Euro Economics VII ApS - Central Business Registration No 38428276
Euro Economics VIII ApS - Central Business Registration No 38472739
Euro Economics IX ApS - Central Business Registration No 38667629
Euro Economics X ApS - Central Business Registration No 20805285
Euro Economics XI ApS - Central Business Registration No 40304118
Euro Economics XII ApS - Central Business Registration No 38428276

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.

Changes in accounting policies

In accordance with an interpretation from the Danish Business Authority, bank overdraft withdrawals are classified as cash flows from financing activities in the cash flow statements as opposed to previously when bank overdraft withdrawals were classified as cash in the cash flow statement.

The change results in an decrease on cash flows from financing activities of DKK 63,4m in 2020 (increase of DKK 51,3m for 2019) and an increase in cash of DKK 0,5m 31.12.2020 (DKK 63,9m 31.12.2019).

The comparative figures have been restated.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with 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.

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.

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 adjustments of investment property comprise adjustments 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.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

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 intra-group profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc. on receivables from group enterprises.

Other financial income

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

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and 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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Land and buildings and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Buildings	15 years
Other fixtures and fittings, tools and equipment	5-10 years

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 yield-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 adjusted to normal earnings, and using a required yield rate that reflects current market yield rates 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 in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises 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.

Deferred tax

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

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises bank deposits.

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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax payable or receivable

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.