2017
ANNUAL REPORT
DIEGO HC TOPCO A/S
HUSCOMPAGNIET

164 m^2 CLASSIC CONTEMPORARY

Optimal usage of every square meter – no waste.

CONTENT

HUSCOMPAGNIET
AT A GLANCE

1,808
HOUSES SOLD

25,000
SHOW PARK VISITS

3
MARKETS

255 DKKM
EBITDA

468
DIRECT EMPLOYEES

TWO MILLION
WEBSITE VISITS

43
POINTS OF SALE

5 YEARS
Housebuilder of the year

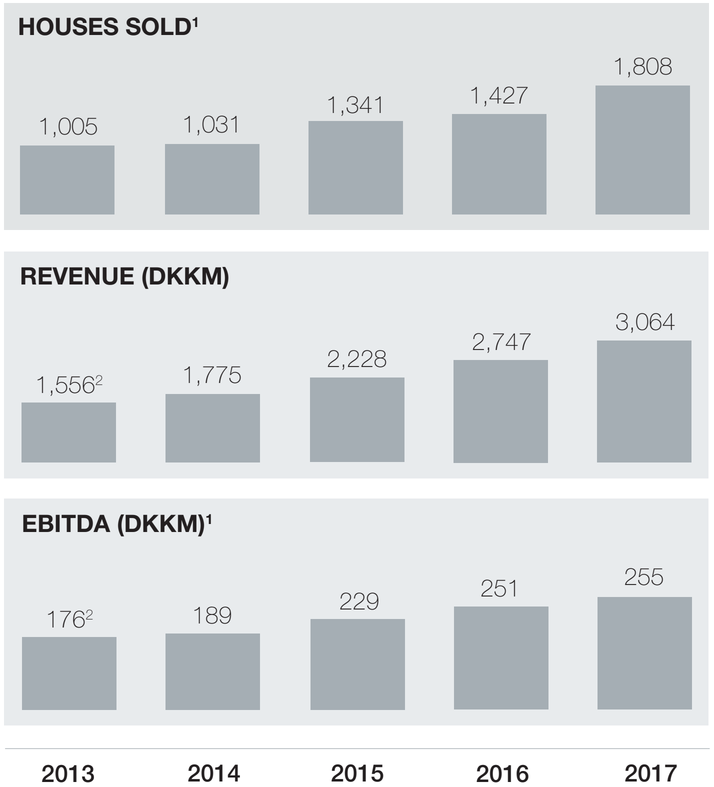
1.7
DKKBN
EQUITY

3.1
DKKBN
REVENUE

5 STARS
TRUSTPILOT.dk

KEY HIGHLIGHT MESSAGES

GROUP PERFORMANCE



[1] Houses sold and EBITDA are defined on page 66

[2] 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 2017, we delivered more than 1,600 new homes to families, growing 11% and once again achieving a record for the company. 269 houses was delivered from VårgårdaHus, our Swedish woodhouse brand, which we welcomed to the HusCompagniet family on 28 April 2017.

This 10th consecutive delivery record was achieved through our continued focus on our key strategic priorities of industry-leading customer experience and a differentiated, lean delivery model executed by the best team of people achieving best-in-class customer ratings.

Our Virtual Reality technology represents another leap towards digitalising the customer experience with continued focus on customers' visual tours in our architectures and interactions with our key partners.

We are progressing our onward journey to digitalise the industry by introducing further interactive collaboration between our valued stakeholders, customers, employees and suppliers.

DENMARK

In 2017, we have maintained our leading position in Denmark and retained our high market share. We marked a unique achievement in December as we exceeded 1,000 reviews on TrustPilot demonstrating our relentless focus on customer satisfaction by maintaining our positive reviews from our customers.

GERMANY

We continued our strong growth in Germany and increased the number of houses sold increased with 61% to 200 in 2017. With four new office openings (end of year) we continue to consolidate our position in the Northern German housebuilding market and our brand continue to receive increasing customer attention.

SWEDEN

During the year, we have integrated the VårgårdaHus organisation in Sweden and continue to grow our position across Sweden. During 2017, we have established office in Stockholm and continue to develop our propositions in both wood and brick houses.

BUSINESS CASE

UNCOMPROMISING CUSTOMER FOCUS

HIGHLY SCALABLE AND ASSET-LIGHT OPERAT-ING MODEL

GEOGRAPHICAL DIVERSIFICATION FOCUS

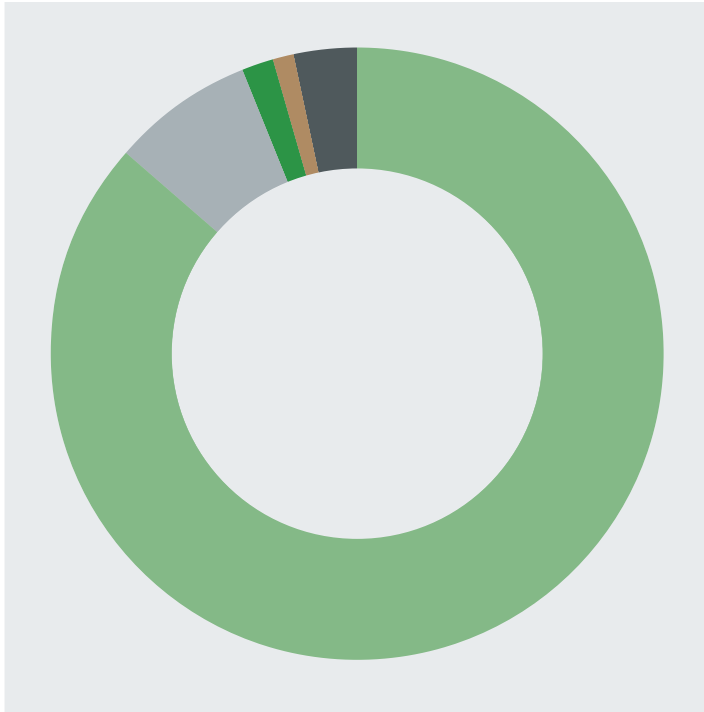
STRONG REPUTATION

CUSTOMISABLE PRODUCT OFFERING

255 DKK EBITDA

STRONG PERFORMANCE

VALUE ADDED



- Procurement of goods and services[1] DKK 2,470m
- Employees, DKK 247m
- Lenders[2] DKK 56m
- Corporation tax, DKK 48m
- Profit retained by HusCompagniet, DKK 111m

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 number of houses delivered and sold.

Our reach expanded through the integration of VårgårdaHus as well as office openings in Denmark and Germany adding 151 new talented colleagues to our organisation. We have continued to strengthen the corporate backbone and initiated a number of digital initiaitives to further improve our customer experience and efficiency.

ALL-TIME HIGH

2017 was another great year for HusCompagniet where we achieved organic growth across all markets. We achieved revenue of DKK 3,064 million and increased total revenue of DKK 317 million, corresponding to 12% growth compared to 2016. Our EBITDA by DKK 255 million is another record for HusCompagniet.

We achieved growth in the number of single-family houses sold across all our markets. In Denmark, 1,362 new houses sold (2016: 1,277 houses). In Germany, 200 new houses sold (2016: 106 houses). In Sweden, 246 houses sold (2016: 44 houses). 2017 represents all-time high revenue, EBITDA and numbers of houses sold for HusCompagniet.

SHOW PARKS

We opened our eighth Show Park in Denmark demonstrating our commitment to showcase our products. In Sweden, the first Show Park opened in 2017 and Germany further increased number of show houses to 4. When customers visit the show parks and houses, they experience the advantages of a new HusCompagniet house. Each show house provides a unique experience of the many customisation possibilities offered by HusCompagniet and the ongoing renewal of show parks ensures an up-to-date experience for our customers. Our trained sales representatives are present at our show parks and houses ready to guide and support potential customers and follow up on sales leads.

CONTINUED FOCUS ON CUSTOMER SATISFACTION

We marked a unique achievement in December as we crossed over 1.000 reviews on Trust Pilot demonstrating our relentless focus on customer satisfaction by maintaining our 5-star rating from our customers.

2017 achievements are based on our relentless focus on customer satisfaction evidenced by 1,600 satisfied families have moved into new homes. As many of our customers share their positive experiences online and in their own network, more families to look towards a new home from HusCompagniet.

DENMARK – BOOSTING SALE

In 2017, we have increased our sales by 6% and continued to also provide attractive land opportunities to customers together with our differentiated house offering.

We continue to develop our business in Denmark and have further improved our delivery model as well as executed on improvements to existing process management tools.

There is potential in further acquisitions and the right to build exclusively on land plots. By investing in individual building sites or larger plots, we can offer the entire package for our customers and also grow our network of offices.

WOOD HOUSES FOR OUR SWEDISH CUSTOMERS

In April 2017, we expanded our presence in Sweden through the acquisition of VårgårdaHus. VårgårdaHus, headquartered in Vårgårda, is a leading Swedish single-family wood house builder with an attractive market position complementary to HusCompagniet. VårgårdaHus has 24 sales offices across Sweden, increasing the group's local presence across the entire Swedish market. We now have a strong platform together with VårgårdaHus for future growth across Sweden.

GERMAN GROWTH CONTINUED

HusCompagniet in Germany, which operates under the localised name Die HausCompagnie, has expanded the office network with openings in Rostock, Lübeck, Bremen and Hannover. This underpins our ambition to becoming market leader in the

Northern German market. We still invest into our German organisation scaling up existing offices and hired a head of technic, head of development and head of finance.

MARKETING

The Marketing function is working according to the core concept of HusCompagniet, which is streamlined, scalable, low risk and repeatable - and ensures a sense of safety, trust and security for our customers. Even though the core concept is the same no matter the geography some local flexibility in adapting our communication is both desired and necessary in order to help us gain a foothold in new markets. We ensure our core concept remains at the heart of our communication wherever stakeholders interact with us, simply because this adds value.

CUSTOMER CENTRIC IN OUR DNA

HusCompagniet has a customer centric DNA which implies that everything we do is focusing on how we are perceived by our customers. In practice, this means that the Marketing department of HusCompagniet is having the superior customer journey as the guiding light for all activities we develop and initiate.

Our marketing strategy focuses on increasing the market size and winning at the point

CASE STUDY:
ENHANCING COMMUNICATION WITH OUR CUSTOMERS THE HUSCOMPAGNIET APP

Our new HusCompagniet app enhances our communication with our customers in all stages of the customer journey. The app includes a large number of features that makes it easier and more fun for new house buyers to get inspired and to understand the process of building a new house.

FROM DREAM TO REALITY

HusCompagniet's app inspires the customers how to build their own customised dream home before making a decision. It makes our popular house catalogue more interactive with advanced floorplan augmented reality viewing.

It helps visualise the house even before it is built with a set of features to help the customer in the process of choosing architecture, size, building materials and much more. It makes it easy to find and view our show houses in 3D and virtual reality. A new feature will make it possible to view all building sites for sale in a chosen geographical area also including sites where there already is located an old houses. The feature is based on an algorithm that calculates if the house is potentially relevant for demolition and thereby should be replaced with a new house.

To improve the customer journey in the app we have made partnership with a couple of Denmark's banks. Thus, customers can now move on in the process and get answers to their loan options.

"OUR FOCUS IS ALWAYS ON CUSTOMER INVOLVEMENT AND SATISFACTION. THE APP IS ONE TOOL THAT HELPS US PERFORM BETTER IN ALL STAGES OF THE CUSTOMER LIFE CYCLE"

Thuri Jested-Rask, CMO

Facts

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

IMPORTANT FEATURES:

Make our catalogue more interactive
View ground plans in 3D
Visualise the house with different types of roof and brick
Change the size and shape of the house
Enter the house with virtual reality
See our show houses
Different funding options
Possible to save favourites

Our app is the ultimate tool for housebuilders, with the ability to use VR and 3D technology.

of sale. In execution, the customer journey is also guiding our activities. Key questions are; how far into their thought process the potential customers are, have they maybe even decided on purchasing a new house or are they buying a used one? Have they already arrived at the conclusion to build a new house but just not decided who should build it for them? Or have they already considered to have HusCompagniet build it for them, or even better, already chosen us for the task? No matter how far in the journey the customers are, our marketing activities are designed to help them move on to the next step in their decision process.

Historically we have promoted ourselves using a mix of analogue and digital marketing channels. In 2017, however, we significantly stepped up our game in regards to digital marketing. One factor in this was the in-sourcing of operational marketing which enabled us to focus more on SEO/AdWords, SoMe and Targeted Marketing. We also renewed and enhanced the user experience on our website, plus we developed a brand new app that is split in three different phases - before, during, and after the construction of the house. In relation to the customer purchasing experience we developed tools for better customer interaction including Virtual Reality, customer profiles, Real Time 3D simulation of a potential house located on a plot. Needless to say the results of the efforts were good, one very tangible measure was the doubling of visitors on our website from 1 million in 2016 to 2 million in 2017.

OUR PEOPLE

Our people remains the foundation for HusCompagniet's continued success and growth. We work continuously to develop our over 400 loyal employess have an in-depth understanding of what is crucial to our customers.

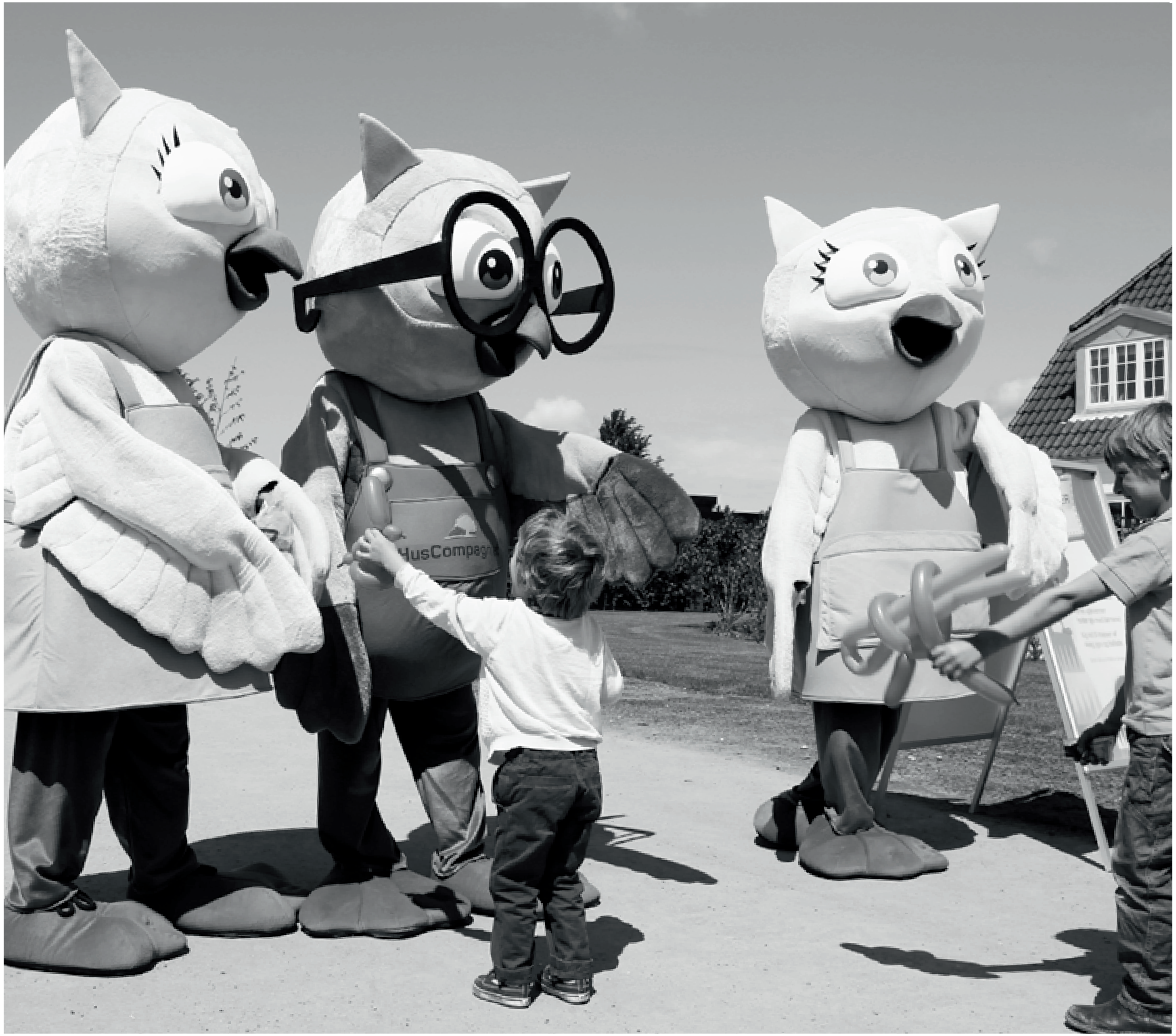
We trust our employees, who are the essential contact points to our customers on a day-to-day basis. Internal training programmes and specialist courses empower our employees to take further responsibility on a local basis. Our specialists within marketing, sales, design, construction management, procurement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

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, 2017 was a satisfactory year for HusCompagniet. More than 1,900 families have chosen a HusCompagniet home. We reached a milestone with over 1,000 positive reviews on TrustPilot from satisfied customers and achieved a strong financial result.

Steffen Baungaard
Group CEO



The owl is our mascot. Customers and their children meet them in our show parks.

OUR BUSINESS MODEL

HusCompagniet is an asset-light business, with all construction work being outsourced and vast majority built on third party land, securing a highly scalable business model

KEY RESOURCES

REPUTATION

We rely on our many satisfied 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 more than 20,000 houses built

FUNDING

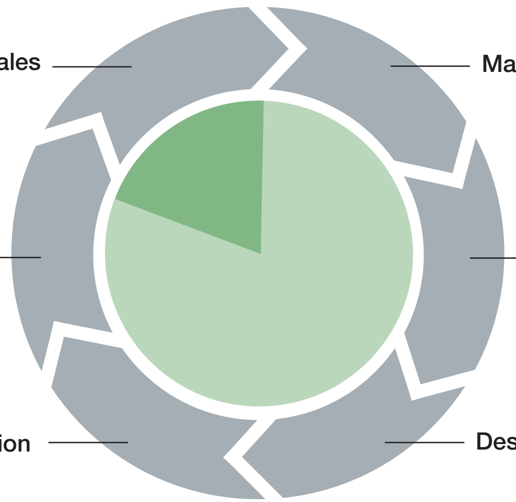
We finance our business through cash flows from our operations and debt

SUPPLY CHAIN

We rely on high quality from our suppliers and contractors

MODEL

CUSTOMER-CENTRIC HOUSEBUILDING MODEL



Home providing on own land
Home providing on third party land

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 255m (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:

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 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.

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

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 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 building a house.

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 and contractors, 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 contractors are expected to tidy up the construction site every day.

A clean and tidy construction site is key to ensuring that the contractors 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 efficient 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 construction phase, is always present at the handover, ensuring the customer receives a house that fully satisfies his or her wishes.

AFTER SALES

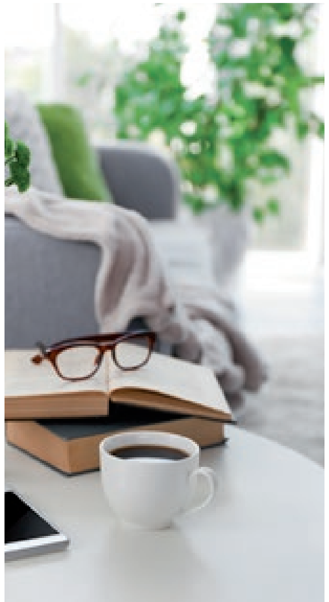
KEY RESOURCES:

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 more than 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 approx. 80% of the houses we delivered in 2017 are Classic or Modern Contemporary.



CLASSIC CONTEMPORARY

This classical Danish architecture has been the Danes' favourite 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 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 alongside 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 Northern European 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 both 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 building process. We strive to ensure that our more than 400 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 21 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 2018, 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 are 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 an 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 468 employees are our most important resource.

201 m²
COTTAGE STYLE

The mix of classic styling with modern features is the perfect match.

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 BR18 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 a RockZero house, 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 2017.

In 2017, 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 2017.

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 and contractors.

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

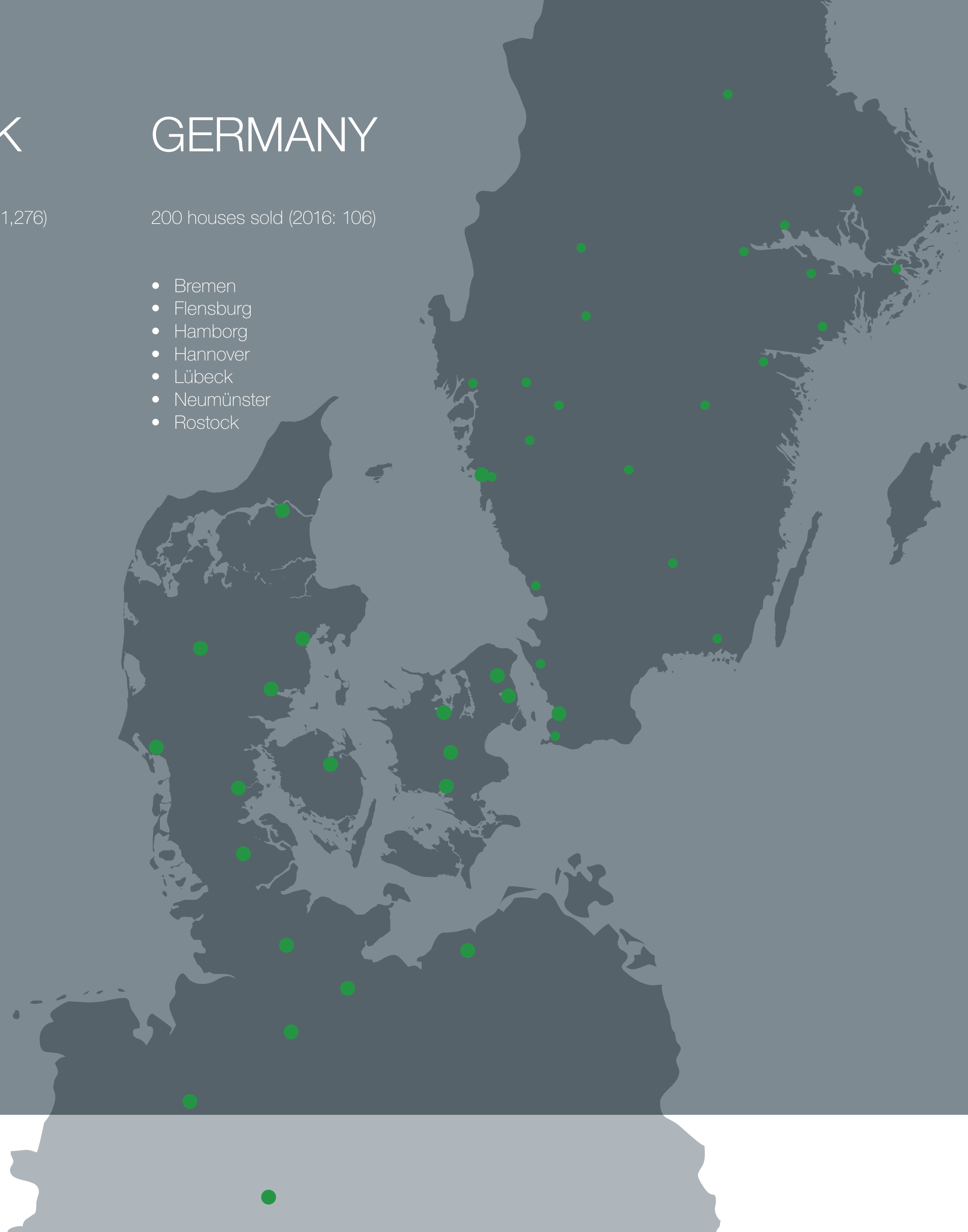
1,362 houses sold (2016: 1,276)

- Aalborg
- Aarhus
- Esbjerg
- Haderslev
- Herning
- Hillerød
- Horsens
- Holbæk
- Næstved
- Odense
- Ringsted
- Virum

GERMANY

200 houses sold (2016: 106)

- Bremen
- Flensburg
- Hamborg
- Hannover
- Lübeck
- Neumünster
- Rostock



● Offices

• Agent representation

*Figures are included VårgårdaHus full year

SWEDEN

341* houses sold (2016: 246*)

- Malmö
- Gothenburg

VårgårdaHus
- Allingsås
- Lyckeby
- Eskilstuna
- Falun
- Gothenburg
- Halmstad
- Helsingborg
- Jönköping
- Karlstad
- Lidköping
- Linköping
- Luleå
- Malmö
- Norrköping
- Stockholm
- Trollhättan
- Uddevalla
- Umeå
- Uppsala
- Västerås
- Växjo
- Örebro
- Östersund
- Vårgårda

STRATEGY, RISK AND GOVERNANCE

HUSCOMPAGNIET IS THE LEADING PROVIDER OF SINGLE FAMILY HOMES IN NORTHERN EUROPE

GROUP STRATEGY

HusCompagniet's strategy is to design, sell and deliver customised, affordable and high-quality personal homes through a seamless customer journey, securing future support and advocacy from every single owner of a HusCompagniet home. It is our ambition to continue to be the leading home provider in Northern Europe with industry-leading customer experience and satisfaction. All HusCompagniet's customers should be active ambassadors and all our employees share a joint passion for consistently making this happen.

We focus on Denmark, Sweden and Germany, but maintain a strategic approach to further international growth through acquisitions or organic entry (as in Germany). We deliver turn-key homes, but offer modified finalisation as local markets dictate. We offer our customers end-to-end home solutions, including configuring and building their home through our physical and digital channels. We offer brick homes as main material; wood houses in Sweden as main variation. Our core products are detached residential one-family homes but offer semi-detached homes mainly on a project basis. We have solutions from 'value' to 'premium' houses but do not compete with "DIY" low-cost value propositions or high-end architect solutions. We mainly build on customers' land, but pursue "own-land" opportunities utilising investment partnerships where possible.

Referrals and advocacy from customers is our #1 differentiator. We are industry-leading on digital channels and highly innovative in customer targeting. We mainly use in-house sales force with local offices and full-service advisory concepts – however agents are leveraged where local markets require. Our pricing decisions are pragmatic and based on informed decisions. Our local sales managers have clear discretion to price tactically, but within a defined framework. We outsource the building execution to external contractors in order to ensure an asset-light delivery model. To facilitatete continuous improvements we aim for long-term relationships with our external contractors.

We negotiate key material categories directly with manufacturers to obtain best prices and ensure delivery. Smaller categories are sourced from builder merchants. We maintain a strong central centre of excellence for leading technical delivery, tools, and methods and apply local adaptations where possible.

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 agile business model 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%.

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:
DIGITALISING THE BUILDING PROCESS

JOINT DEVELOPMENT AGREEMENT BETWEEN HUSCOMPAGNIET AND GENIEBELT

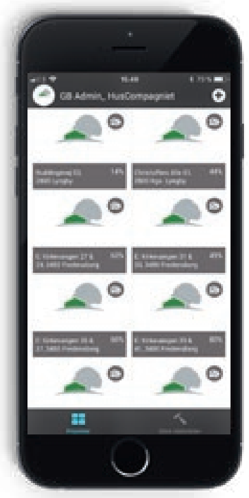
In July 2017, HusCompagniet and GenieBelt signed a Joint Development Agreement to develop a digital project management platform customised to HusCompagniet. The platform will be used by both HusCompagniet employees and all external contractors and suppliers to further improve our building processes.

Embracing modern technology in an industry with long-standing traditions

At HusCompagniet, we acknowledge that strong communication and planning is key to any successful building process. With the new platform, all involved parties will automatically have access to all the latest building schedules, past communications, drawings, and contact information. Automatic and dynamic notifications will ensure all relevant parties are updated with the latest information when needed. This will further optimize our industry-leading building process and avoid errors or extra costs that may arise during the building process.

"I HAVE RUN MY PROJECTS IN GENIEBELT FOR THE PAST SIX MONTHS AND I THINK IT IS GREAT. OUR EXTERNAL CONTRACTORS ARE ALSO VERY POSITIVE TOWARDS USING GENIEBELT. EVERYBODY KNOWS WHAT IS HAPPENING WHEN AND THE ENTIRE PROCESS RUNS MORE EASILY. IT'S CLEARLY A WIN-WIN."

Adam, construction manager in Hillerød



EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT

STEFFEN MARTIN BAUNGAARD
Group CEO
Board positions:
Arkil Holding A/S, Board member
MBP A/S, Board member
Frederikshøj Ejendomme A/S, Board member
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

BOARD OF DIRECTORS

TORE THORSTENSEN
Chairman

Member since: August 2015
Other Board positions:
AutoStore, Chairman
KB Gruppen AS, Chairman
Kitchn AS, Chairman
Til Bords AS, Chairman
Enklere liv AS, Chairman
BRG AS, Chairman
Vestlandsentreprenøren AS, Chairman
Nordic Concrete Group AS, Board member
Betong Øst AS, Board member
Current position:
Ø M Fjeld Holding AS, Chairman
Gunnar Holth Grusforretning AS, Chairman
Education:
Norwegian School of Economics, Bergen
Previous experience:
CEO and Chairman of Plantasjen
AF Gruppen ASA, Board Member and Chairman
XXL, Board Member and Chairman
Nationality: Norwegian

MADS MUNKHOLT DITLEVSEN
Vice Chairman

Member since: August 2015
Other Board positions:
HTL-Strefa, 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:
Chairman of the management board at hagebau Handelsgesellschaft 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
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 Braas Monier Building Group
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
Nordic Waterproofing Holding 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 2017

- The Board held five 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 2017

FOCUS IN 2018

- Growth plan for Germany
- Company strategy in general

FINANCIAL REVIEW

REVENUE

Net revenue totalled DKK 3,064 million for 2017, compared to DKK 2,747 million in 2016, corresponding to an increase of 12%.The increase in revenue was mainly driven by an increase in the number of delivered houses and the acquisition of VårgårdaHus. We also experienced an increase in the average price of houses.

EBITDA totalled DKK 255m for 2017, compared to DKK 251m in 2016, corresponding to an increase of 2%. The increase in EBITDA is mainly attributable to the increase in our activities and the acquisition of VårgårdaHus.

Compared to 2016, we have seen a decline in EBITDA margin from 9.1% in 2016 to 8.3% in 2017, which is due to higher supplier costs.

Operating profit (EBIT) before special items totalled DKK 226m, compared to DKK 203m in 2016.

The financial results was in line with our expectations.

The increase in Operating profit (EBIT) before special items are mainly due to lower amortisation of brand and orderportfolio in connection with the purchase price allocation of the aquisition of HusCompagniet Group in 2015.

Profit before tax totalled DKK 160m for 2017, compared to DKK 117m in 2016.

The Board of Directors and management consider the financial result for 2017 to be satisfactory.

OUTLOOK

We expect revenue and profit before tax to increase compared to 2017.

CONSOLIDATED KEY FIGURES

DKKm	2017	2016	2015*	2015**	2014**	2013***
Income statement						
Revenue	3,064	2,747	892	2,228	1,775	1,556
Gross profit	594	529	168	448	368	334
Operating profit before depreciation and amortisation (EBITDA) before special items	255	251	87	229	189	203
Operating profit (EBIT) before special items	226	203	57	225	186	182
Operating profit (EBIT)	217	163	40	194	186	182
Financial income	-56	-46	-17	-0	-2	-1
Profit for the year	111	85	15	149	139	132
Financial position at 31 December						
Total assets	3,899	3,134	2,837	1,121	1,164	960
Equity	1,688	1,533	1,451	663	648	550
Cash flow						
Cash flow from operating activities	21	20	193	70	180	118
Cash flow from investing activities	-265	-22	-2,348	-14	-10	-4
Cash flow from financing activities	178	-35	2,336	-4	-131	-266
Free cash flow	-244	-2	-2,155	56	170	114
Key figures						
Revenue growth	12%	23%	N/A	26%	14%	22%
Gross margin	19%	19%	19%	20%	21%	21%
EBITDA margin	8%	9%	10%	10%	11%	13%
ROCE	8%	7%	N/A	19%	28%	33%
Average number of employees	468	317	260	260	231	201

* 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 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.

201 m^2
COTTAGE STYLE

Huge open kitchen-dining area for the entire family to hang out.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT – CONSOLIDATED

DKK'000	Note	2017	2016
Revenue	2.1	3,063,515	2,746,701
Production costs		-2,469,751	-2,217,563
Gross profit		**593,764**	**529,138**
Staff costs	2.2	-246,584	-203,295
Other operating income		121	571
Other operating expenses		-91,959	-75,298
Operating profit before depreciation and amortisation (EBITDA) before special items		**255,342**	**251,116**
Special items	2.4	-10,925	-39,734
Operating profit before depreciation and amortisation (EBITDA) after special items		**244,417**	**211,382**
Depreciation and amortisation	4.1, 4.2	-28,882	-48,204
Operating profit (EBIT)		**215,535**	**163,178**
Financial income	5.4	6,326	3,191
Financial expenses	5.4	-62,285	-49,374
Profit before tax		**159,576**	**116,995**
Tax on profit	6.1	-48,245	-32,198
Profit for the year		**111,331**	**84,797**

Profit attributable to:

DKK'000	Note	2017	2016
Equity owners of the company		111,331	84,797

STATEMENT OF OTHER COMPREHENSIVE INCOME

DKK'000	Note	2017	2016
Profit for the year		111,331	84,797
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		3,344	-227
Value adjustment, hedging of future cash flows		-1,782	-3,918
Tax relating to other comprehensive income		392	862
Other comprehensive income, net of tax		**1,954**	**-3,283**
Total comprehensive income for the year		**113,285**	**81,514**

Total comprehensive income attributable to:

DKK'000	Note	2017	2016
Equity owners of the company		113,285	81,514

BALANCE SHEET – CONSOLIDATED

DKK'000	Note	2017	2016
Assets			
Non-current assets			
Intangible assets	4.1	2,141,806	1,858,281
Property, plant and equipment	4.2	53,582	30,654
Deferred tax asset	6.1	20,017	7,419
Other receivables		3,815	3,625
Total non-current assets		**2,219,220**	**1,899,979**
Current assets			
Inventories	3.1	450,367	253,990
Construction contracts	3.2	578,849	513,542
Trade and other receivables	5.4	131,847	139,936
Prepayments		3,473	3,079
Income tax receivable	6.1	0	12,744
Receivable from affilated companies		1,886	0
Cash and cash equivalents		513,572	310,994
Total current assets		**1,679,994**	**1,234,285**
Total assets		**3,899,214**	**3,134,264**

DKK'000	Note	2017	2016
Equity and liabilities			
Equity			
Share capital	5.1	14,689	14,366
Retained earnings and other reserves		1,673,349	1,518,461
Total equity		**1,688,038**	**1,532,827**
Liabilities			
Non-current liabilities			
Interest-bearing long term debt	5.2	905,552	787,387
Provisions	3.3	5,082	5,247
Deferred tax liability	6.1	24,180	21,637
Total non-current liabilities		**934,814**	**814,271**
Current liabilities			
Borrowings	5.2	530,276	218,281
Trade and other payables	5.4	407,366	309,989
Construction contracts	3.2	11,159	10,590
Prepayments from customers	3.2	3,523	10,438
Provisions	3.3	20,327	20,790
Income tax payable	6.1	47,186	50,788
Other liabilities		256,525	166,290
Total current liabilities		**1,276,362**	**787,166**
Total liabilities		**2,211,176**	**1,601,437**
Total equity and liabilities		**3,899,214**	**3,134,264**

Reference to off-balance sheet notes: Operating leases 6.2, Related parties 6.4, and Contingent liabilities 3.3

STATEMENT OF CASH FLOWS – CONSOLIDATED

DKK'000	Note	2017	2016
Cash flow from operating activities			
Profit before tax		159,576	116,995
Changes in working capital	3.4	-117,370	-157,036
Adjustments for non-cash items	6.3	84,214	97,912
Interest received		6,326	3,191
Interest paid		-56,992	-44,921
Borrowing cost paid		-4,538	0
Corporation tax paid		-50,684	3,961
Net cash generated from operating activities		**20,532**	**20,102**
Cash flow from investing activities			
Acquisition of subsidiaries, net cash acquired	4.1	-226,276	0
Acquisition of assets recognised as property, plant and equipment		-38,674	-22,404
Net cash generated from investing activities		**-264,950**	**-22,404**
Cash flow from financing activities			
Repayment of long-term debt		-107,856	-35,000
Proceeds from loans		244,248	0
Change in equity		41,927	0
Net cash generated from financing activities		**178,319**	**-35,000**
Total cash flows		**-66,099**	**-37,302**
Cash and cash equivalents at 1 January		142,713	180,242
Cash acquisition VårgårdaHus AB 28 april 2017		11,702	0
Net foreign currency gains or losses		2,904	-227
Cash and cash equivalents at 31 December		**91,220**	**142,713**
Cash and cash equivalents			
Cash at bank and in hand		513,572	310,994
Cash and cash equivalents at 31 December		**513,572**	**310,994**
Bank overdrafts		-422,352	-168,281
Net cash and cash equivalents at 31 December		**91,220**	**142,713**

STATEMENT OF CHANGES IN EQUITY – CONSOLIDATED

2017 DKK'000	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January	**14,366**	**1,422,226**	**-227**	**96,462**	**1,532,827**
Profit for the period	**0**	**0**	**0**	**111,330**	**111,330**
Other comprehensive income:					
Foreign currency translation differences	0	0	0	3,344	3,344
Value adjustment, hedging of future cash flows	0	0	-1,782	0	-1,782
Tax relating to other comprehensive income	0	0	392	0	392
Total other comprehensive income	**0**	**0**	**-1,390**	**3,344**	**1,954**
Transactions with owners of the company and other equity transactions:					
Increase in capital	323	41,604	0	0	41,927
Dividends paid	0	0	0	0	0
Total transactions with owners of the company and other equity transactions	**323**	**41,604**	**0**	**0**	**41,927**
Equity on 31 December	**14,689**	**1,463,830**	**-1,617**	**211,136**	**1,688,038**

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:					
Capital Injection					
Capital Reduction					
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**

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 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 2017.

They were approved at the general meeting on 30 May 2018 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”) and additional requirements of the Danish Financial Statements Act, applying to large reporting class C entities.

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 6.7.

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 2018, 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. The Group plan to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed an impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity.

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. The Group plan to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed an impact assessment of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 15. Overall, the Group expects no significant impact on its statement of financial position and equity.

IFRS 16 Leasing, with effective date 1 January 2019. The change in lease accounting requires capitalization of the majority of the Group's operational lease contracts similar to the accounting for financial leases under IAS 17 where the Company will recognize a liability and an asset at the commencement date of a lease. Lease assets will be depreciated through profit and loss. Furthermore, the change in lease accounting will change the classification of lease payment from other operating expenses to interest expenses and payment of lease liability. In 2018 the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements. Refer to note 6.2 Operating Leases, where contractual obligations are listed.

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	4.6

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

2017

DKK'000	Contracted sales	Non-contracted sales	Total revenue
Sales value of houses sold on customers' building sites	2,378,869	0	2,378,869
Sales value of houses sold on own building sites	501,110	6,163	507,273
Sales of land plots	173,903	0	173,903
Other revenue	0	3,470	3,470
Total	**3,053,882**	**9,633**	**3,063,515**

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**

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	2017	2016
Wages and salaries	224,562	196,616
Defined contribution plans	13,977	5,866
Other social security costs	5,607	2,269
Other staff costs	21,648	15,726
Transfer to production cost	-19,210	-17,182
Total	**246,584**	**203,295**
Average number of full-time employees	468	317

REMUNERATION OF KEY MANAGEMENT PERSONNEL AND DIRECTORS

DKK'000	2017	2016
	Executive Management & Board of Directors	**Executive Management & Board of Directors**
Base salary and non-monetary benefits	9,538	5,757
Defined contribution plans	0	201
Total remuneration	**9,538**	**5,958**

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	2017	2016
Operating profit before depreciation and amortisation	**244,417**	**211,382**
Special items		
Strategic organisational changes	5,319	0
Costs in connection with acquisition	4,178	28,881
Full potential project	0	8,997
Other special items	1,428	1,856
Total special items	**10,925**	**39,734**
Operating profit before depreciation and amortisation (EBITDA) before special items	**255,342**	**251,116**

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	2017	2016
Cost related to restructuring of process and fundamental structural adjustment in connection with acquisition of HusCompagniet group:		
Strategic organisational changes	5,319	0
Costs in connection with acquisition	4,178	28,881
Full potential project	0	8,997
Other special items	1,428	1,856
Total special items	**10,925**	**39,734**

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 2017 amounted to DKK 418 million (2016: DKK 198 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 615 million (2016: DKK 559 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	2017	2016
Raw materials	5,849	3,524
Show houses and semi-detached houses (non-contracted)	224,715	142,891
Land	219,803	107,575
Total inventories	**450,367**	**253,990**

NOTE 3.2 CONSTRUCTION CONTRACTS

DKK'000	2017	2016
Selling price of construction contracts	615,121	558,909
Invoicing on accounts	-47,431	-55,957
	567,690	**502,952**
Calculated as follows:		
Construction contracts (assets)	578,849	513,542
Construction contracts (liabilities)	-11,159	-10,590
	567,690	**502,952**
Prepayments from customers regarding construction contracts not yet started	**3,523**	**10,438**

NOTE 3.3 GUARANTEE COMMITMENTS AND CONTINGENT LIABILITIES

DKK'000	2017	2016
Guarantee provision at 1 January	26,037	23,374
Arising during the year	25,409	25,987
Provisions related to business combinations	0	0
Utilised	-26,037	-23,324
Guarantee provision at 31 December	**25,409**	**26,037**
Distributed in the balance sheet as follows:		
Non-current liabilities	5,082	5,247
Current liabilities	20,327	20,790

At year-end, the guarantee provision amounted to DKK 25 million (2016: DKK 26 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 2017.

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

The Company is jointly taxed with its Danish group entities and acts as Management Company. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years 2016 and forward and withholding taxes falling due for payment on or after 1 January 2016 in the group of jointly taxed entities.

Collateral

DKK 13 million of cash and short term deposits is placed in restricted accounts, and is released when the completed houses are delivered to the customers (2016: DKK 17 million).

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

The Company has issed guarantees to trade credtors of DKK 65 million as at 31 December 2017 (2016: DKK 30 million).

NOTE 3.4 CHANGES IN WORKING CAPITAL

DKK'000	2017	2016
Increase in construction contracts & inventory	-253,571	-181,882
Increase in trade and other receivables	20,861	-85,268
Increase in trade and other payables	115,340	110,114
Total	**-117,370**	**-157,036**

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 by Management is considered significant.

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

Impairment of receivables amounted to nil in 2017 and 2016.

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.

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 25 million (2016: DKK 26 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:

NOTE 4.1 ACQUISITION OF SUBSIDIARIES AND ACTIVITIES

On 28 April 2017, the Group acquired 100% of the voting shares of VårgårdaHus AB, an unlisted company based in Sweden and specializing in production of prefabricated single-family wood houses. The Company is headquartered close to Gothenburg and has approximately 24 sales offices across Sweden.

From the date of acquisition, VårgårdaHus contributed DKK 169 million of revenue and DKK 15 million to profit from continuing operations of the Group. If the combination had taken place at 1 January 2017, the Group's revenue from continuing operations would have been DKK 3,145 million and the profit from continuing operations would have been DKK 121 million.

Fair value recognised on acquisition

DKK'000	28 April 2017
Assets	
Order port folio	4,824
Brand "VårgårdaHus"	3,061
Property, plant and equipment	6,992
Inventories	7,300
Construction contracts	244
Trade and other receivables	20,738
Prepayments	2,557
	45,716
Liabilities	
Deferred tax	1,735
Trade and other payables	28,583
Income tax payables	10,135
	40,453
Total identifiable net assets at fair value	**5,263**
Goodwill arising from acquisition	287,578
Purchase consideration	**292,841**
Net cash acquired with the subsidiary included in cash flows from investing activities	11,702
Debt securities issued	-39,712
Earn-out agreement	-38,555
Net cash outflow	**226,276**

The purchase price for VårgårdaHus AB was DKK 292 million, of which DKK 226 million is paid in cash.

The Group has incurred transaction costs associated with the acquisition of approx. DKK 4.2 million relating to legal advisers. The amount is included in special items in the profit and loss account.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value goodwill in connection with the acquisition valued at DKK 287 million. Goodwill represents the value of existing staff and know-how. Recognised goodwill is not tax deductible.

Fair value measurement

In connection with the acquisition, the Company has prepared a fair value of assets and liabilities, including values for the brand "VårgårdaHus" and the order portfolio.

The brand "VårgårdaHus" is valued at DKK 3 million based on the cost of building up the brand over a period of four years. The valuation is supported by a royalty-based calculation.

Order portfolio is valued at DKK 4.8 million, corresponding to the expected sales price minus the direct costs as well as capacity costs.

NOTE 4.2 INTANGIBLE ASSETS

Intangible assets

2017

DKK'000	Goodwill	Order portfolio	Other intangible assets	Total
Cost at 1 January	1,841,412	44,392	39,469	1,925,273
Additions through acquisition of subsidiary	287,578	4,824	3,061	295,463
Additions	0	0	11,551	11,551
Disposals	0	0	-484	-484
Exchange rate adjustments	-5,520	-92	-59	-5,671
Cost at 31 December	**2,123,470**	**49,124**	**53,538**	**2,226,132**
Amortisation and impairment losses at 1 January	0	44,392	22,600	66,992
Amortisation	0	4,732	12,723	17,455
Impairment losses	0	0	0	0
Exchange rate adjustments	0	0	-121	-121
Amortisation and impairment losses at 31 December	**0**	**49,124**	**35,202**	**84,326**
Carrying amount at 31 December	**2,123,470**	**0**	**18,336**	**2,141,806**

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**

NOTE 4.3 PROPERTY, PLANT AND EQUIPMENT

DKK'000	2017	2016
Cost at 1 January	54,495	42,040
Exchange rate adjustment	-237	-33
Additions from business combinations	9,976	0
Additions	31,252	16,478
Disposals	-14,049	-3,990
Cost at 31 December	**81,437**	**54,495**
Depreciation and impairment at 1 January	23,841	19,163
Exchange rate adjustment	-115	-33
Additions from business combinations	2,984	
Depreciation	11,428	8,607
Disposals	-10,283	-3,896
Depreciation and impairment at 31 December	**27,855**	**23,841**
Carrying amount at 31 December	**53,582**	**30,654**

NOTE 4.4 IMPAIRMENT

Goodwill and intangible assets with indefinite lives
At 31 December 2017, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the geographic segments.

DKK'million	2017	2016
Cost at 1 January		
Denmark	1,761	1,761
Germany	56	56
Sweden	306	24
Carrying amount at 31 December	**2,123**	**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 below descriptions state the value on which the recoverable amount is based.

The recoverable amount is based on the value in use determined using expected net cash flows based on budgets for the years 2018-2019 approved by Management and with a pre-tax discount factor of 10.8% (2016: 10.8%).

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

The budgeted number of houses sold is expected to increase by an average of 8-9% in the budget period (2016: 8-9%).

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2019 is estimated to 2% (2016: 2%). The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets.

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

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

NOTE 4.5 ACCOUNTING POLICY

INTANGIBLE ASSETS

GOODWILL

At the acquisition date goodwill is recognized in the balance sheet at cost as described under Business combinations. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized 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 amortisations and impairments. Trademarks are amortised on a straight-line basis over its estimated useful life, which are no longer than 10 years.

Trademarks are impairment tested on an annual basis using the relief from royalty method and is based on expected future free cash flows generated by the individual trademark for the next 5 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 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 4.6 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 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 sections includes information regarding the Group's capital structure, and information on how the activities and investments of the Group is 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		2017		2016
	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	14,366	14,366
Additions	323	323	0	0
Share capital at 31 December	**14,689**	**14,689**	**14,366**	**14,366**

The company's share capital is nominally DKK 14,688,999 divided into 14,688,999 shares of DKK 1 each or multiples hereof. The company's share capital consists of nominally DKK 12,333,648 class A shares, nominally DKK 1,500,000 class B shares, and nominally DKK 855,351 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	**2017**	**2016**
Non-current liabilities	905,552	787,387
Current liabilities	530,276	218,281
Total carrying amount	**1,435,828**	**1,005,668**
Nominal value	1,462,695	1,033,281

2017

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3,70%	1,445,335
Commitments on financial leasing agreements	DKK	Fixed-rate	5,00%	17,360
				1,462,695

2016

DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
Bank borrowings	DKK	Floating	3.80%	1,033,281

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

NOTE 5.3 FINANCE LEASING

The Group has entered into financial leasing agreements for cars. Present value of lease payments constitute a significant portion of the asset's fair value. The leased assets act as collateral for lease commitments.

Commitments on financial leased assets included in borrowings:

	Minimum lease payment	Minimum lease payment	Present value of minimum lease payment	Present value of minimum lease payment
DKK'000	**2017**	**2016**	**2017**	**2016**
0-1 year	3.353	0	2.546	0
1-5 years	13.415	0	11.549	0
> 5 years	3.353	0	3.265	0
	20.121	0	17.360	0
Interest element	-2.761	0	0	0
Present value of minimum lease payment	**17.360**	**0**	**17.360**	**0**

According to leasing contracts, there is no contingent rental payments. The carrying amount of the leased assets amounts per 31. December 2017 17,360 T. DKK.

NOTE 5.4 FINANCIAL INCOME AND EXPENSES

Financial income and financial expenses		
DKK'000	**2017**	**2016**
Financial income		
Interest received from banks*	6,276	3,120
Exchange rate gains	1	0
Other financial income	49	71
Total financial income	**6,326**	**3,191**
Financial expenses		
Interest paid to banks*	54,641	46,304
Exchange rate losses	5,360	2,157
Other financial costs	2,284	913
Total financial expenses	**62,285**	**49,374**
Net financials	**-55,959**	**-46,183**

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

NOTE 5.5 FINANCIAL RISK MANAGEMENT

Diego HC TopCo group's activities and capital structure is exposes 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 description of the risks related to liquidity risk and interest rate risk. Please refer to section 2 for description of currency risk, and section 3 for description of credit risk.

LIQUIDITY RISK

Diego HC TopCo does not receive payment until construction is finished and the house is handed over to the client. Accordingly, the Group needs sufficient credit facilities to fund constructions in progress.

The Group continues monitoring the need of liquidity. At 31 December 2017, the Group has an undrawn credit facility of DKK 252 million to ensure that the Group is able to meet its obligations (2016: DKK 200 million). Managent considers the credit availability to be sufficient for the next 12 months.

The below presented cash flows 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 applying a forward curve on the underlying interest rate at the reporting date.

NOTE 5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

Contractual maturity analysis of financial liabilities

2017

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			407,366	0	0	407,366	407,366
Bank borrowings			530,276	905,552	0	1,435,828	1,462,695*
Other liabilities			422,352	0	0	422,352	422,352
Total non-derivative financial liabilities			**1,359,994**	**905,552**	**0**	**2,265,546**	**2,292,413**
Derivative financial liabilities							
Bank borrowings	IRS		2,024	0	0	2,024	0
Bank borrowings	CAP		0	0	0	0	0
Total derivative financial liabilities			**2,024**	**0**	**0**	**2,024**	**0**
Total financial liabilities			**1,362,018**	**905,552**	**0**	**2,267,570**	**2,292,413**

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**

*Deducted amortiesed borrowing costs of DKK 27 million (2015: DKK 28 million) in consolidated financial statements.

The presented cash flows 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 applying a forward curve on the underlying interest rate at the reporting date.

NOTE 5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK

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

The Group aims to keep a reasonable part of its borrowings at fixed interest rates.

At 31 December 2017 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 2017 would have been DKK 8.5 million (2016: 8.9 million).

Categories of financial assets and financial liabilities

DKK'000	**2017**	**2016**
Cash and receivables	645,419	450,930
Financial liabilities measured at amortised cost	1,843,194	1,315,657
Derivatives, financial liabilities	2,024	3,751

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

NOTE 5.6 ACCOUNTING POLICY

BORROWINGS

EQUITY

Dividends

The expected dividend payment for the year is disclosed as a separate item in equity. Proposed dividends are recognized as a liability at 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 denomi- nated in foreign currencies, 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.

FINANCE LEASE

A lease is classified at the inception date as a finance lease or an operating lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the usefull life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated usefull life of the asset and the lease term.

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 efffective 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 are 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 are determined using quoted forward interest rates at the balance sheet date and can be categorized 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:

6.1 Tax
6.2 Operating leases
6.3 Other non-cash items
6.4 Related parties
6.5 Auditor's fee
6.6 Events after the balance sheet date
6.7 List of Group companies
6.8 Definitions
6.9 Accounting policy

NOTE 6.1 TAX

Current tax		
DKK'000	**2017**	**2016**
Income tax	49,170	39,451
Movement in deferred tax	-11,225	-7,143
Adjustment relating to previous years	10,300	-110
Income taxes in the income statement	**48,245**	**32,198**
Profit before tax	**159,576**	**116,995**
Tax rate, Denmark	22,00%	22,00%
Tax at the applicable rate	33,199	25,740
Non-taxable income	0	-622
Expenses not deductible for tax purposes	4,101	6,712
Adjustments relating to prior years	10,300	170
Other	644	198
Tax expense for the year	**48,244**	**32,198**
Effective tax rate, %	**30,23%**	**27,52%**

NOTE 6.1 TAX (CONTINUED)

Deferred tax		
DKK'000	**2017**	**2016**
Deferred tax at 1 January	**14,218**	**21,361**
Recognised in profit or loss	-11,225	-7,143
Adjustments relating to prior years	955	0
Exchange differences	215	0
Deferred tax at 31 December	**4,163**	**14,218**

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

		Deferred tax asset		**Deferred tax liability**
DKK'000	**2017**	**2016**	**2017**	**2016**
Intangible assets	0	0	3,063	2,486
Tangible assets	-440	0	476	350
Construction contracts	2,985	0	22,424	21,126
Other payables	0	0	-11	0
Tax loss carried forward	17,472	7,419	-1,772	-2,325
Deferred tax	**20,017**	**7,419**	**24,180**	**21,637**

Corporation tax payable		
DKK'000	**2017**	**2016**
Corporation tax payable at 1 January	**38,044**	**-5,258**
Addition of corporation tax aquisitions	10,135	0
Foreign exchange adjustments	-379	0
Adjustment of corporation tax related to prior year	9,345	5,230
Current tax including jointly taxed subsidiaries	49,170	39,451
Corporation tax regarding previus years tranferred from other receivables	-8,053	0
Corporation tax paid during the year	-50,684	-517
Tax related to Financial instruments	-392	-862
Corporation tax payable at 31 December	**47,186**	**38,044**

NOTE 6.2 OPERATING LEASES

The Company leases properties and equipment under operationelle leasing contracts. The term of the leases are usually between 1-9 years with possible extension. None of the leasingcontracts includes conditional leasepayments.

DKK'000	0-1 year	1-5 years	> 5 years	Total
2017				
Operating leases	17,366	47,506	52,280	117,152
Total contractual obligations	**17,366**	**47,506**	**52,280**	**117,152**
2016				
Operating leases	10,631	26,272	5,749	42,652
Total contractual obligations	**10,631**	**26,272**	**5,749**	**42,652**

NOTE 6.3 OTHER NON-CASH ITEMS

DKK'000	2017	2016
Amortisation of intangible assets	17,455	39,146
Depreciation of property, plant and equipment	11,428	9,058
Movements in provisions recognised in the income statement	-628	2,663
Non-cash financial items	55,959	47,045
Other non-cash items	**84,214**	**97,912**

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 fond VI.

SIGNIFICANT TRANSACTIONS BETWEEN THE GROUP AND THE ULTIMATE PARENT COMPANY

There were no transactions between the Group and the ultimative parent company in 2017 (2016: transaction cost related to EQT's aquisition of HusCompagniet, 33.4 MDKK.).

NOTE 6.5 AUDITOR'S FEE

Fees to auditors		
DKK'000	**2017**	**2016**
Audit service	868	690
Other non-audit services	1,032	261
Total	**1,900**	**951**

NOTE 6.6 EVENTS AFTER THE BALANCE SHEET DATE

No signigicant events have occured subsequent to the financial year.

NOTE 6.7 LIST OF GROUP COMPANIES

Investments in Group companies comprise the following at 31 December 2017		
Name	**Country of incorporation**	**% equity interest**
Diego HC A/S	Denmark	100%
HusCompagniet A/S	Denmark	100%
Huscompagniet Midt- og Nordjylland A/S	Denmark	100%
Huscompagniet Sjælland A/S	Denmark	100%
Huscompagniet Fyn A/S	Denmark	100%
Huscompagniet Sønderjylland A/S	Denmark	100%
Fm-Søkjær Enterprise A/S	Denmark	100%
LejlighedsCompagniet A/S	Denmark	100%
Svenska Huscompagniet AB	Sweden	100%
VårgårdaHus AB	Sweden	100%
Svenska HusCompagniet Fastighetsutveckling AB	Sweden	100%
Svenska HusCompagniet Fastighetsutveckling Allerum 1 AB	Sweden	100%
Svenska HusCompagniet Fastighetsutveckling Allerum 2 AB	Sweden	100%
Die Haus-Compagnie GmbH	Germany	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

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:

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

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 recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized in other comprehensive income.

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

DEFERRED TAX

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

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

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

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

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	2017	2016
Revenue		0	0
Production costs		0	0
Gross profit		**0**	**0**
Staff cost	2	0	0
Other operating income			
Other operating expenses			
Operating profit before depreciation and amortisation (EBITDA) before special items		**0**	**0**
Special items		0	0
Operating profit before depreciation and amortisation (EBITDA) after special items		**0**	**0**
Depreciation and amortisation		0	0
Operating profit (EBIT)		**0**	**0**
Share of result of subsidiary companies after tax	5	112,848	84,799
Financial income		0	0
Financial expenses	3	1,549	2
Profit before tax		**111,299**	**84,797**
Tax on profit	4	-32	0
Profit for the year		**111,331**	**84,797**

Profit attributable to:

DKK'000	Note	2017	2016
Equity owners of the company		111,331	84,797

STATEMENT OF OTHER COMPREHENSIVE INCOME – PARENT

DKK'000	Note	2017	2016
Profit for the year		111,331	84,797
Other comprehensive income			
Items that may be reclassified to the income statement in subsequent periods			
Foreign currency translation differences, subsidiary		3,343	-227
Value adjustment, hedging of future cash flows		-1,782	-3,918
Tax relating to other comprehensive income		392	862
Other comprehensive income, net of tax		**1,953**	**-3.283**
Total comprehensive income for the year		**113,284**	**81,514**

Total comprehensive income attributable to:

DKK'000	Note	2017	2016
Equity owners of the company		113,284	81,514

BALANCE SHEET – PARENT

DKK'000	Note	2017	2016
Assets			
Non-current assets			
Investments in subsidiaries	5	1,686,666	1,531,829
Total non-current assets		**1,686,666**	**1,531,829**
Current assets			
Income tax receivable		32	0
Receivables from affiliated companies		43,079	320
Cash and cash equivalents		0	678
Total current assets		**43,111**	**998**
Total assets		**1,729,777**	**1,532,827**

DKK'000	Note	2017	2016
Equity and liabilities			
Equity			
Share capital		14,689	14,366
Retained earnings and other reserves		1,673,349	1,518,461
Total equity		**1,688,038**	**1,532,827**
Current liabilities			
Credit institutions		40,196	0
Trade and other payables		1,543	0
Total current liabilities		**41,739**	**0**
Total liabilities		**41,739**	**0**
Total equity and liabilities		**1,729,777**	**1,532,827**

Reference to off-balance sheet notes: Other disclosures 8

STATEMENT OF CASH FLOWS – PARENT

DKK'000	Note	2017	2016
Cash flow from operating activities			
Profit before tax		111,299	84,797
Changes in working capital	6	1,548	-320
Adjustments for non-cash items	7	-111,299	-84,799
Interest received		0	-2
Interest paid		-1,549	2
Net cash generated from operating activities		**-1**	**-322**
Cash flow from investing activities			
Acquisition of subsidiaries, net cash acquired		-40,041	0
Net cash generated from investing activities		**-40,041**	**0**
Cash flow from financing activities			
Change in intercompany balances		-42,759	0
Change in equity		41,927	0
Net cash generated from financing activities		**-832**	**0**
Total cash flows		**-40,874**	**-322**
Cash and cash equivalents at 1 January		678	1,000
Cash and cash equivalents at 31 December		**-40,196**	**678**
Cash and cash equivalents			
Cash at bank and on hand		0	678
Cash and cash equivalents at 31 December		**0**	**678**
Bank overdrafts		-40,196	0
Net cash and cash equivalents at 31 December		**-40,196**	**678**

STATEMENT OF CHANGES IN EQUITY – PARENT

2017 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**	**99,520**	**-227**	**-3,058**	**1,532,827**
Profit for the period	**0**	**0**	**0**	**0**	**111,331**	**111,331**
Reserve for net revaluation according to the equity method	**0**	**0**	**111,513**	**0**	**-111,513**	**0**
Other comprehensive income:						
Foreign currency translation differences, subsidiary	0	0	0	0	3,343	3,343
Value adjustment, hedging of future cash flows	0	0	0	-1,782	0	-1,782
Tax relating to other comprehensive income	0	0	0	392	0	392
Total other comprehensive income				**-1,390**	**3,343**	**1,953**
Transactions with owners of the company and other equity transactions:						
Increase in capital	323	41,604	0	0	0	41,927
Dividends paid	0	0	0	0	0	0
Total transactions with owners of the company and other equity transactions	**323**	**41,604**	**0**	**0**	**0**	**41,927**
Equity on 31 December	**14,689**	**1,463,830**	**211,033**	**-1,617**	**103**	**1,688,038**

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	**0**	**0**	**0**	**0**	**84,797**	**84,797**
Reserve for net revaluation according to the equity method	**0**	**0**	**84,799**	**0**	**-84,799**	**0**
Other comprehensive income:						
Foreign currency translation differences, subsidiary	0	0	0	-227	0	-227
Value adjustment, hedging of future cash flows	0	0	0	0	-3,918	-3,918
Tax relating to other comprehensive income	0	0	0	0	862	862
Total other comprehensive income	**0**	**0**	**0**	**-227**	**-3,056**	**-3,283**
Transactions with owners of the company and other equity transactions:						
Capital Injection	0	0	0	0	0	0
Capital Reduction	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0
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**

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””) and additional requirements of the Danish Financial Statements Act, applying to large reporting class C entities.

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	**2017**	**2016**
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

Reference is made to note 2.2 in the consolidated financial statements for overview of remuneration of executive management, board of directors and key management personnel.

NOTE 3 FINANCE COSTS

DKK'000	2017	2016
Interests paid to banks*	147	2
Other financial costs	1,402	0
Total financial costs	**1,549**	**2**

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

NOTE 4 INCOME TAXES

Current tax		
DKK'000	**2017**	**2016**
Income tax	-32	0
Income taxes in the income statement	**-32**	**0**
Profit before tax	**111,691**	**84,797**
Tax rate, Denmark	22,00%	22.00%
Tax at the applicable rate	24,572	18,655
Non-taxable income	-24,913	-18,655
Expenses not deductible for tax purposes	309	0
Tax expense for the year	**-32**	**0**
Effective tax rate, %	**0%**	**0%**

NOTE 5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries		
DKK'000	2017	2016
Cost at 1 January	1,435,592	1,435,592
Additions	40,041	0
Cost at 31 December	1,475,633	1,435,592
Share of results at 1 January	96,237	14,721
Share of results	112,848	84,799
Other comprehensive income	1,948	-3,283
Share of results at 31 December	211,033	96,237
Net book value	**1,686,666**	**1,531,829**

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

NOTE 6 CHANGES IN WORKING CAPITAL

DKK'000	2017	2016
Increase in construction contracts	0	0
Increase in inventory	0	0
Increase in trade and other receivables	0	-320
Increase in trade and other payables	1,548	0
Total	**1,548**	**-320**

NOTE 7 ADJUSTMENTS FOR NON-CASH ITEMS

DKK'000	2017	2016
Share of result in subsidiary companies	-112,848	-84,799
Non-cash financial items	1,549	0
Other non-cash items	-111,299	-84,799

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 2017.

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 2017 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 2017.

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, 30 May 2018

Executive Board:

STEFFEN MARTIN BAUNGAARD
CEO

MORTEN CHRONE
COO

MICHAEL TOXVÆRD HANSEN
CFO

Board of Directors:

TORE THORSTENSEN
Chairman

JAN BUCK EMDEN

ANDREAS KARL ASCHENBRENNER

MADS MUNKHOLT DITLEVSEN

MATTHEW JOHN RUSSELL

ALLAN LINDHARD JØRGENSEN

272 m^2 FUNCTIONALISM

storage glass front for an unspoiled view from the open kitchen-dining area.

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 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated 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, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion, the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2017 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the international Ethics Standards Board forAccountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the 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 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 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 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 RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated 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 and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

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

In preparing the financial statements, Management is responsible for assessing the Group's and the 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 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 RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the 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 the 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the 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, 30 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
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