

# HC NewCo I A/S

Plutovej 3, DK-8700 Horsens

CVR no. 33 59 30 07

## Financial statements for the year ended 31 December 2015

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

Chairman:

A handwritten signature in black ink, consisting of a large, sweeping initial 'A' followed by several smaller, connected letters, ending with a period.

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report	3
Management's review	5
Corporate information	10
Key figures	11
Financial statements 1 January - 31 December	12
Income Statement for the year ended 31 December	12
Statement of other comprehensive income for the year ended 31 December	12
Statement of financial position as at 31 December	13
Statement of changes in equity	15
Notes to the financial statements	16

### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of HC NewCo I A/S for the financial year 1 January – 31 December 2015.

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

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

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

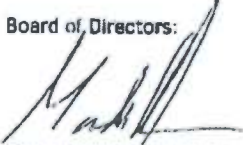
We recommend that the annual report be approved at the annual general meeting.

Horsens, 31 May 2016  
Executive Board:



Steffen Martin Baungaard  
CEO

Board of Directors:



Mads Munkholt Ditlevsen  
Chairman



Andreas Kay Aschenbrenner



Allan Lindhardt Jørgensen

## **Independent auditors' report**

To the shareholders of HC NewCo I A/S

### **Independent auditors' report on the financial statements and the parent company financial statements**

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

### ***Management's responsibility for the financial statements and the parent company financial statements***

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

### ***Auditors' responsibility***

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

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

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

Our audit has not resulted in any qualification.

### ***Opinion***

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

## Independent auditors' report

### Statement on the Management's review

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

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



Steen Skorstengaard  
State Authorised  
Public Accountant



Lone Nørgaard Eskildsen  
State Authorised  
Public Accountant

## Management's review

### The Group's key activities

The Group's primary activities include the construction and sale of houses, primarily single-family houses at the customers own account in Denmark, Sweden and Germany.

### Group structure and new owner

In the financial year, EQT acquired the parent company, HC TopCo A/S, via the company Diego HC A/S - closing date was 18 August 2015. Diego HC TopCo A/S, which is the ultimate parent company of the Group and owned by EQT's foundation VI, is the owner of Diego HC A/S.

The new ownership is positive seen in relation to the Company's strategy for which growth and continued focus on the customers will still be decisive to the Company's development.

As the closing date was 18 August 2015, Diego HC TopCo A/S, presented financial statements for the four-month period 1 September 2015 - 31 December 2015. A purchase price allocation has been made into the relevant assets, just as the depreciation policy has been determined for the various assets. Goodwill is allocated into the relevant CGUs, which are determined to be country level.

In this review we have primarily commented on the operational elements in HusCompagniet Group.

## Development in activities and business conditions

### *Development of the market in 2015*

In recent years, the building industry in the countries in which the Group is represented has been affected by the global crisis. This worsened the housing market conditions as banks and mortgage credit institutions tightened the lending requirements while house buyers became more cautious. HusCompagniet has in this period maintained its position in Denmark as the largest constructor of single-family houses.

HusCompagniet notes that the Danish market for single-family houses showed a moderate growth in 2015 compared to 2014 but the market remains low after the financial crisis. The markets in Germany and Sweden for 2015 are estimated to be in line with 2014.

### *Development of the business in 2015*

As in recent years, 2015 showed continued progress. The Group handed over 1,151 houses compared to 1,010 houses in 2014, and revenue totalled DKK 2,228 million compared to DKK 1,775 million in 2014, an increase of DKK 453 million, corresponding to 26% for the full year 2015.

The volume of orders of HusCompagniet at 31 December 2015 was higher than at 31 December 2014, and is deemed to form a sound basis for further growth in 2016.

The Group generated an operating profit before depreciation and amortisation, interest and special items in 2015 (EBITDA) of DKK 229 million (2014: DKK 189 million) in accordance with IFRS accounting policies, which is considered satisfactory.

The Company incurred non-recurring special costs of DKK 30 million (2014: DKK 0 million), which are deemed to be extraordinary costs. The costs are directly or indirectly related to the acquisition of HC TopCo A/S by Diego HC A/S (EQT VI), primarily organisational costs and advisory services costs.

The profit for 2015 showed a positive cash flow from operations of DKK 118 million (2014: DKK 235 million).

## Management's review

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

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

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

Overall, Management considers the profit realised in 2015 satisfactory.

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

### Financing

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

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

### Uncertainty of recognition and measurement

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

### Employee relations

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

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

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

### Events after the balance sheet date

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

### Expected development

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

## Management's review

### Corporate governance

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

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

### Risks

#### *General risks*

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

#### *Financial risks*

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

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

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

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

## Statutory report on corporate social responsibility

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

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

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

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

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



## Management's review

### *Stakeholders*

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

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

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

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

### *Recommendations for active ownership and corporate governance for private equity funds*

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

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

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

### *Report on the gender composition of the management*

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

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

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

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

### **Shareholder relations**

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

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

## Management's review

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

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

## The Board of Directors' role and responsibilities

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

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

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

## Management remuneration

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

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

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

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

**Management review****Corporate information**

Registered office	HC NewCo I A/S Plutovej 3 DK-8700 Horsens
CVR no.	33 59 30 07
Financial year	1 January - 31 December 2015
Webpage	<a href="http://www.huscompagniet.dk">www.huscompagniet.dk</a>
Board of directors	Jesper Svendsen, Chairman Martin Ravn-Nielsen Steffen Martin Baungaard
Executive board	Steffen Martin Baungaard, CEO
Bank	Nordea Bank Danmark A/S
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

## Management review

### Key figures

DKK'm	2015	2014	2013*	2012*	2011*
Operating profit before depreciation and special items (EBITDA)	0	0	0	0	0
Operating profit	0	0	0	0	0
Financial items	-1	-13	-21	-22	-12
Net profit	148	128	96	72	43
Total assets	1,020	1,001	902	880	796
Equity	1,020	871	701	601	527

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

## Financial statements 1 January - 31 December

### Income Statement for the year ended 31 December

Notes	DKK'000	2015	2014
	Revenue	0	0
	Production costs	0	0
	Gross profit	0	0
	Other operating income	0	0
7	Staff costs	0	0
	Other operating expenses	39	42
	<b>Operating profit before depreciation and amortisation and special items (EBITDA before special items)</b>	-39	-42
	Depreciation and amortization	0	0
	Special items, net	0	0
	<b>Operating profit</b>	-39	-42
11	Shares of result in subsidiary companies after tax	149,164	138,996
8	Finance costs	870	13,350
9	Finance income	114	43
	<b>Profit before tax</b>	148,369	125,647
10	Income tax	-213	-3,290
	<b>Profit for the year</b>	148,582	128,937
	<b>Profit for the year</b>		
	Attributable to		
	Equity holders of the parent	148,582	128,937

### Statement of other comprehensive income for the year ended 31 December

Notes	DKK'000	2015	2014
	<b>Profit for the year</b>	148,582	128,937
	<b>Other comprehensive income</b>		
	<i>Items that may be reclassified to the income statement</i>		
	Equity adjustments on foreign currency translation (net of tax, nil)	0	-226
	Interest hedging	0	2,874
	Tax	0	-719
		0	1,929
	<b>Other comprehensive income, net of tax</b>	0	1,929
	<b>Total comprehensive income for the year, net of tax</b>	148,582	130,866
	<b>Total comprehensive income attributable to:</b>		
	Equity holders of the parent	148,582	130,866

## Financial statements 1 January - 31 December

### Statement of financial position as at 31 December

Notes	DKK'000	2015	2014	1/1 2014
	<b>Assets</b>			
	<b>Non-current assets</b>			
11	Investments in subsidiary companies	1,013,083	998,919	940,149
	<b>Total non-current assets</b>	<u>1,013,083</u>	<u>998,919</u>	<u>940,149</u>
	<b>Current assets</b>			
13	Income tax receivables	13	2,483	987
	Cash and short-term deposits	6,715	18	225
	<b>Total current assets</b>	<u>6,728</u>	<u>2,501</u>	<u>1,212</u>
	<b>Total assets</b>	<u><u>1,019,811</u></u>	<u><u>1,001,420</u></u>	<u><u>941,361</u></u>
	<b>Equity and liabilities</b>			
112	<b>Equity</b>			
	Share capital	500	500	500
	Other capital reserves	274,788	260,625	201,855
	Retained earnings	744,492	610,073	537,977
	<b>Total equity</b>	<u>1,019,780</u>	<u>871,198</u>	<u>740,332</u>
	<b>Non-current liabilities</b>			
	Interest-bearing long term debt	0	0	118,313
	Deferred tax liabilities	0	0	87
	<b>Total non-current liabilities</b>	<u>0</u>	<u>0</u>	<u>118,400</u>
	<b>Current liabilities</b>			
	Other liabilities	31	30	2,905
	Payables to affiliated companies	0	130,192	79,724
	<b>Total current liabilities</b>	<u>31</u>	<u>130,222</u>	<u>82,629</u>
	<b>Total liabilities</b>	<u>31</u>	<u>130,222</u>	<u>201,029</u>
	<b>Total equity and liabilities</b>	<u><u>1,019,811</u></u>	<u><u>1,001,420</u></u>	<u><u>941,361</u></u>

## Financial statements 1 January - 31 December

### Statement of cash flows for the year ended 31 December

Notes	DKK'000	2015	2014
	<b>Operating activities</b>		
	Profit before tax	148,368	125,647
16	Other adjustments	-13,408	-43,533
	<b>Working capital adjustments:</b>		
	Increase in trade and other payables	1	-2,875
	<b>Net cash flows from operating activities before interest and tax</b>	134,961	79,239
	Interest received	114	43
	Interest paid	-870	-13,350
	Income tax paid	2,684	1,706
	<b>Net cash flows from operating activities</b>	136,889	67,638
	<b>Investing activities</b>		
	<b>Net cash flows used in investing activities</b>	0	0
	<b>Financing activities</b>		
	Payment/ Proceeds from payables to affiliated companies	-130,192	50,468
	Payment/ Proceeds from interest-bearing long term debt	0	-118,313
	<b>Net cash flows from/(used in) financing activities</b>	-130,192	-67,845
	Net increase in cash	6,697	-207
	Cash at 1 January	18	225
	<b>Cash at 31 December</b>	<b>6,715</b>	<b>18</b>

## Financial statements 1 January - 31 December 2015

### Statement of changes in equity

for the year ended 31 December 2015

DKK'000	Issued capital	Retained earnings	Interest hedge	Reserve for net revaluation according to the equity method	Total equity
As at 1 January 2015	500	608,144	2,155	260,625	871,198
<i>Comprehensive income for the year</i>					
Profit for the year	-	148,582	-	-	148,582
Reserve for net revaluation according to equity method	-	-14,164	-	14,164	0
<b>Total comprehensive income</b>	<b>0</b>	<b>134,418</b>	<b>0</b>	<b>14,164</b>	<b>148,582</b>
<i>Transactions with owners of the company</i>					
Dividends	-	-	-	-	0
<b>Total transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 December 2015</b>	<b>500</b>	<b>742,562</b>	<b>2,155</b>	<b>274,789</b>	<b>1,019,780</b>

for the year ended 31 December 2014

DKK'000	Issued capital	Retained earnings	Interest hedge	Reserve for net revaluation according to the equity method	Total equity
As at 1 January 2014	500	537,977	-	201,855	740,332
<i>Comprehensive income for the year</i>					
Profit for the year	-	128,937	-	-	128,937
Other comprehensive income	-	-226	2,155	-	1,929
Reserve for net revaluation according to equity method	-	-58,770	-	58,770	0
<b>Total comprehensive income</b>	<b>0</b>	<b>70,167</b>	<b>2,155</b>	<b>58,770</b>	<b>130,866</b>
<i>Transactions with owners of the company</i>					
Dividends	-	-	-	-	0
<b>Total transactions with owners of the company</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>At 31 December 2014</b>	<b>500</b>	<b>608,144</b>	<b>2,155</b>	<b>260,625</b>	<b>871,198</b>



## Financial statements 1 January - 31 December 2015

### Notes

#### Notes to the financial statements

##### Note

- 1 Corporate information
- 2 Basis of preparation
- 3 Summary of significant accounting policies
- 4 Significant accounting judgements, estimates and assumptions
- 5 Standards issued but not yet effective
- 6 First-time adoption of IFRS
- 7 Staff costs
- 8 Finance costs
- 9 Finance income
- 10 Income taxes
- 11 Investments in subsidiary companies
- 12 Equity
- 13 Tax payable
- 14 Contingent assets, contingent liabilities, collateral and leases
- 15 Related party transactions
- 16 Other adjustments
- 17 Events after the balance sheet date
- 18 Fee to the auditors appointed by the Company in general meeting

## Financial statements 1 January - 31 December 2015

### Notes to the financial statements

#### 1 Corporate information

The financial statements of HC NewCo I A/S for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 May 2016. HC NewCo I A/S is a limited company incorporated and domiciled in Denmark. The registered office is located at Plutovej 3, 8700 Horsens.

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

#### 2 Basis of preparation

These separate financial statements are the first financial statements prepared by the Company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The IFRS 1 (transition disclosures) is stated in note number 3 below.

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

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

#### *Applied materiality*

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

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

#### 3 Summary of significant accounting policies

##### *Investments in subsidiaries*

The Company's investments in its subsidiaries are accounted for using the equity method.

Under the equity method, the investments in subsidiaries are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Company's share of the results of operations of the subsidiary. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the subsidiary, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the subsidiaries are eliminated to the extent of the interest in the subsidiary.

The aggregate of the Company's share of profit or loss of a subsidiary is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

## Financial statements 1 January - 31 December 2015

### Notes to the financial statements

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognises the loss as 'Share of profit of a subsidiary' in the statement of profit or loss.

#### *Financial items*

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

#### *Income taxes*

##### *Current income tax*

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

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

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

##### **Deferred tax**

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

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

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

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

## Financial statements 1 January - 31 December 2015

### Notes to the financial statements

#### *Financial instruments*

##### *Financial assets*

##### Initial recognition and measurement

Financial assets are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

##### *Financial liabilities*

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

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

##### *Cash and short-term deposits*

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

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

#### **4 Significant accounting judgements, estimates and assumptions**

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

In the process of applying the Company's accounting policies, management has made estimates and assumption related to the following, all reflected in the Company's investments in subsidiary companies:

##### *Percentage-of-completion profit recognition*

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

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 391 million.

## Financial statements 1 January - 31 December 2015

### Notes to the financial statements

#### *Valuation of goodwill*

Goodwill is measured at the lower of cost and recoverable amount. Goodwill in the Group is valued at DKK 585 million. Several assumptions and estimations are made concerning future conditions, which are taken into account when calculating the discounted cash flow upon which the estimated recoverable amount has been based. Important assumptions include expected growth, margins and the weighted average cost of capital. If these assumptions change, the value of the remaining goodwill could be affected, refer to Note 10 Investments in subsidiary companies, for information on the assumptions and estimations made.

#### *Guarantee commitments*

At year-end, the guarantee provision amounted to DKK 23 million. Provisions for future costs due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

#### *Guarantee obligations, legal disputes, etc.*

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

### 5 Standards issued but not yet effective

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

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

### 6 First-time adoption of IFRS

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

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

## Financial statements 1 January - 31 December 2015

### Notes to the financial statements

#### 6 First-time adoption of IFRS (continued)

##### *Exemptions applied*

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

The Company has applied the following exemptions:

- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2014.
- IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that are considered businesses under IFRS that occurred before 1 January 2014.

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

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

## Financial statements 1 January - 31 December 2015

### Notes to the financial statements

#### 6 First-time adoption of IFRS (continued)

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

Note	DKK'000	Danish GAAP	Recogni- tion and measure- ment	IFRS as at 1 January 2014
	<b>Assets</b>			
	<b>Non-current assets</b>			
	Investments in subsidiary companies	900,499	39,650	940,149
	<b>Total non-current assets</b>	900,499	39,650	940,149
	<b>Current assets</b>			
	Income tax receivables	987	-	987
	Cash and short-term deposits	225	-	225
	<b>Total current assets</b>	1,212	0	1,212
	<b>Total assets</b>	901,711	39,650	941,361
	<b>Equity and liabilities</b>			
	<b>Equity</b>			
	Share capital	500	-	500
	Other capital reserves	162,205	39,650	201,855
	Retained earnings	537,977	-	537,977
	<b>Total equity</b>	700,682	39,650	740,332
	<b>Non-current liabilities</b>			
	Interest-bearing long term debt	118,313	-	118,313
	Deferred tax liabilities	87	-	87
	<b>Total non-current liabilities</b>	118,400	0	118,400
	<b>Current liabilities</b>			
	Other liabilities	2,905	-	2,905
	Payables to affiliated companies	79,724	-	79,724
	<b>Total current liabilities</b>	82,629	0	82,629
	<b>Total liabilities</b>	201,029	0	201,029
	<b>Total equity and liabilities</b>	901,711	39,650	941,361

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 First-time adoption of IFRS (continued)

##### Reconciliation of equity as at 31 December 2014

Note	DKK'000	Danish GAAP	Recogni- tion and measure- ment	IFRS as at 31 Decem- ber 2014
	<b>Assets</b>			
	<b>Non-current assets</b>			
	Investments in subsidiary companies	922,577	76,342	998,919
	<b>Total non-current assets</b>	<u>922,577</u>	<u>76,342</u>	<u>998,919</u>
	<b>Current assets</b>			
	Income tax receivables	2,483	-	2,483
	Cash and short-term deposits	18	-	18
	<b>Total current assets</b>	<u>2,501</u>	<u>0</u>	<u>2,501</u>
	<b>Total assets</b>	<u>925,078</u>	<u>76,342</u>	<u>1,001,420</u>
	<b>Equity and liabilities</b>			
	<b>Equity</b>			
	Share capital	500	-	500
	Other capital reserves	184,283	76,342	260,625
	Retained earnings	610,073	-	610,073
	<b>Total equity</b>	<u>794,856</u>	<u>76,342</u>	<u>871,198</u>
	<b>Non-current liabilities</b>			
	Interest-bearing long term debt	0	-	0
	Deferred tax liabilities	0	-	0
	<b>Total non-current liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
	<b>Current liabilities</b>			
	Other liabilities	30	-	30
	Payables to affiliated companies	130,192	-	130,192
	<b>Total current liabilities</b>	<u>130,222</u>	<u>0</u>	<u>130,222</u>
	<b>Total liabilities</b>	<u>130,222</u>	<u>0</u>	<u>130,222</u>
	<b>Total equity and liabilities</b>	<u>925,078</u>	<u>76,342</u>	<u>1,001,420</u>



## Financial statements 1 January - 31 December

## Notes to the financial statements

## 6 First-time adoption of IFRS (continued)

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

Note	DKK'000	Danish GAAP	Recognition and measurement	IFRS for the year ended 31 December 2014
		0	-	0
		0	-	0
		0	-	0
		-42	-	-42
	<b>Operating profit before special items (EBITDA before special items)</b>	<b>-42</b>	<b>0</b>	<b>-42</b>
	Special items, net	0	-	0
	Share of result in subsidiary companies	102,304	36,692	138,996
	Finance costs	-13,350	-	-13,350
	Finance income	43	-	43
	<b>Profit before tax</b>	<b>88,955</b>	<b>36,692</b>	<b>125,647</b>
	Income tax	-3,290	-	-3,290
	<b>Profit for the year</b>	<b>92,245</b>	<b>36,692</b>	<b>128,937</b>
	<b>Profit for the year</b>			
	Attributable to			
	Equity holders of the parent	92,245	36,692	128,937
	<b>Other comprehensive income</b>			
	Foreign currency translation reserve	-226	-	-226
		2,874		2,874
		-719		-719
	<b>Other comprehensive income</b>	<b>1,929</b>	<b>0</b>	<b>1,929</b>
	<b>Total comprehensive income for the year, net of tax</b>	<b>94,174</b>	<b>36,692</b>	<b>130,866</b>
	<b>Total comprehensive income attributable to:</b>			
	Equity holders of the parent	94,174	36,692	130,866

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 First-time adoption of IFRS (continued)

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

##### *A Investments in subsidiary companies*

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

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

The above adjustments are reflected in the Company's recognition of investments in subsidiary companies.

##### *B Statement of cash flows*

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

#### 7 Staff costs

##### **Remuneration to the Executive Management Board and the Board of Directors**

The Company has not incurred costs for executive management in 2015.

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

DKK'000	2015	2014
<b>8 Finance costs</b>		
Interests paid to banks	7	11,782
Interest, group entities	863	1,568
	870	13,350

## Financial statements 1 January - 31 December

## Notes to the financial statements

DKK'000	2015	2014
<b>9 Finance income</b>		
Other financial income	114	43
	<u>114</u>	<u>43</u>
<b>10 Income taxes</b>		
<b>Current tax</b>		
Income tax	-213	-3,290
	<u>-213</u>	<u>-3,290</u>
Profit before tax	148,369	125,647
Tax rate, Denmark	23.5%	24.5%
Tax at applicable rate	34,867	30,784
Non-taxable income	-35,079	-34,054
Other	-	-19
	<u>-213</u>	<u>-3,290</u>
Tax expense for the year		
	<u>-0,1%</u>	<u>-2,6%</u>
Effective tax rate, %		
<b>11 Investments in subsidiary companies</b>		
Cost at 1 January	738,294	738,294
Cost at 31 December	738,294	738,294
Share of result at 1 January	260,625	201,855
Exchange rate adjustment	-	-167
Share of results	149,164	138,937
Dividends	-135,000	-80,000
Share of results at 31 December	<u>274,789</u>	<u>260,625</u>
<b>Net book value</b>	<u>1,013,083</u>	<u>998,919</u>

Investment in subsidiary companies relate to investment in 100% of shares in HusCompagniet A/S.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 11 Investments in subsidiary companies (continued)

##### Impairment testing

##### *Goodwill*

At 31 December 2015, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the cash-generating units.

DKK'm	2015
Denmark	585
Germany	0
Sweden	0
<b>Carrying amount 31 December 2015</b>	<b>585</b>

In each individual case, the recoverable amount is calculated as the highest of the value in use and fair value less selling costs. The below descriptions state the value on which the recoverable amount is based.

The recoverable amount is based on the value in use determined using expected net cash flows based on budgets for the years 2016-2019 approved by Management and with a pre-tax discount factor of 10.8%.

The contribution margin for the budget period is estimated based on the average contribution margin.

The budgeted number of houses sold is expected to increase by an average of 8-9% in the budget period.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2019 is estimated to 2%. The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets.

Our impairment test did not give rise to any need for impairment write-down.

##### **Sensitivity analysis**

Management assesses that probable changes in the basic assumptions would not cause the carrying amount of goodwill would exceed recoverable value.

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

#### 12 Equity

##### Capital Management

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

##### Share Capital

	Issued shares			
	Number of shares		Nominal value (DKK'000)	
	2015	2014	2015	2014
1 January 2015	500	500	500	500
31 December 2015 - fully paid	500	500	500	500

#### 13 Tax payable

DKK'000	2015	2014
Tax payable at 1 January	-2,484	-987
Tax at the applicable rate	-213	-3,290
Tax paid for the year	2,684	1,793
<b>Tax payable 31 December</b>	<b>-13</b>	<b>-2,484</b>

#### 14 Contingent assets, contingent liabilities, collateral and leases

##### Contingent liabilities

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 15 Related parties

##### *The ultimate Parent*

The ultimate parent of the Group is EQT Foundation VI, Guernsey

There were no transactions between the Company and the ultimate company.

##### *Other related parties*

Other related parties include the following affiliated companies:

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

There were no transactions between the Company and other related parties.

##### *Transactions with key management personnel in 2015*

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

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

DKK'000	2015	2014
<b>16 Other adjustments</b>		
Share of results in subsidiaries	-149,164	-138,996
Dividend from subsidiaries	135,000	80,000
Non-cash financial items	756	13,307
Other adjustments		2,156
	<u>-13,408</u>	<u>-43,533</u>

#### 17 Events after the balance sheet date

No significant events have occurred subsequent to the financial year.

**Financial statements 1 January - 31 December****Notes to the financial statements**

DKK'000	<u>2015</u>	<u>2014</u>
<b>18 Fee to the auditors appointed by the Company in general meeting</b>		
Fee regarding statutory audit	35	16
Tax assistance	-	3
Other assistance	-	17
	<u>35</u>	<u>36</u>