2016
ANNUAL REPORT

DIEGO HC TOPCO A/S

HUSCOMPAGNIET

145 M²
MODERN CONTEMPORARY

Tailored with extra large children's room and two bathrooms.

CONTENT

HUSCOMPAGNIET
AT A GLANCE

25,000
SHOW PARK VISITS

3
MARKETS

251 DKKM
EBITDA

317
DIRECT EMPLOYEES

ONE MILLION
WEBSITE VISITS

1,444
HOUSES SOLD

16
LOCATIONS

5 YEARS
AnmeldHåndværker.dk

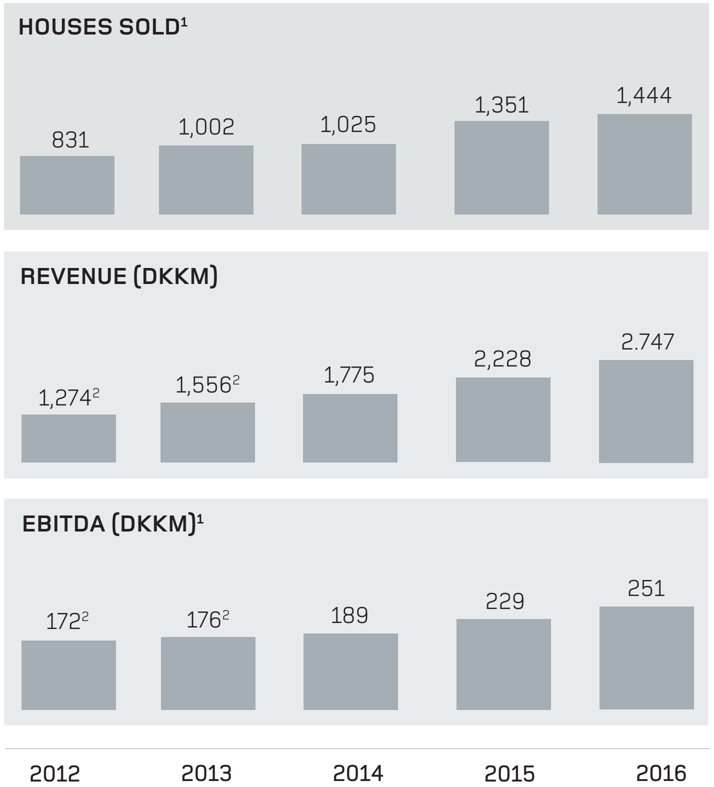
234
LAND SALES

2.75
DKKBN
REVENUE

5 STARS
TRUSTPILOT.dk

KEY HIGHLIGHT MESSAGES

GROUP PERFORMANCE



[1] Houses sold and EBITDA are defined on page 64

[2] For 2012 and 2013 is prepared in accordance with Danish GAAP, and has not been restated in accordance with IFRS as adopted by the EU.

KEY MESSAGES

GROUP

In 2016, we delivered more than 1,300 new homes to families, which is a 16% increase compared to last year and a new record for the company. This was achieved through our continued focus on delivering a consistent high quality at affordable prices and on maintaining our industry-leading customer satisfaction. As part of our continuous effort to improve our customers' experience, we are testing a new Virtual-Reality technology that enables our customers to take a visual tour in one of our architectures. We have also developed an App called "HusCompagniet" that can help our customers with new house inspiration, and help to understand the process of building a new home (page 29). Additionally, we are developing a search feature on Huscompagniet.dk that finds available building sites (developed and undeveloped sites) in a specified area (page 9). The HusCompagniet App and the search feature will be tested in 2017.

DENMARK

In 2016, we solidified our leading position in Denmark and increased our overall market share.

Our success in Denmark rests upon a continued focus on customer satisfaction, reflected in our 5-star rating from our customers on Trust Pilot and winning the "House-builder of the Year" award for the fifth consecutive time.

GERMANY

We continued our strong growth in Germany and increased the number of houses sold in 2016 by 68% compared to 2015. We continue our efforts to establish a significant position in the Northern German housebuilding market.

SWEDEN

We have strengthened our organisation in Sweden and continued to grow our position in the Southern Swedish market. In April 2017, we completed the acquisition of VårgårdaHus, a leading Swedish builder of wood houses.

BUSINESS CASE

UNCOMPROMISING CUSTOMER FOCUS

HIGHLY SCALABLE AND ASSET-LIGHT OPERATING MODEL

GEOGRAPHICAL DIVERSIFICATION FOCUS

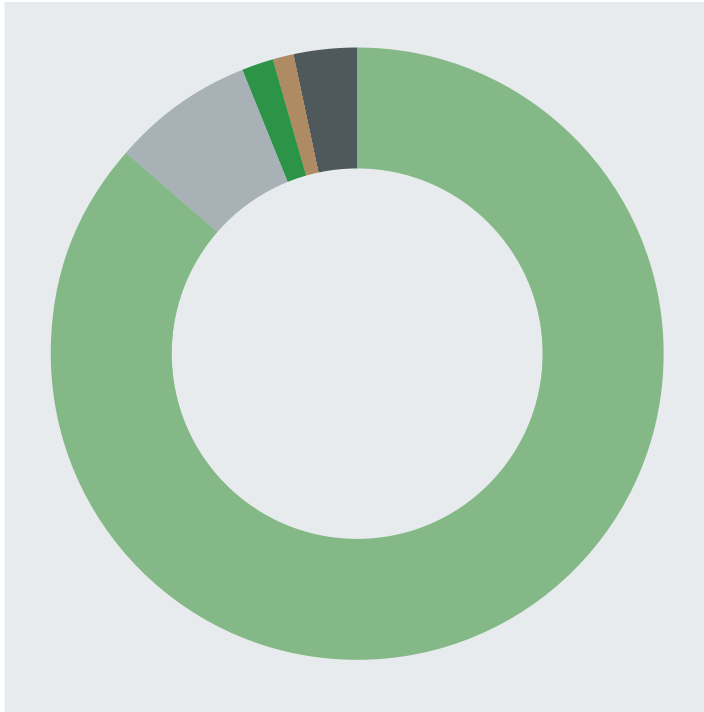
STRONG REPUTATION

STANDARDISED PRODUCT PORTFOLIO

251 DKKm
EBITDA

STRONG PERFORMANCE

VALUE ADDED



- Procurement of goods and services[1] DKK 2.3bn
- Employees, DKK 203m
- Lenders[2] DKK 46m
- Corporation tax, DKK 32m
- Profit retained by HusCompagniet, DKK 85m

1) This includes production costs, other operating expenses and special items
2) This includes financial income and expenses

CEO LETTER

I am pleased to report yet another strong year, delivering all-time high results with both satisfactory growth and profit. We continue to expand across markets with more than 50 new colleagues that joined our organisation. We have strengthened the corporate backbone with several key hires, including new Chief Commercial Officer, Head of Germany, Head of Accounting and Head of IT.

ALL-TIME HIGH

2016 was another positive year for HusCompagniet where we achieved organic growth across the markets we operate in. We achieved turnover of DKK 2,747 million, which is an increase of DKK 520 million, corresponding to 23% growth compared to 2015. Our EBITDA of DKK 251 million is an increase of 11% compared to 2015.

We achieved growth in the actual number of single-family houses sold across all our markets. In the Danish market, 1,276 new houses sold (2015: 1,238 houses). In Germany, 124 new houses sold (2015: 74 houses). In Sweden, 44 houses were sold (2015: 39 houses). 2016 represents all-time high revenue, EBITDA and numbers of houses sold for HusCompagniet.

SHOW PARKS

In Denmark, HusCompagniet has established Show Parks and Show Houses across the country. When new potential house buyers visit the parks and houses, they receive a first-hand experience of all the advantages of a new house. Within our eight Show Parks and Show Houses we have more than 60 different variations of new-built houses for our customers to explore. Each house provides a unique experience of the many customisation possibilities offered by an individual house from HusCompagniet. Our trained building advisers are present at our parks and houses during opening hours, ready to guide and support visitors and follow up on potential sales leads.

CONTINUED FOCUS ON CUSTOMER SATISFACTION

2016 was another year of high customer satisfaction with more than 1,300 satisfied families in new homes. Many of our customers have shared their positive experiences online and in their own network, for the benefit of other families potentially looking for a new home. An example of this is on Trust Pilot, where more than 760 of our customers have reviewed HusCompagniet with an average rating of five stars out of five possible. The high customer satisfaction is also reflected in HusCompagniet receiving the “Housebuilder of the Year” award for the fifth consecutive time.

OUR JOURNEY IN SWEDEN

In April 2017, we expanded our presence in Sweden through the acquisition of VårgårdaHus. VårgårdaHus, headquartered East of Gothenburg, is a leading Swedish single-family wood house builder with an attractive market position, complementary to HusCompagniet. VårgårdaHus has approximately 25 sales offices across Sweden, increasing the group’s local presence across the entire Swedish market. Together with VårgårdaHus, we have a strong platform for continued future growth across Sweden.

GROWTH PLANS IN GERMANY

Since establishment in 2012, HusCompagniet (HausCompagnie) has continued to expand our activities and today we have three offices, located in Flensburg, Neumunster and Hamburg. We continue to work towards achieving our ambition of becoming a significant player in the Northern German market. We are actively investing in our German organisation with a new Head of Germany in place, and we plan to open additional locations in the coming years.

DENMARK – BULDING ON A STRONG MARKET POSITION

In 2016, we have increased our market share and solidified our position as the leading Danish house builder. We continue to develop our business in Denmark and the agenda for 2017 is focused on always improving our project execution through the implementation of new, and improvements to existing, process management tools.

We see significant potential in continuing to acquire land and the right to build exclusively on land plots. By investing in individual building sites or larger plots, we can begin to develop the sites quickly, consistently and to a high quality standard from the beginning. This strategy enables us to offer our customers sites in attractive locations that are ready for building, without the customer having to wait for the site to be developed and approved for building.

THE DIGITAL EXPERIENCE

HusCompagniet is a first mover within innovation in the building industry. The latest we are testing is to offer potential customers the opportunity to tour all of our exhibition houses in Virtual Reality – even at home wearing Virtual Reality glasses while sitting comfortably on their sofa. The Virtual Reality option was introduced in Q4 2016.

In 2016, we developed a new app that gives all of our new customers the opportunity to walk around in their new house before it is built. The app was introduced in May 2017. This virtual and digital experience can be combined with a brick-by-brick inspection in one of the eight Show Parks opened in Denmark at the end of 2016. They display a wide range of the more than 100 base models that we work from to create a customised, individual single-family house for each customer. Customers' creativity is infinite. Last year, none of the 1,338 houses delivered were identical. In certain popular areas, new building sites are seldom available for sale, and instead, some of our customers buy sites already occupied with older houses. They demolish the old house and build a new single-family house according to their dreams and requirements. We plan to add a feature to our Danish website HusCompagniet.dk that gives our customers access to empty or occupied building sites for sale. By comparing house prices in the area with the total cost of purchasing the site and buying a new house from HusCompagniet, the feature can help to determine the feasibility (see page 9).

CASE STUDY:
INCREASING MARKET CAPACITY

A new feature on **Huscompagniet.dk**, to be launched for test in Q3 2017, will expand the list of available building sites presented to the potential HusCompagniet customer. The feature shows the user all new building sites in a chosen geographical area, and the algorithm also includes sites with old houses for sale. Sites where it is a good financial proposition to demolish the old building and build a brand-new house. The cost of pulling down an old house is often equivalent to the cost of developing a site for building. In metropolitan areas, it is difficult to find new building sites and reusing plots is a way to build new single-family houses. HusCompagniet is the first housebuilder in Denmark to offer its customers the opportunity to systematically identify potential building sites.

By demolishing an old building and erecting a new house, the customer is also able to comply with future energy requirements (BR2015), resulting in lower costs for heating, energy and maintenance. Comparable improvements and savings are almost impossible to achieve when restoring an older house.

"THE NEW FUNCTION IS BASED ON AN ALGORITHM DESIGNED BY HUSCOMPAGNIET. A SEARCH IN THE APP IS UNIQUE COMPARED TO THE SEARCH ENGINES OF OUR COMPETITORS. WE ARE ABLE TO SHOW ALL BUILDING SITES FOR SALE IN A CHOSEN AREA. IN ADDITION, THE SEARCH SHOWS ALL SITES WITH HOUSES THAT COULD POTENTIALLY BE RELEVANT FOR DEMOLITION AND REPLACEMENT WITH A NEW, UPDATED HOUSE FROM HUSCOMPAGNIET."

Mikkel Simonsen, Head of Digital Marketing

Facts

- Algorithm that helps customers to find the perfect building site for their new home
- Project to increase the number of new houses built per year
- Will go live on HusCompagniet.dk in Q3 2017

The strategic acquisition of Swedish VårgårdaHus will also benefit HusCompagniet on other markets.

OUR PEOPLE

Our people is the foundation for HusCompagniet's continued success and growth. We work continuously to develop our more than 300 employees and ensure they have an in-depth understanding of what is crucial to our customers.

We trust our local employees, whom are the essential contact point to our customers day-to-day. Internal training programmes, such as our HusCompagniet Sales Academy and specialist courses, empower our employees to take further responsibility on a local basis. Our specialists within marketing, sales, design, construction management and administration are all encouraged to cooperate across professional disciplines to deliver the best experience for our customers.

In 2016, we introduced a new financial tool that analyses detailed data on each individual project. This will support our specialists in communicating and cooperating to meet quality, service and financial expectations. HusCompagniet is an informal, non-hierarchical organisation, where personal involvement and motivation are core elements of both our leadership style and working environment. We celebrate together when we are successful and do our best to learn from our experiences across offices and national borders.

HusCompagniet is committed to the development of our employees at all levels of the organisation. Building our own talent pool is critical to our success. We strive to attract and develop the best talent.

FINAL WORDS

In conclusion, 2016 was a satisfactory year for HusCompagniet. We have delivered more than 1,300 new homes to our customers, with continued high customer satisfaction, and strong financial results.

Steffen Baungaard
Group CEO

The owl is our mascot. Customers and their children meet him in our Show Parks around the country.

OUR BUSINESS MODEL

KEY RESOURCES

HusCompagniet is an asset-light business, with all construction work being performed by our supply chain, so that we have a highly scalable business model

REPUTATION

We rely on our customers to act as our ambassadors

PEOPLE

We rely on our highly skilled workforce

CUSTOMER-FACING ASSETS

We rely on our entrepreneurial spirit to maintain our competitive advantage

KNOW-HOW

We rely on our know-how proven by a strong track record of close to 20,000 houses built

FUNDING

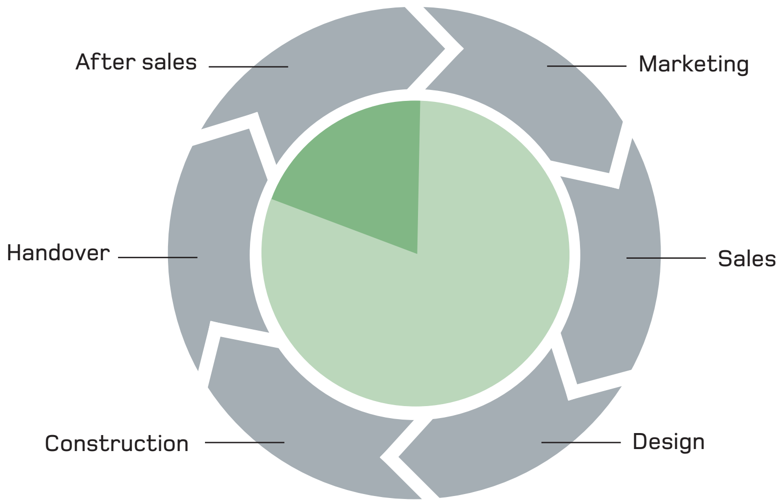
We finance our business through cash flows from our operations and debt

SUPPLY CHAIN

We rely on high quality from our suppliers

MODEL

CUSTOMER-CENTRIC HOUSEBUILDING MODEL



- Land development 15%
- House building 85%

Our business model is illustrated as a circle, because our previous and existing customers act as HusCompagniet's brand ambassadors, and are critical to generating future sales

OUTCOMES

- **SATISFIED CUSTOMERS**
  By delivering competitively priced houses of high quality, we have been awarded 5 stars on Trustpilot.dk (see page 14)
- **FINANCIAL PERFORMANCE**
  EBITDA DKK 251m (see page 34)
- **SKILLED AND SAFE WORKFORCE**
  By investing in our employees, we ensure safe, healthy, engaged and skilled employees (see page 24)
- **ENVIRONMENTAL IMPACT**
  By building energy-efficient houses, we help to reduce CO2 emissions (see page 24)
- **INDUSTRY-LEADING WORKING CONDITIONS**
  We raise the bar in the construction sector by improving working conditions (see page 25)
- **FEEDING THE SUPPLY CHAIN**
  We engage a large number of people in our supply chain, and add value to our suppliers (see page 7)

OUR BUSINESS MODEL

HOW WE EXPRESS OUR MINDSET

MARKETING

KEY RESOURCES:

For five years in a row HusCompagniet has been named as "Housebuilder of the Year" on the independent smiley-portal Anmeld-haandvaerker.dk

At HusCompagniet, our marketing strategy always derives from a focus on customers, as our customers are our ambassadors. It is vital for us that our customers have the best experience with HusCompagniet. The approach we take to marketing is to ensure that what we show our customers is innovative and new within the industry. HusCompagniet embraces technological innovation in the way that we face our customers. This is best reflected in our newly launched app that will inspire our customers by enabling them to customise and visualise the many architectures and materials selections available (see page 29).

Another example is the development of Virtual Reality glasses that give our customers the opportunity to take a virtual tour of their dream house, in order to become inspired. The customer as the centre of attention is also shown by the development of a feature on HusCompagniet.dk that allows our customers to find the building location of their dreams; regardless of whether the plot already has a house on it or not (see page 9). Additionally, HusCompagniet was the first to offer customers the option not to pay for the house until the house keys are handed over; exempting and relieving the customers of the potential risk of higher production costs.

SALES

KEY RESOURCES:

The first point-of-contact between our potential customers and our organisation is usually through our local sales force. The most important objective for our sales professionals is to make the customer's dream house a reality by matching it with our architectures (see page 16), and the customer's financial budget. To strengthen our skillset and on-board new sales professionals, we established a HusCompagniet Sales Academy where we train our sales force in fulfilling our customer promise. To help our customers with inspiration when selecting their dream house, we offer the opportunity to see a diverse range of our architectures in our Show Parks, illustrating the breadth of our offering and many customisation opportunities.

DESIGN

KEY RESOURCES:

HusCompagniet employs first-class designers, and it is our designers who help our customers transform their dreams into their dream house and home. We use 3D tools to help customers visualise these dreams and outline the design of their house to the best possible extent.

Currently, we have designed and built close to 20,000 houses. Our architects have assembled the best of all these in our five architectural styles (see page 16). Our extensive experience enables our designers to provide the customers with great advice, and to foresee potential issues that the customers would not have predicted themselves. It is part of our culture and values that we stick to what we are good at, which means building high quality single-family houses. Our proprietary app (see page 29) gives our customers an overview of the many choices to be made in the course of the process.

Reputation
People
Customer-facing assets
Know-how
Funding
Supply chain

CONSTRUCTION

KEY RESOURCES:

To ensure that our high expectations of quality are met by our suppliers, the construction phase is managed by our very experienced construction managers. We are highly selective in our choice of suppliers, in order to ensure the highest quality. In accordance with the culture and values of HusCompagniet, all suppliers and craftsmen are expected to tidy up the construction site every day.

A clean and tidy construction site is key to ensuring that the craftsmen can always make their way around safely, and get started on their particular tasks quickly and efficiently.

The price is the price. We guarantee our customers no extra or unjustified costs during the process. Payment is not due until the customer moves in.

HusCompagniet can offer the most effective building process in the market by building our single-family houses in just 17 weeks on average.

HANDOVER

KEY RESOURCES:

When the house is ready for handover, our customer and HusCompagniet inspect the house together, allowing the customer to review the work and identify potential flaws or oversights to be remedied by HusCompagniet. The construction manager, who has been the point-of-contact to the customer through the housebuilding phase, is always present at the handover, ensuring the customer receives a house that fully satisfies his or her wishes.

AFTER SALES

KEY RESOURCES:

We continue to follow the customer after handover as needed. Since not all issues will be identified before or at the handover, we are always available to remedy these quickly and ensure that our customers can fully enjoy their new home.

OUR ARCHITECTURES

Over time HusCompagniet has built close to 20,000 houses. They are all different and every house is carefully customised and tailored to the family's needs. The majority of the houses we build fall into the five architectural styles we call our core product styles.

Our most popular designs are Classic Contemporary or Modern Contemporary, and although styles like Functionalism and the Cottage style are gaining popularity, more than 80% of the houses we delivered in 2016 are Classic or Modern Contemporary.

CLASSIC CONTEMPORARY

This classical Danish architecture has been the Danes' favoured building style for the past 40 years, and nothing suggests that this will change any time soon. The large tiled roof is characteristic of the style. It has a significant overhang, protecting the brick walls, doors and windows. Typically, the roof tiles will be either black or red, while the façade bricks vary in the colours of white, grey, golden, yellow, red and shades of brown. The Classic Contemporary style always has a large terrace, as well as either a carport or a garage for the family car.

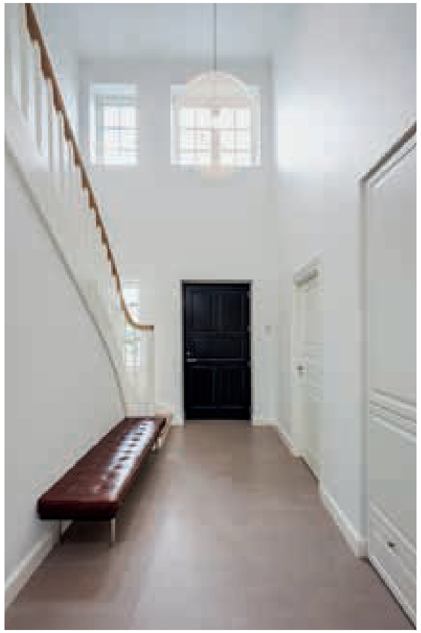
MODERN CONTEMPORARY

If you dream of combining the feel of your childhood home with modern style, contemporary materials, and thinking out of the box, the "Modern Contemporary" style will provide new opportunities. The Modern Contemporary style offers great and innovative solutions for everyday family challenges, from laundry room to storage. The interior design matches both the children's toys and bright colours, as a contrast to the white walls. The exterior focuses on large surfaces with striking windows, and architectural effects along-side materials such as zinc and wood.

PATRICIAN

Many dream of a spacious, exclusive villa with high ceilings and extravagant detailing in a classical architecture inspired by the patrician villas of the late 1800s.

The Patrician style means distinguished detailing and exclusive materials. The exterior is characterised by an impressive size. Often, the façades will be white, the roof black and the villa will have a relatively large number of windows and doors. Indoors, you will find white walls, beautiful wooden floors, panelled doors and maybe even the occasional high wooden panels in either the dining room or hall.



COTTAGE STYLE

Architectural references to the early 20th century are currently widely popular in both exterior and interior design. The Cottage style is a beautiful example of this, and it is also a style that matches the Danish landscape well.

The original idea behind the cottage style was to promote the appreciation of great craftsmanship in masonry and carpentry. And even though, it has become easier – and cheaper – to build with great detail, this is still the approach today.

FUNCTIONALISM

Both classic and modern at once – this style is growing fast in popularity. Functionalism is characterised by clean lines and a sharp profile. Indoors and outdoors. The style is cubic with the flat roofs.

Essential to the style are the cubic sections, allowing for dramatic shifts in the architecture and great options to individualise the size and shape according to your dreams.

OUR PEOPLE

PROFESSIONAL AND CUSTOMER-FOCUSED EMPLOYEES ARE ESSENTIAL TO THE SUCCESS OF HUSCOMPAGNIET. WE BELIEVE THAT OUR PEOPLE PLAY A CRITICAL ROLE IN OUR CONTINUED BUSINESS SUCCESS. AT HUSCOMPAGNIET, WE OFFER UNIQUE AND INDIVIDUAL SOLUTIONS FOR NEW HOUSE BUYERS. OUR APPROACH REQUIRES OUR EMPLOYEES TO DELIVER A HIGH DEGREE OF SERVICE FROM START TO FINISH. THEY MUST ALSO BE ABLE TO BUILD AND MAINTAIN A CLOSE AND TRUST-BASED RELATIONSHIP WITH THE CUSTOMER.

WHO ARE OUR PEOPLE

At HusCompagniet, our people are trained professionals within their fields of expertise. Our specialists within marketing, sales, design, building, construction management and administration all cooperate to deliver a seamless experiences for our customers. They each understand the role they play in ensuring that HusCompagniet delivers on its customer promise in each phase of the process. We strive to ensure that our more than 300 employees have an in-depth understanding of what is crucial to the customer, as the building of a single-family house evolves from a vague idea to blueprints at a building site and, finally, to a dream house.

OUR PEOPLE CULTURE

Our culture reflects the customer-focused approach. Part of our Group strategy is to be present wherever our customers wish to build. Our sales offices are found at 16 locations in the three countries in which we operate. We trust our local people to meet local needs and demands. Continuous internal training programmes, such as our Sales Academy and specialist courses, empower our employees to take further responsibility on a local basis. Our employee manual supports the local empowerment strategy, by capturing in writing what we consider to be our code of conduct.

EMPLOYEE SATISFACTION

HusCompagniet is an informal, non-hierarchical organisation, where personal involvement and motivation are core elements of both our leadership style and working environment. We celebrate together when we are successful and do our best to learn from our experiences across offices and national borders. We offer each employee opportunities to develop their skills and expertise, and to plan their careers through employee interviews and feedback sessions. Our APV (Workplace Assessment) ensures that HR monitors and takes the initiative to resolve any potential physical and psychosocial working environment issues in due time.

DEVELOPMENT AND TRAINING

HusCompagniet is committed to the development of our employees at all levels of the organisation. Building our own talent pool is critical to our success. We offer both vocational and personal training. Since 2015, we have held our trainee programme for sales and construction management staff. The goal is to create an even better understanding of our products, processes and how to improve the quality and quantity of our deliveries. In 2017, we plan to launch additional tailored training programmes to meet future needs within the entire range of services.

HEALTH AND SAFETY

The health and safety of our employees is of great importance to us. We conduct and develop our business with respect for the health, safety and welfare of all employees, partners, contractors and customers. We observe all requirements of national laws, rules and regulations, and a health insurance package is included in the insurance and pension programme. We regularly offer first aid courses to all employees and have installed a "Hjertestarter" (AED – Automated External Defibrillator) at many of our locations.

GENDER EQUALITY

Traditionally, male employees have dominated the building industry – and the pattern is the same for male and female representation within HusCompagniet. We monitor the demographics of our employees and aim to balance the gender composition more in the coming years.

People make us strong, and HusCompagniet's 317 employees are our most important resource.

176 M²
COTTAGE STYLE

Tailored with rustic glass façade and open kitchen with gas fireplace.

CORPORATE SOCIAL RESPONSIBILITY

In order for HusCompagniet to be successful, it is of great importance that our employees and partners act responsibly in every situation. This commitment to responsibility affects the entire organisation, internally and externally. Our choice of strategic partners expresses this commitment: how we build our houses and how we carry out our work in accordance with the law; how we take care of our employees and ensure that our partners take care of their people too; and how we care for the environment and our surroundings.

When we involve ourselves in CSR activities, such as making donations and sponsorships, we make sure that there is a match in terms of fundamental values.

CLIMATE AND THE ENVIRONMENT
As the leading house builder in Northern Europe, we meet all the environmental requirements when conducting our business. Specifically, we comply with applicable BR15 building regulations. The regulations stipulate strict requirements for energy consumption in new buildings, including requirements for better insulation of new houses. HusCompagniet is proactive and ahead of the current BR15, since we today already comply with many of the new energy and environmental requirements introduced in the optional BR2020. One example is the construction of an iHus (iHouse), designed in cooperation with Rockwool. Here, all requirements of BR2020 are fulfilled, resulting in a low-energy-consumption house that meets the standards for the energy-optimised houses of the future. An important element of environmental and climate-friendly houses is the heating system. HusCompagniet offers several forms of environmentally-sound heating, such as geothermal heating and solar panels, besides recycling of excess indoor heating from bathrooms and kitchens. We have seen positive development in our customers' selection of geothermal heating, solar panels and recycling of heating in 2016.

In 2016, HusCompagniet has been environmentally innovative and met current requirements. One concrete example is that the soil removed from building sites is environmentally tested. Our contractors document that they deal with all surplus soil in accordance with current requirements. We install rainwater recycling systems for use in e.g. toilet flush systems. When choosing strategic partners and suppliers, we require that they are committed to complying with current legislation.

HUMAN RIGHTS AND ANTI-CORRUPTION

The policies and processes of HusCompagniet comply with the current acts and guidelines for best practice, including such areas as business conduct, equal opportunities and anti-corruption. We expect the same from all of our partners and suppliers. We oppose any discrimination, regardless of age, gender, race, religion, political conviction or other aspects of basic human rights.

SOCIAL AND EMPLOYEE RELATIONS

Our employees are the foundation for HusCompagniet. Each department is equally important and consists of people who are experts within their fields. The departments depend on each other and the employees in each department rely on each other to give our customers the best possible experience. Our focus is to create a healthy workplace where our employees thrive and have the physical and mental energy for their tasks, every day. One way to accommodate this is through the APV (Workplace Assessment) process, whereby we explore potential action plans and training programmes, and regularly follow up on individual and collective needs. We have seen positive development in our workplace assessments performed in 2016.

Overall, HusCompagniet has good relationships with our suppliers, the relevant trade unions and professional organisations. In cooperation with the Danish trade union 3F, which organises all building professionals, HusCompagniet has issued a letter of intent to improve working conditions at our building sites, for the benefit of our suppliers and in line with our keep-it-clean mindset. This proactive approach not only ensures good working conditions at HusCompagniet's many building sites, but the cooperation has also contributed to raising general standards within the construction industry. Our social contribution also includes engaging a large number of people hired by our suppliers.

HUSCOMPAGNIET, BØRNEFONDEN AND THE UN'S 17 SUSTAINABLE DEVELOPMENT GOALS

The aim of the UN's 17 Sustainable Development Goals is to drive the world in a better direction by ending poverty, reducing inequality and tackling climate change. A number of the goals focus on poverty, fighting famine and providing a better life for human beings all over the world through education and healthcare. By incorporating selected development goals in HusCompagniet's CSR strategy, we contribute to the global development in areas that correspond to our core values and business.

Since 2013, HusCompagniet has worked with BØRNEfonden with the ambition to build and create safe conditions for children and their families in an entire village in Benin. We want to help build a better future for families in some of the poorest countries in the world, and building schools, wells, toilet facilities and libraries is a good match for our core culture and business, since our efforts result in the safety and well-being of the local community.

BØRNEfonden

FOOTPRINT

WHERE WE OPERATE

DENMARK

1,276 houses sold (2015: 1,238)

- Aalborg
- Aarhus
- Esbjerg
- Haderslev
- Herning
- Hillerød
- Horsens
- Næstved (2017)
- Odense
- Ringsted
- Virum

GERMANY

124 houses sold (2015: 74)

- Hamborg
- Flensburg
- Neumünster

SWEDEN

44 houses sold (2015: 39)

- Malmö
- Gothenburg
- Helsingborg

VårgårdaHus (acquired offices)
- Allingsås
- Lyckeby
- Eksjö
- Södermanland
- Falun
- Gothenburg
- Halmstad
- Jönköping
- Karlsstad
- Lidköping
- Linköping
- Luleå
- Malmö
- Norrköping
- Bromma
- Stockholm
- Trollhättan
- Uddevalle
- Umeå
- Uppsala
- Västerås
- Växjo
- Örebro

Existing offices

New offices

Acquired offices

New offices include offices opened within the past three years

Acquired offices include offices acquired during the past 12 months

STRATEGY, RISK AND GOVERNANCE

HUSCOMPAGNIET IS THE LEADING HOUSE BUILDER OF SINGLE FAMILY HOUSES IN NORTHERN EUROPE

GROUP STRATEGY

HusCompagniet's strategy is to provide high-quality houses at affordable prices, supported by a best-in-class delivery model that fulfils our customers demand. We aim to give customers the best house building experience possible and become their trusted house building partner throughout the process.

We will continue to invest strategically in land plots and expand our network for Show Houses and Show Parks. In 2017, we will continue our efforts to share best practices and business procedures from the individual local office to the entire organisation.

We strive to drive innovation as a first mover in the industry, demonstrated by leading industry initiatives including the development of Virtual Reality glasses, a site search feature (see page 9) and our building app (see page 29).

RISK MANAGEMENT

External factors that could affect our ability to generate revenue include employment rate, mortgage availability, property prices, interest rate changes and GDP growth. To mitigate these factors, HusCompagniet diversifies its business by operating across different markets and acquiring strategic land plots.

To meet customers' expectations to product quality and service standards, we focus on the quality of our suppliers and partners, as well as quality inspections of all houses.

To mitigate injuries and health risks, HusCompagniet ensures all buildings are in compliance with safety regulations.

Financial risks include foreign currency, interest rates, liquidity and credit. HusCompagniet keeps local suppliers and cost base in local currency to mitigate foreign currency risk. HusCompagniet also has a balance debt structure of fixed and floating interest rates, as well as financial derivatives to mitigate exposure. We monitor liquidity on a daily basis and have policies in place to mitigate credit risks.

GOVERNANCE

HusCompagniet's corporate governance in general complies with DVCA's recommendations, except for the recommendation that the annual report must include a description of the company's revenue and earnings expectations. 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. 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.

The target ratio of female members on the Board of Directors is 20% in 2020 and at present there are no female members. It is the companys policy to increase the share of the underrepresented gender on other executive levels. Other executive levels of the Group are represented by approximately 5% female managers, whereas the group target is 10%.

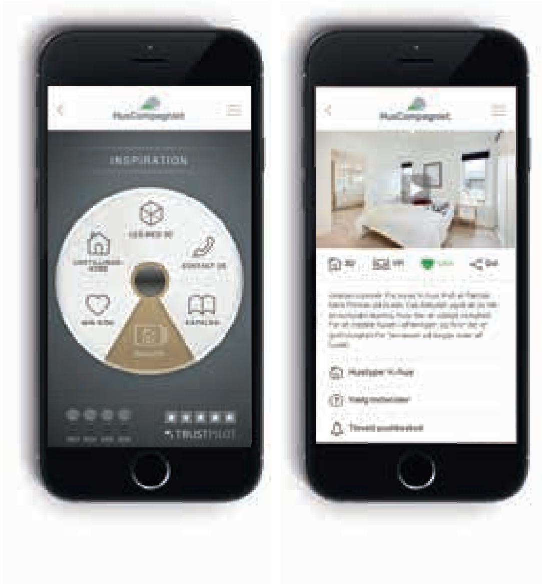
During 2016, the Group merged HC TopCo A/S, HC NewCo A/S and HusCompagniet A/S, with HusCompagniet A/S as the continuing entity.

The remuneration of the members of the Executive Board and executive employees includes incentive programs which align interests between the company's management and the shareholders, as the schemes consider both short-term and long-term goals. In addition to the usual performance related bonus scheme, certain employees of the Group, as well as members of the Board of Directors of Diego HC Topco A/S take part in the Group's share investment program, which is disclosed in a note to the Annual Report.

CASE STUDY:
ENHANCING COMMUNICATION WITH OUR CUSTOMERS

THE HUSCOMPAGNIET APP

In May 2017, HusCompagniet launched its new app "HusCompagniet". The app includes a large number of features that make it easier and more fun for new house buyers to get inspired, and to understand the process of building a new house. The app is free for all users, and can be downloaded from both App Store and Google Play.



"WITH THE APP, HUSCOMPAGNIET AIMS AT AN EVEN HIGHER LEVEL OF CUSTOMER INVOLVEMENT AND SATISFACTION. THIS WILL HELP US TO PERFORM BETTER IN ALL STAGES OF THE CUSTOMER LIFE CYCLE."

Thuri Jested-Rask, CMO

FROM DREAM TO REALITY

HusCompagniet's app ensures excellent sales and customer service support. It allows customer interaction even before the decision to build is made. When the customer has decided to buy a new house the app furthermore offers a specific set of features to help the customer in the process of choosing architecture, size, building materials and much more.

The app is the only one of its kind in HusCompagniet's three markets.

IMPORTANT FEATURES

- View ground plans in 3D
- Try styling your house with different types of roof and brick colour
- Change the size and shape of the house
- Enter the house with virtual reality
- Save favourites

EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT

STEFFEN MARTIN BAUNGAARD
Group CEO
Board positions:
Arkil Holding A/S
MBP A/S
Frederikshøj Ejendomme A/S
Education:
Bachelor of Architectural Technology and Construction Management
HD (A)
Previous experience:
CEO NCC Enfamiliehuse A/S 1998-2007
Nationality: Danish

MORTEN CHRONE
Group CCO/COO
Board positions:
Barslund A/S, Board member
Steen Jørgensen el-installation A/S, board member
Education:
MBA, Civil Engineer
Previous experience:
CEO Spæncom A/S / Spenncon A/S
Executive Senior Vice President NCC Construction A/S
Nationality: Danish

MICHAEL TOXVÆRD HANSEN
Group CFO
Education:
MSc in Business Economics, International Business, Copenhagen Business School
BSc (HD-R) in Financial and Management Accounting, Copenhagen Business School
Previous experience:
Equity Partner Deloitte Statsautoriseret Revisionspartnerselskab /Deloitte LLP NWE (1994-2017)
Nationality: Danish
Joining: August 1st 2017

BOARD OF DIRECTORS

TORE THORSTENSEN
Chairman

Member since: August 2015
Other Board positions:
AutoStore, Chairman
KB Gruppen AS, Chairman
Mongstad Administrasjon AS, Board Member
XXL, Board Member
Current position:
CEO at KB Gruppen
Kongsvinger AS
Education:
Norwegian School of Economics, Bergen
Previous experience:
CEO and Chairman of Plantasjen
Nationality: Norwegian

MADS MUNKHOLT DITLEVSEN
Vice Chairman

Member since: August 2015
Other Board positions:
HTL-Strefa, Board Member
Færch Plast, Board Member
Current position:
Partner at EQT Partners A/S
Education:
MSc in Finance & Accounting, CBS
Previous experience:
Corporate Finance, KPMG Denmark
Nationality: Danish

JAN BUCK EMDEN
Board Member

Member since: August 2015
Current position:
Authorised representative at hagebau Handels-gesellschaft für Baustoffe mbH & Co.KG
Education:
Vocational training at Chamber of Industry and Commerce in Stade
Previous experience:
CEO at Xella International GmbH
Nationality: German

MATTHEW JOHN RUSSELL
Board Member

Member since: August 2015
Other Board positions:
Braas Monier Building Group SA
Current position:
CFO at Braas Monier Building Group
Education:
Master's degree in Chemistry from the University of Oxford
Fellow of the institute of chartered accountants in england and wales
Previous experience:
CFO at Monier Group Services GmbH
Director, HeidelbergCement AG
Nationality: British

ANDREAS KARL ASCHENBRENNER
Board Member

Member since: August 2015
Other Board positions:
Apleona GmbH, Board Member
Current position:
Partner at EQT Partners
Education:
Master's degree and PhD in Law
Previous experience:
Partner & Managing Director at Boston Consulting Group
Nationality: German

ALLAN LINDHARD JØRGENSEN
Board Member

Member since: May 2011
Other Board positions:
Dovista A/S, CEO
Pankas A/S, Board Member
Current position:
CEO at DOVISTA A/S
Education:
Master's degree in Finance & accounting, CBS
Previous experience:
CEO Kemp & Lauritzen A/S
COO at NCC Denmark A/S
CEO, at eurodan-huse øst A/S
Nationality: Danish

ACTIVITIES OF THE BOARD

HIGHLIGHTS OF 2016

- The Board held six meetings lasting at least a day to ensure sufficient time to discuss critical issues and performance
- Key topics included the acqusition of VårgårdaHus and the German management and growth strategy
- There were no changes in the Board's composition during 2016

FOCUS IN 2017

- Growth plan for Germany
- Integration of VårgårdaHus
- Company strategy in general

FINANCIAL REVIEW

CASE STUDY:
LAND DEVELOPMENT

HusCompagniet sees our land development activities as something to be used strategically to acquire market shares. The local presence of HusCompagniet's network of sales offices located all over Denmark ensures a detailed knowledge of local communities, enabling nationwide coverage. The local presence also enables us to identify and seek out attractive neighbourhoods in the making, before our competitors. Combined with our financially strong position, HusCompagniet possess competitive advantages compared to our competitors.

We have a strong track record for land acquisitions that have been completed with good margins. Our approach to land development is based on our management's long-term experience with land development, superior market intelligence and through investing in low-risk land. We only purchase land with close to 100% probability of successful development. When possible, our investments are based on exclusive call options that allow us to test the attractiveness of the project before the purchase is completed. It is our aim for our pre-sale rate to be around 5-10%. Additionally, we seek to obtain call options on additional extensions.

HusCompagniet is experiencing an increased inflow of land opportunities, and continuously analyses our opportunities in these projects.

"WE SEE LAND DEVELOPMENT AS A HIGH STRATEGIC PRIORITY, AND NOT ONLY IN THE DANISH MARKET."

Martin Ravn Nielsen, Country Director Denmark

Facts

- Strong track record
- Higher margins
- Increase in land opportunities

REVENUE

Net revenue totalled DKK 2,747 million for 2016, compared to DKK 2,228 million in 2015, corresponding to an increase of 23%.The increase in revenue was mainly driven by an increase in the number of sold houses of 3% in Denmark, 68% in Germany and 13% in Sweden. We also witnessed an increase in the average price of houses, especially in the Danish /German market.

EBITDA totalled DKK 251m for 2016, compared to DKK 229m in 2015, corresponding to an increase of 10%. The increase in EBITDA is mainly attributable to the increase in our activities in the Danish and German market.

Compared to 2015, we have seen a decline in EBITDA margin from 10.3% in 2015 to 9.2% in 2016, which is due to higher supplier costs.

Operating profit (EBIT) before special items totalled DKK 203m, compared to DKK 223m in 2015.

The comparative key figures for 2015 is from HusCompagniet A/S and does not include amortisation of brand and orderportfolio in connection with the purchase price allocation of the aquisition of HusCompagniet Group in 2015. Amortisation of brand and orderportfolio amounts DKK 39m in 2016.

Profit before tax totalled DKK 117m for 2016, compared to DKK 23m in 2015.

ROCE was 22% for 2016, against 19% for the same period last year.

The Board of Directors and management consider the financial result for 2016 to be satisfactory.

OUTLOOK

We expect revenue and profit before tax to increase compared to 2016.

CONSOLIDATED KEY FIGURES

DKKm	2016	2015*	2015**	2014**	2013***	2012***
Income statement						
Revenue	2,747	892	2,228	1,775	1,556	1,274
Gross profit	529	168	448	368	334	287
Operating profit before depreciation and amortisation (EBITDA) before special items	251	87	229	189	203	178
Operating profit (EBIT) before special items	203	57	223	186	182	157
Operating profit (EBIT)	163	40	193	186	182	157
Financial income	-46	-17	-1	-2	-1	-6
Profit for the year	85	15	148	139	132	109
Financial position at 31 December						
Total assets	3,134	2.837	1,121	1,164	960	936
Equity	1,533	1.451	663	648	550	509
Cash flow						
Cash flow from operating activities	20	193	70	180	118	193
Cash flow from investing activities	-22	-2.348	-14	-10	-4	-2
Cash flow from financing activities	-35	2.336	-4	-131	-266	-47
Free cash flow	-2	-2.155	56	170	114	191
Key figures						
Revenue growth	23%	N/A	26%	14%	22%	1%
Gross margin	19%	19%	20%	21%	21%	23%
EBITDA margin	9%	10%	10%	11%	13%	14%
ROCE	7%	N/A	19%	28%	33%	27%
Average number of employees	317	260	260	231	201	173

* 4 months.

** In 2015, Diego HC TopCo A/S acquired HusCompagniet A/S. Accordingly, the comparative key figures only cover the period before HusCompagniet A/S was under the control of Diego HC TopCo A/S.

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

☐ HusCompagniet A/S figures.

181 M^2 FUNCTIONALISM

Tailored with tree children's rooms, study and an extra-large open kitchen.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT – CONSOLIDATED

DKK'000	Note	2016	2015*
Revenue	2.1	2,746,701	892,434
Production costs		-2,217,563	-724,580
Gross profit		**529,138**	**167,854**
Staff costs	2.2	-203,295	-58,975
Other operating income		571	478
Other operating expenses		-75,298	-22,155
Operating profit before depreciation and amortisation (EBITDA) before special items		**251,116**	**87,202**
Special items	2.4	-39,734	-17,447
Operating profit before depreciation and amortisation (EBITDA) after special items		**211,382**	**69,755**
Depreciation and amortisation	4.1, 4.2	-48,204	-30,089
Operating profit (EBIT)		**163,178**	**39,666**
Financial income	5.3	3,191	1,398
Financial expenses	5.3	-49,374	-18,138
Profit before tax		**116,995**	**22,926**
Tax on profit	6.1	-32,198	-8,205
Profit for the year		**84,797**	**14,721**

Profit attributable to:

DKK'000	Note	2016	2015
Equity owners of the company		84,797	14,721

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKK'000	Note	2016	2015
Profit for the year		84,797	14,721
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		-227	0
Value adjustment, hedging of future cash flows		-3,918	0
Tax relating to other comprehensive income		862	0
Other comprehensive income, net of tax		**-3,283**	**0**
Total comprehensive income for the year		**81,514**	**14,721**

Total comprehensive income attributable to:

DKK'000	Note	2016	2015
Equity owners of the company		81,514	14,721

* 4 months

BALANCE SHEET – CONSOLIDATED

DKK'000	Note	2016	2015
Assets			
Non-current assets			
Intangible assets	4.1	1,858,281	1,891,858
Property, plant and equipment	4.2	30,654	22,877
Deferred tax asset	6.1	7,419	4,633
Other receivables		3,625	3,634
Total non-current assets		**1,899,979**	**1,923,002**
Current assets			
Inventories	3.1	253,990	209,928
Construction contracts	3.2	513,542	375,319
Trade and other receivables	5.4	139,936	56,393
Prepayments		3,079	1,345
Income tax receivable	6.1	12,744	8,334
Cash and cash equivalents		310,994	262,291
Total current assets		**1,234,285**	**913,610**
Total assets		**3,134,264**	**2,836,612**

DKK'000	Note	2016	2015
Equity and liabilities			
Equity			
Share capital	5.1	14,366	14,366
Retained earnings and other reserves	5.1	1,518,461	1,436,947
Total equity		**1,532,827**	**1,451,313**
Liabilities			
Non-current liabilities			
Interest-bearing long term debt	5.2	787,387	867,934
Provisions	3.3	5,247	4,715
Deferred tax liability	6.1	21,637	25,994
Total non-current liabilities		**814,271**	**898,643**
Current liabilities			
Borrowings	5.2	218,281	82,049
Trade and other payables	5.4	309,989	269,550
Construction contracts	3.2	10,590	10,187
Prepayments from customers	3.2	10,438	13,126
Provisions	3.3	20,790	18,659
Income tax payable	6.1	50,788	3,076
Other liabilities		166,290	90,009
Total current liabilities		**787,166**	**486,656**
Total liabilities		**1,601,437**	**1,385,299**
Total equity and liabilities		**3,134,264**	**2,836,612**

Reference to off-balance sheet notes: Operating leases 6.2, Related parties 6.3, and Contingent liabilities 3.3

STATEMENT OF CASH FLOWS – CONSOLIDATED

DKK'000	Note	2016	2015*
Cash flow from operating activities			
Profit before tax		116,995	22,926
Changes in working capital	3.4	-157,036	207,315
Adjustments for non-cash items	6.3	97,912	48,782
Interest received		3,191	1,398
Interest paid		-44,921	-18,138
Borrowing cost paid		0	-32,066
Corporation tax paid	6.1	3,961	-37,271
Net cash generated from operating activities		**20,102**	**192,946**
Cash flow from investing activities			
Acquisition of subsidiaries, net cash acquired		0	-2,337,016
Acquisition of assets recognised as property, plant and equipment		-22,404	-11,033
Disposal of assets recognised as property, plant and equipment		0	0
Net cash generated from investing activities		**-22,404**	**-2,348,049**
Cash flow from financing activities			
Repayment of long-term debt		-35,000	0
Proceeds from loans		0	900,000
Change in equity			1,436,092
Net cash generated from financing activities		**-35,000**	**2,336,092**
Total cash flows		**-37,302**	**180,989**
Cash and cash equivalents at 1 January		180,242	-747
Net foreign currency gains or losses		-227	0
Cash and cash equivalents at 31 December		**142,713**	**180,242**
Cash and cash equivalents			
Cash at bank and in hand		310,994	262,291
Cash and cash equivalents at 31 December		**310,994**	**262,291**
Bank overdrafts		-168,281	-82,049
Net cash and cash equivalents at 31 December		**142,713**	**180,242**

* 4 months

STATEMENT OF CHANGES IN EQUITY – CONSOLIDATED

2016 DKK'000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January	14,366	1,422,226	0	14,721	1,451,313
Profit for the period	0	0	0	84,797	84,797
Other comprehensive income:					
Foreign currency translation differences	0	0	-227	0	-227
Value adjustment, hedging of future cash flows	0	0	0	-3,918	-3,918
Tax relating to other comprehensive income	0	0	0	862	862
Total other comprehensive income	0	0	-227	-3,056	-3,283
Transactions with owners of the company and other equity transactions:					
Dividends paid	0	0	0	0	0
Total transactions with owners of the company and other equity transactions	0	0	0	0	0
Equity on 31 December	14,366	1,422,226	-227	96,462	1,532,827

2015 DKK'000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Equity at 17 July	500	0	0	0	500
Profit for the period	0	0	0	14,721	14,721
Other comprehensive income:					
Foreign currency translation differences	0	0	0	0	0
Tax relating to other comprehensive income	0	0	0	0	0
Total other comprehensive income	0	0	0	0	0
Transactions with owners of the company and other equity transactions:					
Capital Injection	14,366	1,422,226	0	0	1,436,592
Capital reduction	-500	0	0	0	-500
Dividends paid	0	0	0	0	0
Total transactions with owners of the company and other equity transactions	13,866	1,422,226	0	0	1,436,092
Equity on 31 December	14,366	1,422,226	0	14,721	1,451,313

Capital management

The primary objective of HusCompagniet's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

HusCompagniet manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, HusCompagniet may adjust the dividend payments to shareholders, acquire its own shares or issue new shares.

NOTES

SECTION 1: BASIS OF PREPARATION

INTRODUCTION

Diego HC TopCo A/S ('"Diego HC TopCo") is a company incorporated and domiciled in Denmark. The Group is principally engaged in construction and sale of single-family houses in Denmark, Sweden and Germany. The following is a summary of the significant accounting policies adopted by Diego HC TopCo and its subsidiaries, collectively referred to in these consolidated financial statements as the "Group". General accounting policies applied to the consolidated financial statements as a whole are described below. Significant accounting policies covering specific accounts are placed in each section to which they relate. These consolidated financial statements for the Group are for the year ended 31 December 2016. They were approved at the general meeting on 23 May 2017 by Chairman Ulrik Thougaard Jensen. The accounting policies are unchanged from last year.

THE FOLLOWING NOTES ARE PRESENTED IN SECTION 1:

NOTE 1.1 GENERAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS").

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

These consolidated financial statements are expressed in DKK, as this is Diego HC TopCo A/S' functional and presentation currency. All values are rounded to the nearest thousand DKK '000 where indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise Diego HC TopCo A/S and entities controlled by Diego HC TopCo A/S. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which control commences until the date on which control ceases.

The financial statements for the subsidiaries are prepared for the same accounting period as for Diego HC TopCo, using consistent accounting policies.

On consolidation, intra-Group balances and intra-Group transactions are eliminated in full.

FOREIGN CURRENCY TRANSLATION

TRANSACTIONS AND BALANCES

Foreign currency transactions are initially recorded by the Group entities at their respective functional currency rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are recognised in the Income Statement under financial items. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

GROUP COMPANIES

On consolidation, the assets and liabilities in foreign operations are translated into DKK at the spot rate of exchange prevailing at the reporting date, and their income statements are translated at spot exchange rates prevailing on the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and are translated at the closing rate of exchange.

These consolidated financial statements include the accounts of Diego HC TopCo and its subsidiary companies, which are listed in note 6.6.

IMPLEMENTATION OF NEW OR AMENDED STANDARDS AND INTERPRETATIONS

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IASB has issued a number of new IFRS standards, amended standards, revised standards and interpretations, which are effective for financial years beginning on or after 1 January 2017, most significantly:

IFRS 9 Financial Instruments, with effective date 1 January 2018. IFRS 9 is part of the IASB's project to replace IAS 39, and the new standard will substantially change the classification of financial assets and measurement of financial instruments and hedging requirements.

IFRS 15 Revenue from contracts with customers, with effective date 1 January 2018. IFRS 15 is part of the convergence project with FASB to replace IAS 18. The new standard will establish a single, comprehensive framework for revenue recognition.

IFRS 16 Leasing, with effective date 1 January 2019. The change in lease accounting requires capitalisation of the majority of the Group's operational lease contracts.

All new or amended standards and interpretations not yet effective are not expected to have any material impact.

NOTE 1.2 INTRODUCTION TO SIGNIFICANT ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, management made various judgements, estimates and assumptions concerning future events that affected the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and have been prepared taking the financial market situation into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of these key factors.

Significant estimates and judgements covering specific accounts are placed in each section to which they relate.

SIGNIFICANT ESTIMATES AND JUDGEMENTS	NOTE
Percentage-of-completion profit recognition	2.7
Guarantee commitments	3.7
Impairment of non-financial assets	4.5

NOTE 1.3 APPLICATION OF MATERIALITY

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. When aggregated, the transactions are presented in classes of similar items in the consolidated financial statements.

If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

The disclosure requirements are substantial in IFRS and the Group provides these specific required disclosures unless the information is considered immaterial to the economic decision-making of the readers of the financial statements, or is not applicable.

SECTION 2: EBITDA

INTRODUCTION

This section provides information regarding the Group's performance in 2016, including the effects of non-recurring items on EBITDA.

The development of primary costs, staff costs and remuneration, and information about the Group's low exposure towards currency risk at transaction level, is also contained in this section.

THE FOLLOWING NOTES ARE PRESENTED IN SECTION 2:

NOTE 2.1 REVENUE

Revenue per category

2016

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value of houses sold on customers' building sites	2,352,970	0	2,352,970
Sales value of houses sold on own building sites	224,331	2,531	226,862
Sales of land plots	151,299	0	151,299
Other revenue	0	15,570	15,570
Total	**2,728,600**	**18,101**	**2,746,701**

2015*

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value of houses sold on customers' building sites	792,280	0	792,280
Sales value of houses sold on own building sites	31,922	11,866	43,788
Sales of land plots	53,535	0	53,535
Other revenue	0	2,831	2,831
Total	**877,737**	**14,697**	**892,434**

* 4 months

Contracted sales comprise sale of houses constructed on the customers' land, or houses sold on own land that are covered by a customer contract before construction is started. Conversely, non-contracted sales comprise sale of houses constructed on own land for which no customer contract has been entered into before construction starts.

NOTE 2.2 COSTS INCLUDING STAFF COSTS AND REMUNERATION

STAFF COSTS

DKK'000	2016	2015*
Wages and salaries	145,616	43,270
Defined contribution plans	5,866	698
Other social security costs	2,269	656
Other staff costs	66,726	19,741
Transfer to production cost	-17,182	-5,390
Total	**203,295**	**58,975**
Average number of full-time employees	317	260

REMUNERATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

DKK'000	2016	2015*
	Executive Management & Board of Directors	Executive Management & Board of Directors
Base salary and non-monetary benefits	5,757	2,655
Defined contribution plans	201	221
Total remuneration	**5,958**	**2,876**

* 4 months

Diego HC TopCo A/S and HusCompagniet 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.

NOTE 2.3 RECONCILIATION OF EBITDA TO NORMALISED EBITDA (ANALYSIS OF SPECIAL ITEMS)

RECONCILIATION OF EBITDA

DKK'000	2016	2015*
Operating profit before depreciation and amortisation	**211,382**	**69,755**
Special items		
Organisational changes	0	5,426
Costs in connection with acquisition	28,881	10,206
Full potential project	8,997	0
Other special items	1,856	1,815
Total special items	**39,734**	**17,447**
Operating profit before depreciation and amortisation (EBITDA) before special items	**251,116**	**87,202**

* 4 months

The Group presents certain financial measures in the consolidated financial statements that are not defined under IFRS. It is the management's belief that these measures provide valuable supplemental information to investors and the Group's management, as they allow for evaluation of trends and the Group's performance.

Since such financial measures are not calculated by all companies in the same way, they are not always comparable to measures used by other companies. These financial measures should therefore not be considered to be a replacement for measurements as defined under IFRS. The definition section 6.8 provides information in greater detail regarding definitions of financial performance measures. Information regarding special items is included in note 2.4

NOTE 2.4 SPECIAL ITEMS

DKK'000	2016	2015*
Cost related to restructuring of process and fundamental structural adjustment in connection with the acquisition of HusCompagniet Group:		
Organisational changes	0	5,426
Costs in connection with acquisition	28,881	10,206
Full potential project	8,997	0
Other special items	1,856	1,815
Total special items	**39,734**	**17,447**

* 4 months

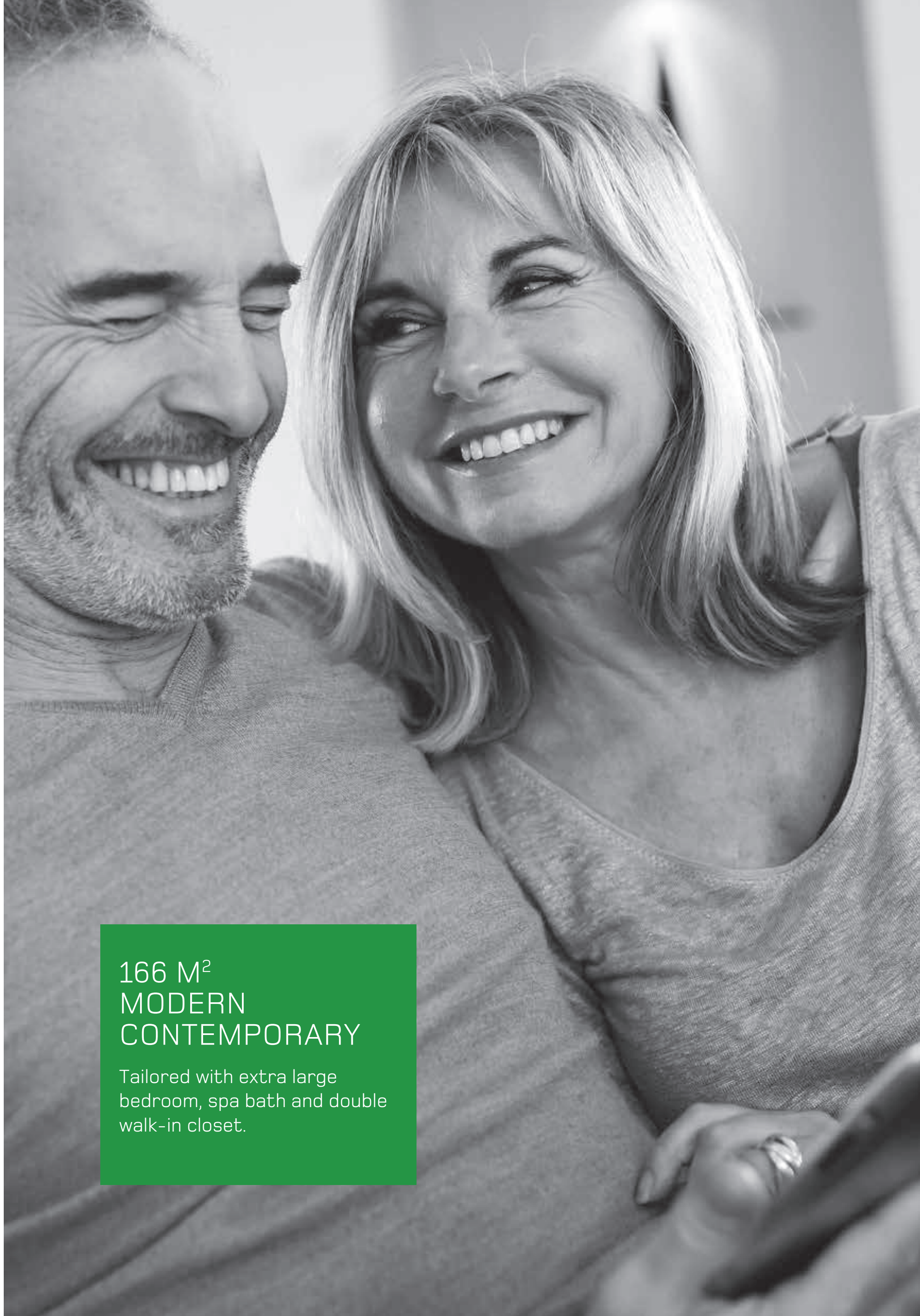
NOTE 2.5 FINANCIAL RISK MANAGEMENT

CURRENCY RISK

The Group is exposed to currency fluctuations from its activities in Germany and Sweden. The subsidiaries in the two counties are not affected, as income and costs are denominated in the local functional currency.

Management continuously assesses the significance of the Group's activities denominated in foreign currencies.

Total revenue generated in SEK and EUR for 2016 amounted to 198 million (2015: 156 million). Management considers the Group's exposure to SEK and EUR to be insignificant.



NOTE 2.6 ACCOUNTING POLICY

REVENUE
Revenue from sale of completed non-contracted houses is recognised at legal completion and when the significant risks and rewards have been transferred to the buyer, which is on delivery of the house to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the house, net of discounts and VAT.

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

Continuous transfer of work in progress is applied when the buyer controls the work in progress, typically when the land plot on which the development takes place is owned by the final customer, and all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when the buyer cannot give the incomplete property back to the Group. In such situations, the percentage of work completed is measured based on the costs.

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

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

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

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

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

Special items also include items that by nature are non-recurring, specifically impairment of goodwill, gains and losses on the disposal of activities and transaction costs from business combinations.

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

NOTE 2.7 SIGNIFICANT ESTIMATES AND JUDGEMENTS

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 the project. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognised revenues amounted to DKK 559 million (2015: DKK 391 million); see note 3.2 Construction contracts.

SECTION 3: WORKING CAPITAL

INTRODUCTION

This section provides information regarding the development in the Group's working capital. This includes notes to understand the development in construction contracts and related guarantee commitments.

Information to understand the Group's low exposure towards credit risk is also contained in this section.

THE FOLLOWING NOTES ARE PRESENTED IN SECTION 3:

NOTE 3.1 INVENTORIES

DKK'000	2016	2015
Raw materials	3,524	2,587
Work in progress (non-contracted)	142,891	130,629
Building sites	107,575	76,712
Total inventories	**253,990**	**209,928**

NOTE 3.2 CONSTRUCTION CONTRACTS

DKK'000	2016	2015
Selling price of construction contracts	558,909	391,171
Invoicing on accounts	-55,957	-26,038
	502,952	365,133
Calculated as follows:		
Construction contracts (assets)	513,542	375,319
Construction contracts (liabilities)	-10,590	-10,187
	502,952	365,132
Prepayments from customers regarding construction contracts not yet started	**10,438**	**13,126**

NOTE 3.3 GUARANTEE COMMITMENTS AND CONTINGENT LIABILITIES

DKK'000	2016	2015
Guarantee provision at 1 January	23,374	0
Arising during the year	25,987	23,374
Utilised	-23,324	0
Guarantee provision at 31 December	**26,037**	**23,374**
Distributed in the balance sheet as follows:		
Non-current liabilities	5,247	4,715
Current liabilities	20,790	18,659

At year-end, the guarantee provision amounted to DKK 26 million (2015: DKK 23 million). Provisions for future costs due to guarantee commitments are recognised 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 experience gained from past transactions.

Contingent liabilities
The company is continuously involved in minor disputes, but nothing significant at 31 December 2016.

Investment in subsidiaries has been provided as a security for balances with Nordea.

Collateral
DKK 17 million in cash and short-term deposits is placed in restricted accounts, and is released when the completed houses are delivered to the customers (2015: DKK 9 million).

NOTE 3.4 CHANGES IN WORKING CAPITAL

DKK'000	2016	2015
Increase in construction contracts & inventory	-181,882	93,095
Increase in trade and other receivables	-85,268	-14,624
Increase in trade and other payables	110,114	128,844
Total	**-157,036**	**207,315**

NOTE 3.5 FINANCIAL RISK MANAGEMENT

CREDIT RISK

Diego HC TopCo is exposed towards customers' inability to meet their financial obligations. To address this risk, the Group obtains a bank guarantee from all customers before construction starts. In contracts where the scope and price is subsequently changed, the bank guarantee is updated, if the change is considered significant by management.

It is the Group's assessment that the exposure towards credit risk is not significant.

Impairment of receivables amounted to nil in 2016 and 2015.

NOTE 3.6 ACCOUNTING POLICY

INVENTORIES

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

The cost price of raw materials includes the costs of bringing each product to its present location and condition. Cost of raw materials are measured on a first-in/first-out basis.

Work in progress and finished houses (non-contracted construction)
The cost of work in progress and finished houses (non-contracted) includes costs of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

PROVISIONS

Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or concerning the size of the amount required to settle the provision.

Provisions are recognised in the balance sheet when a legal or informal commitment exists due to an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment, and the amount can be estimated reliably.

TRADE AND OTHER RECEIVABLES

Receivables are measured at amortised cost. Provisions are made for bad debts where there is an objective indication that an individual receivable or a portfolio of receivables has been impaired.

Provisions are made up as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and on hand and demand deposits.

For the purpose of the consolidated financial statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, net of outstanding overdrafts.

NOTE 3.7 SIGNIFICANT ESTIMATES AND JUDGEMENTS

GUARANTEE COMMITMENTS

Provisions for future costs due to guarantee commitments are recognised 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 experience gained from past transactions.

At year-end, the guarantee provision amounted to DKK 26 million (2015: DKK 23 million), see note 3.3 Provisions and contingent liabilities.

SECTION 4: INVESTMENTS

INTRODUCTION

In this section the Group's investments are explained. This includes investments in intangible and intangible assets, and how these are tested for impairment.

THE FOLLOWING NOTES ARE PRESENTED IN SECTION 4:

- 4.1 Intangible assets
- 4.2 Property, plant and equipment
- 4.3 Impairment
- 4.4 Accounting policy
- 4.5 Significant estimates and judgements

NOTE 4.1 INTANGIBLE ASSETS

Intangible assets

2016

DKK'000	Goodwill	Order portfolio	Other intangible assets	Total
Cost at 1 January	1,841,412	44,392	33,900	1,919,704
Additions	0	0	5,569	5,569
Exchange rate adjustments	0	0	0	0
Cost at 31 December	**1,841,412**	**44,392**	**39,469**	**1,925,273**
Amortisation and impairment losses at 1 January	0	22,196	5,650	27,846
Amortisation	0	22,196	16,950	39,146
Amortisation and impairment losses at 31 December	**0**	**44,392**	**22,600**	**66,992**
Carrying amount at 31 December	**1,841,412**	**0**	**16,869**	**1,858,281**

2015

DKK'000	Goodwill	Order portfolio	Other intangible assets	Total
Cost at 17 July	0	0	0	0
Additions through acquisition of subsidiary	1,841,412	44,392	33,900	1,919,704
Exchange rate adjustments	0	0	0	0
Cost at 31 December	**1,841,412**	**44,392**	**33,900**	**1,919,704**
Amortisation and impairment losses at 17 July	0	0	0	0
Amortisation	0	22,196	5,650	27,846
Amortisation and impairment losses at 31 December	**0**	**22,196**	**5,650**	**27,846**
Carrying amount at 31 December	**1,841,412**	**22,196**	**28,250**	**1,891,858**

NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT

DKK'000	2016	2015
Cost at 1 January	42,040	0
Exchange rate adjustment	-33	31,007
Additions	16,478	11,033
Disposals	-3,990	0
Cost at 31 December	**54,495**	**42,040**
Depreciation and impairment at 1 January	19,163	0
Exchange rate adjustment	-33	16,923
Depreciation	8,607	2,240
Impairment of disposals	-3,896	0
Depreciation and impairment at 31 December	**23,841**	**19,163**
Carrying amount at 31 December	**30,654**	**22,877**

NOTE 4.3 IMPAIRMENT

Goodwill and intangible assets with indefinite lives
At 31 December 2016, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the geographical segments.

DKK'million	2016	2015
Cost at 1 January		
Denmark	1,761	1,761
Germany	56	56
Sweden	24	24
Carrying amount at 31 December	**1,841**	**1,841**

In each individual case, the recoverable amount is calculated as the highest of the value in use and fair value less selling costs. The descriptions below 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 2017-2019 approved by the management and with a pre-tax discount factor of 10.8% (2015: 10.8%).

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

The budgeted number of houses sold is expected to increase by an yearly average of 8-9% in the budget period (2015: 8-9%).

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2019 is estimated at 2% (2015: 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 to exceed the recoverable value.

NOTE 4.4 ACCOUNTING POLICY

INTANGIBLE ASSETS

GOODWILL

At the acquisition date goodwill is recognised in the balance sheet at cost, as described under Business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but is tested for impairment at least once a year. Goodwill is written down to the recoverable amount if the carrying amount is higher than the computed recoverable amount. The recoverable amount is computed as the present value of the expected future net cash flows from the enterprises or activities to which the goodwill is allocated. Impairment of goodwill is not reversed.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

TRADEMARKS

Trademarks are initially recognised at cost. Subsequently, trademarks are measured at cost less accumulated amortisation and impairment. Trademarks are amortised on a straight-line basis over their estimated useful lives, which are no longer than ten years.

Trademarks are impairment tested on an annual basis using the relief from royalty method and are based on expected future free cash flows generated by the individual trademark for the next five years and projections for subsequent years.

PROPERTY, PLANT AND EQUIPMENT

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

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

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it will measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTE 4.5 SIGNIFICANT ESTIMATES AND JUDGEMENTS

IMPAIRMENT OF NON–FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices, less the incremental costs of disposing of the asset.

The value in use calculation is based on a Discounted Cash Flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 4.3.

SECTION 5: FUNDING AND CAPITAL STRUCTURE

INTRODUCTION

This section includes information regarding the Group's capital structure, and information on how the activities and investments of the Group are funded.

Information regarding the Group's exposure towards liquidity and interest rate risk is also contained in this section.

THE FOLLOWING NOTES ARE PRESENTED IN SECTION 5:

NOTE 5.1 EQUITY

Share capital				
		2016		2015
	Nominal value (DKK'000)	Number of shares	Nominal value (DKK'000)	Number of shares
Share capital at 1 January (issued and fully paid)	14,366	14,366	0	0
Additions	0	0	14,366	14,366
Share capital at 31 December	**14,366**	**14,366**	**14,366**	**14,366**

The company's share capital is nominally DKK 14,365,922 divided into 14,365,922 shares of DKK 1 each or multiples thereof. The company's share capital consists of nominally DKK 12,067,374 class A shares, nominally DKK 1,500,000 class B shares, and nominally DKK 798,548 class C shares.

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.

NOTE 5.2 BORROWINGS AND NON-CURRENT LIABILITIES

Borrowings		
DKK'000	2016	2015
Non-current liabilities	787,387	867,934
Current liabilities	218,281	82,049
Total carrying amount	**1,005,668**	**949,983**
Nominal value		

2016

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3.80%	865,000

2015

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3.90%	900,000

Investments in subsidiaries have been provided as security for balances with Nordea.

NOTE 5.3 FINANCIAL INCOME AND EXPENSES

Financial income and financial expenses		
DKK'000	2016	2015*
Financial income		
Interest received from banks**	3,120	1,322
Exchange rate gains	0	76
Other financial income	71	0
Total financial income	**3,191**	**1,398**
Financial expenses		
Interest paid to banks**	46,304	14,808
Exchange rate losses	2,157	22
Other financial costs	913	3,308
Total financial expenses	**49,374**	**18,138**
Net financials	**–46,183**	**–16,740**

* 4 months

** Interest income and expenses from financial assets and financial liabilities measured at amortised cost.

NOTE 5.4 FINANCIAL RISK MANAGEMENT

The Diego HC TopCo Group's activities and capital structure are exposed to a variety of financial risks: Market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Group management oversees the management of these risks in accordance with the Group's risk management policies.

This section includes a description of the risks related to liquidity risk and interest rate risk. See section 2 for a description of currency risk, and section 3 for a description of credit risk.

LIQUIDITY RISK

Diego HC TopCo does not receive payment until construction is completed and the house is handed over to the client.

Accordingly, the Group needs sufficient credit facilities to fund construction in progress.

The Group continuously monitors the need for liquidity. At 31 December 2016, the Group has an undrawn credit facility of DKK 200 million to ensure that the Group is able to meet its obligations (2015: DKK 200 million). Management considers the exposure as being low.

The cash flows presented below are non-discounted amounts on the earliest possible date on which the Group can be required to settle the financial liability. Floating interest payments on bank borrowings have been determined by applying a forward curve to the underlying interest rate on the reporting date.

NOTE 5.4 FINANCIAL RISK MANAGEMENT (CONTINUED)

Contractual maturity analysis of financial liabilities

2016

DKK'000		Hedging instrument	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Other payables			309,989	0	0	309,989	309,989
Bank borrowings			45,098	243,777	548,512	837,387	865,000*
Other liabilities			168,281	0	0	168,281	166,290
Total non-derivative financial liabilities			**523,368**	**243,777**	**548,512**	**1,315,657**	**1,341,279**
Derivative financial liabilities							
Bank borrowings	IRS		2,727	0	0	2,727	2,727
Bank borrowings	CAP		1,024	0	0	1,024	1,024
Total derivative financial liabilities			**3,751**	**0**	**0**	**3,751**	**3,751**
Total financial liabilities			**527,119**	**243,777**	**548,512**	**1,319,408**	**1,345,030**

2015

DKK'000		Hedging instrument	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
Non-derivative financial liabilities							
Other payables			269,550	0	0	269,550	269,550
Bank borrowings			30,548	215,282	622,104	867,934	900,000*
Other liabilities			82,049	0	0	82,049	82,049
Total non-derivative financial liabilities			**382,147**	**215,282**	**622,104**	**1,219,533**	**1,251,599**
Derivative financial liabilities							
Bank borrowings	IRS		-266	314	0	48	48
Bank borrowings	CAP		67	0	0	67	67
Total derivative financial liabilities			**–199**	**314**	**0**	**115**	**115**
Total financial liabilities			**381,948**	**215,596**	**622,104**	**1,219,648**	**1,251,714**

*Deducted amortised borrowing costs of DKK 28 million (2015: DKK 32 million) in the consolidated financial statements.
The cash flows presented are non-discounted amounts on the earliest possible date at which the Group can be required to settle the financial liability. Floating interest payments on bank borrowings have been determined by applying a forward curve to the underlying interest rate on the reporting date.

INTEREST RATE RISK

Diego HC TopCo is exposed to fluctuations in market interest rates primarily related to the Group's long-term loans at floating rates.

The Group aims to keep a reasonable part of its borrowings at fixed interest rates. At 31 December 2016 the Group's long-term debt is kept at floating rates. In 2015 the Group has entered into an interest rate cap and an interest rate swap effective from February 2016 to address the exposure to interest rate fluctuations.

If the interest rate increased (decreased) by 1% the effect on interest during 2016 would have been DKK 8.9 million (2015: 3.0 million).

Categories of financial assets and financial liabilities		
DKK'000	**2016**	**2015**
Loans and receivables	139,936	56,393
Financial liabilities measured at amortised cost	1,315,657	1,219,533
Derivatives, financial liabilities	3,751	115

The fair value of derivatives is calculated using valuation techniques and observable market data (level 2).

204 M²
FUNCTIONALISM

Tailored with "multi room", nursery beside the bedroom and 4 ceiling windows.

BORROWINGS

EQUITY

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognised as a liability on the date they are adopted by the Annual General Meeting (declaration date).

Share premium reserve

The share premium reserve represents positive differences between the nominal share capital and the amount paid by shareholders for newly issued shares. The reserve is a distributable reserve.

Foreign currency translation reserve

The reserve comprises currency translation adjustments arising on the translation of financial statements of foreign subsidiaries from their functional currencies into the presentation currency used by Diego HC TopCo.

Financial income and expenses

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, and amortisation of financial assets and liabilities, etc.

Financial assets

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.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivatives are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value are taken directly to the Income Statement, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income and later reclassified to profit or loss when the hedge item affects the Income Statement.

FAIR VALUE MEASUREMENT

The Group measured financial instruments such as derivatives at fair value at each balance sheet date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of interest rate swaps is determined using quoted forward interest rates at the balance sheet date and can be categorised as level 2 (observable inputs) in the fair value hierarchy.

SECTION 6: OTHER DISCLOSURES

INTRODUCTION

This section includes other disclosures required by IFRS or additional disclosures required by the Danish Companies Act, but which are not relevant for the understanding of section 2-5.

THE FOLLOWING NOTES ARE RESENTED IN SECTION 5:

NOTE 6.1 TAX

Current tax		
DKK'000	**2016**	**2015***
Income tax	39,451	17,320
Movement in deferred tax	-7,143	-9,179
Adjustment relating to previous years	-110	64
Income taxes in the income statement	**32,198**	**8,205**
Profit before tax	**116,995**	**22,926**
Tax rate, Denmark	22.00%	23.50%
Tax at the applicable rate	25,740	5,388
Non-taxable income	-622	843
Expenses not deductible for tax purposes	6,712	2,372
Adjustments relating to prior years	170	3
Effective change in tax rate	0	-401
Other	198	0
Tax expense for the year	**32,198**	**8,205**
Effective tax rate, %	**27.50%**	**38.50%**

* 4 months

NOTE 6.1 TAX (CONTINUED)

Deferred tax		
DKK'000	2016	2015
Deferred tax at 1 January	**21,361**	**30,540**
Recognised in profit or loss	-7,143	-9,179
Deferred tax at 31 December	**14,218**	**21,361**

Deferred tax is presented in the statement of financial position as follows:

		Deferred tax asset		Deferred tax liability
DKK'000	2016	2015	2016	2015
Intangible assets	0	0	2,486	11,097
Tangible assets	0	0	350	145
Construction contracts	0	0	21,126	15,032
Other payables	0	0	0	-280
Tax loss carried forward	7,419	4,633	-2,325	0
Deferred tax	**7,419**	**4,633**	**21,637**	**25,994**

Corporation tax payable		
DKK'000	2016	2015*
Corporation tax payable at 1 January	**-5,258**	**14,254**
Adjustment of corporation tax at 1 January, from deferred tax	5,230	0
Current tax including jointly taxed subsidiaries	39,451	17,320
Corporation tax paid during the year	-517	-36,832
Tax related to financial instruments	-862	0
Corporation tax payable at 31 December	**38,044**	**-5,258**

* 4 months

NOTE 6.2 OPERATING LEASES

DKK'000	0-1 year	1-5 years	> 5 years	Total
2016				
Operating leases	10,631	26,272	5,749	42,652
Total contractual obligations	**10,631**	**26,272**	**5,749**	**42,652**
2015				
Operating leases	10,189	29,552	10,341	50,082
Total contractual obligations	**10,189**	**29,552**	**10,341**	**50,082**

NOTE 6.3 OTHER NON-CASH ITEMS

DKK'000	2016	2015
Amortisation of intangible assets	39,146	27,849
Depreciation of property, plant and equipment	9,058	2,240
Movements in provisions recognised in the income statement	2,663	1,954
Non-cash financial items	47,045	16,739
Other non-cash items	**97,912**	**48,782**

NOTE 6.4 RELATED PARTIES

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Transactions with key management personnel include transactions with companies controlled by the key management personnel. Reference is made to note 2.2 in the consolidated statements.

THE ULTIMATE PARENT

The ultimate parent of the Group is EQT's foundation VI.

SIGNIFICANT TRANSACTIONS BETWEEN THE GROUP AND THE ULTIMATE PARENT COMPANY

The only transaction between the Group and the ultimate parent company is the transaction cost related to EQT's acquisition of HusCompagniet, DKK 33.4 million. (2015: DKK 0).

NOTE 6.5 AUDIT FEES

Fees to auditors		
DKK'000	**2016**	**2015**
Audit services	690	321
Other non-audit services	261	1,616
Total	**951**	**1,937**

NOTE 6.6 EVENTS AFTER THE BALANCE SHEET DATE

STRATEGIC ACQUISITION IN SWEDEN

In April 2017, HusCompagniet acquired VårgårdaHus, a leading producer of prefabricated single-family wood houses. The company is headquartered close to Gothenburg and has approximately 25 sales offices across Sweden

NOTE 6.7 LIST OF GROUP COMPANIES

Investments in Group companies comprise the following at 31 December 2016		
Name	Country of incorporation	% equity interest
Die Haus-Compagnie GmbH	Germany	100%
Huscompagniet Midt- og Nordjylland A/S	Denmark	100%
Huscompagniet Sjælland A/S	Denmark	100%
Huscompagniet Fyn A/S	Denmark	100%
Fm-Søkjær Enterprise A/S	Denmark	100%
Huscompagniet Sønderjylland A/S	Denmark	100%
Svenska Huscompagniet AB	Sweden	100%
HusCompagniet A/S	Denmark	100%
LejlighedsCompagniet A/S	Denmark	100%
HC TopCo A/S	Denmark	100%
Diego HC A/S	Denmark	100%

NOTE 6.8 DEFINITIONS

EBITDA BEFORE SPECIAL ITEMS (EBITDA)
Operating profit excluding amortisation and depreciation and special items

OPERATING PROFIT (EBITDA) BEFORE SPECIAL ITEMS
Operating profit before special items

GROSS MARGIN
Gross profit x 100/Revenue

EBITDA MARGIN
EBITDA before special items x 100/Revenue

ROCE
Operationg profit (EBIT) / (Total assets - Current liabilities)

SOLD HOUSES
House building contracts entered into in the financial year

FINANCIAL RATIOS
Financial ratios are calculated in accordance with the Danish Finance Society's guidelines for the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

NOTE 6.9 ACCOUNTING POLICY

CURRENT INCOME TAX

The parent 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 recognised in the income statement, and the tax expense relating to amounts recognised in other comprehensive income is recognised in other comprehensive income.

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

OPERATING LEASES

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

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

FINANCIAL STATEMENTS **PARENT**

INCOME STATEMENT – PARENT

DKK'000	Note	2016	2015*
Share of result of subsidiary companies after tax	8	84,799	14,721
Financial income	6	0	0
Financial expenses	5	-2	0
Profit before tax		**84,797**	**14,721**
Tax on profit	7	0	0
Profit for the year		**84,797**	**14,721**

Profit attributable to:

DKK'000	Note	2016	2015
Equity owners of the company		84,797	14,721

STATEMENT OF OTHER COMPREHENSIVE INCOME – PARENT

DKK'000	Note	2016	2015*
Profit for the year		84,797	14,721
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		-227	0
Value adjustment, hedging of future cash flows		-3,918	0
Tax relating to other comprehensive income		862	0
Other comprehensive income, net of tax		**-3,283**	**0**
Total comprehensive income for the year		**81,514**	**14,721**

Total comprehensive income attributable to:

DKK'000	Note	2016	2015
Equity owners of the company		81,514	14,721

* 4 months

BALANCE SHEET - PARENT

DKK'000	Note	2016	2015
Assets			
Non-current assets			
Investments in subsidiaries	8	1,531,829	1,450,313
Total non-current assets		**1,531,829**	**1,450,313**
Current assets			
Receivables from affiliated companies		320	-
Cash and cash equivalents		678	1,000
Total current assets		**998**	**1,000**
Total assets		**1,532,827**	**1,451,313**

DKK'000	Note	2016	2015
Equity and liabilities			
Equity			
Share capital		14,366	14,366
Retained earnings and other reserves		1,518,461	1,436,947
Total equity		**1,532,827**	**1,451,313**
Liabilities			
Non-current liabilities			
Total equity and liabilities		**1,532,827**	**1,451,313**

Reference to off-balance sheet notes: Other disclosures 8

STATEMENT OF CASH FLOWS – PARENT

DKK'000	Note	2016	2015*
Cash flow from operating activities			
Profit before tax		84,797	14,721
Changes in working capital	6	-320	0
Adjustments for non-cash items	7	-84,799	-14,721
Interest received		-2	0
Interest paid		2	0
Corporation tax paid		0	0
Net cash generated from operating activities		**-322**	**0**
Cash flow from investing activities			
Acquisition of subsidiaries, net cash acquired		0	-1,435,592
Acquisition of assets recognised as property, plant and equipment		0	0
Disposal of assets recognised as property, plant and equipment		0	0
Net cash generated from investing activities		**0**	**-1,435,592**
Cash flow from financing activities			
Repayment of long-term debt		0	0
Proceeds from loans		0	0
Change in equity		0	1,436,092
Dividend to equity holders		0	0
Net cash generated from financing activities		**0**	**1,436,092**
Total cash flows		**-322**	**500**
Cash and cash equivalents at 1 January		1,000	500
Net foreign currency gains or losses		0	0
Cash and cash equivalents at 31 December		**678**	**1,000**
Cash and cash equivalents			
Cash at bank and in hand		678	1,000
Short-term bank deposits		0	0
Cash and cash equivalents at 31 December		**678**	**1,000**
Bank overdrafts		0	0
Net cash and cash equivalents at 31 December		**678**	**1,000**

* 4 months

STATEMENT OF CHANGES IN EQUITY – PARENT

2016 DKK'000	Share capital	Share premium	Revaluations reserve under the equity method	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January	14,366	1,422,226	14,721	0	0	1,451,313
Profit for the period					84,797	84,797
Reserve for net revaluation according to the equity method			84,799		–84,799	0
Other comprehensive income:						
Foreign currency translation differences, subsidiary				-227		-227
Value adjustment, hedging of future cash flows					-3,918	-3,918
Tax relating to other comprehensive income					862	862
Total other comprehensive income	0	0	0	–227	–3,056	–3,283
Transactions with owners of the company and other equity transactions:						
Dividends paid						
Total transactions with owners of the company and other equity transactions	0	0	0	0	0	0
Equity on 31 December	14,366	1,422,226	99,520	–227	–3,058	1,532,827

2015 DKK'000	Share capital	Share premium	Revaluation reserve under the equity method	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January	500	0	0	0	0	500
Profit for the period					14,721	14,721
Reserve for net revaluation according to the equity method			14,721		–14,721	0
Other comprehensive income:						0
Foreign currency translation differences						0
Tax relating to other comprehensive income						0
Total other comprehensive income	0	0	0	0	0	0
Transactions with owners of the Company and other equity transactions:						
Capital Injection	14,366	1,422,226	0	0	0	1,436,592
Capital reduction	-500	0	0	0	0	-500
Dividends paid	0	0	0	0	0	0
Total transactions with owners of the company and other equity transactions	13,866	1,422,226	0	0	0	1,436,092
Equity on 31 December	14,366	1,422,226	14,721	0	0	1,451,313

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The separate financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the EU (""IFRS"").

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

These separate financial statements are expressed in DKK, as this is Diego HC TopCo's functional and presentation currency. All values are rounded to the nearest thousand DKK '000 where indicated.

INVESTMENTS IN SUBSIDIARIES

The Company's investments in 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 an 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.

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 income statement.

244 M²
COTTAGE STYLE

Tailored with 4 bathrooms, exclusive details and 30 m² hall.

NOTE 2 STAFF COSTS

Staff costs		
DKK'000	2016	2015*
Wages and salaries	0	0
Defined contribution plans	0	0
Other social security costs	0	0
Other staff costs	0	0
Transferred to production cost	0	0
Total	**0**	**0**
Average number of full-time employees	0	0

* 4 months

Reference is made to note 2.3 in the consolidated financial statements for an overview of the remuneration of the Executive Management, Board of Directors and key management personnel.

NOTE 3 FINANCE COSTS

DKK'000	2016	2015*
Interests paid to banks*	2	0
Exchange rate losses	0	0
Other financial costs	0	0
Total financial costs	**2**	**0**

* 4 months

NOTE 4 INCOME TAXES

Current tax		
DKK'000	2016	2015*
Profit before tax	**84,797**	**14,721**
Tax rate, Denmark	22.00%	23.50%
Tax at the applicable rate	18,655	3,459
Non-taxable income	-18,655	-3,459
Tax expense for the year	**0**	**0**
Effective tax rate, %	**0%**	**0%**

* 4 months

NOTE 5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries		
DKK'000	2016	2015
Cost at 1 January	1,435,592	0
Additions	0	1,435,592
Cost at 31 December	1,435,592	1,435,592
Share of results at 1 January	14,721	0
Share of results	84,799	14,721
Other comprehensive income	-3,283	0
Share of results at 31 December	96,237	14,721
Net book value	**1,531,829**	**1,450,313**

Reference is made to note 6.7 in the consolidated financial statements for an overview of subsidiaries.

NOTE 6 CHANGES IN WORKING CAPITAL

DKK'000	2016	2015
Increase in construction contracts	0	0
Increase in inventory	0	0
Increase in trade and other receivables	-320	0
Increase in trade and other payables	0	0
Total	**-320**	**0**

NOTE 7 ADJUSTMENTS FOR NON-CASH ITEMS

DKK'000		2015
Share of result in subsidiary companies	-84,799	-14,721

NOTE 8 OTHER DISCLOSURES

For the following disclosures reference is made to the consolidated financial statements:

- Guarantee commitments and contingent liabilities (note 3.3)
- Equity (note 5.1)
- Related parties (note 6.4)
- Events after the balance sheet date (note 6.6)

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 DIEGO HC TOPCO A/S FOR THE FINANCIAL YEAR 1 JANUARY – 31 DECEMBER 2016.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2016 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2016.

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

We recommend that the annual report be approved at the Annual General Meeting.

Horsens, 23 May 2017

Executive Board:

STEFFEN MARTIN BAUNGAARD
CEO

Board of Directors:

TORE THORSTENSEN
Chairman

JAN BUCK EMDEN

ANDREAS KARL ASCHENBRENNER

MADS MUNKHOLT DITLEVSEN

MATTHEW JOHN RUSSELL

ALLAN LINDHARD JØRGENSEN

204 M^2 CLASSIC CONTEMPORARY

Tailored with double
garage and extra tall windows.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF DIEGO HC TOPCO A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of Diego HC TopCo A/S for the financial year 1 January – 31 December 2016, comprising an income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group as well as for the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2016 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 company financial statements" section of our report. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Group, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's Review, and we do not express any assurance conclusion thereon.

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

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

Based on our procedures, we concluded that the Management's Review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's Review.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and the parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

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

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

- Identify and assess the risk of material misstatement of the consolidated financial statements and the parent company 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 Parent Company'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 company 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may imply that the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company 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.

Copenhagen, 23 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised Public Accountant

Steen Skorstengaard
State Authorised Public Accountant

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HusCompagniet

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