Gefion

GROUP

Gefion Group A/S

Østergade 1, 1.
1100 København K
CVR No. 37042560

Annual report 2020

The Annual General Meeting adopted the annual report on 30.06.2021

Jacob Kruse Rasmussen
Chairman of the General Meeting

Contents

Entity details

Entity

Gefion Group A/S

Østergade 1, 1.

1100 København K

Business Registration No.: 37042560

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Morten Bach Gaardboe, Chairman

Per Mikael Jensen

Jens-Erik Corvinius

Executive Board

Thomas Færch, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Gefion Group A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Copenhagen, 17.06.2021

Executive Board

Thomas Færch
CEO

Board of Directors

Morten Bach Gaardboe
Chairman

Per Mikael Jensen

Jens-Erik Corvinius

Independent auditor's report

To the shareholders of Gefion Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Gefion Group A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 17.06.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Andersen
State Authorised Public Accountant
Identification No (MNE) mne27762

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures				
Revenue	1,252,981	358,392	482,988	5,238
Gross profit/loss	33,097	15,586	206,757	(9,416)
Operating profit/loss	(6,124)	(45,460)	166,064	(12,670)
Net financials	(22,452)	(41,094)	(63,090)	3,926
Profit/loss for the year	(52,520)	(78,765)	79,898	(10,602)
Profit for the year excl. minority interests	(48,655)	(78,765)	79,898	-10,602
Balance sheet total	2,009,595	2,287,085	1,875,880	1,473,946
Investments in property, plant and equipment	15,009	0	309,161	26,727
Equity	(63,455)	(22,925)	55,840	(24,058)
Equity excl. minority interests	(71,580)	(22,925)	55,840	-24,058
Cash flows from operating activities	(150,038)	(510,623)	(183,492)	(1,079,976)
Cash flows from investing activities	5,154	315,438	(32,097)	(26,754)
Cash flows from financing activities	(19,102)	303,012	223,825	1,233,764
Ratios				
Gross margin (%)	2.64	4.35	42.81	(179.76)
Net margin (%)	(4.19)	(21.98)	16.54	(202.41)
Equity ratio (%)	(3.56)	(1.00)	2.98	(1.63)

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

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Equity ratio (%):
Equity excl. minority interests * 100
Balance sheet total

Primary activities

The primary activities of the group are project development within real estate and related activities.

Development in activities and finances

Financials

2020 has been a very special year both with significant challenges but also with great achievements in Gefion Group's development projects. Some projects have been completed, sold and delivered, but we have also seen delays and profit deteriorating driven by the COVID-19 and related challenges for Gefion, our suppliers and our customers.

2020 has been a defining year as we have completed large scale projects and entered into negotiations ultimately resulting in transactions closed in 2021, which will secure a strong cash position and cash flow in 2021 and 2022.

The revenue was DKK 1,253m, the profit before tax negative DKK -28m and the equity negative DKK -63m. The results are worse than expected compared to our expectations as set out in the 2019 annual report and the development is mainly driven by delays, cost increase and write-downs of project values.

The main transactions in 2020 were the partial disposal of our Amager Strandvej project and the disposals of Oliebladsgade, Ryparkenkollegiet and Fuglebakkekollegiet. In addition to this we have taken steps during the year to reduce our fixed cost base. In the first half of 2020 we implemented cost efficiency initiatives securing a sustainable reduction of the cost base of app. 20%.

In 2021, Gefion Group expects to report revenues from sales transactions in the range DKK 1,500m to DKK 2,000m from the completion of several projects resulting in a three-digit profit before tax (DKKm), a reestablished equity and a strong cash position.

In accordance with the Danish Financial Statements Act, revenue from a development project is recognized when the project is sold, and all risks and rewards are transferred to the buyer. Therefore, the Group's revenue will fluctuate from year to year depending on the delivery schedule for the projects.

Selected projects

Amager Strandvej

The Amager Strandvej project is more than half finished in 2020 and the remaining stages are either already sold and handed over to the buyer in 2021 or expected to be sold in 2021. The project has been impacted by delays, reduced value due to COVID-19 and increased expenses compared to prior years' expectations.

Engvej

The Engvej project consists of student housing and commercial buildings. The project is well underway and the project is expected to be completed during 2021 and 2022. Late in 2020 a sales process was initiated and in April 2021, a sales agreement was signed regarding the entire project.

New projects
During 2020 we have invested in a few new projects. These projects are all at an early stage and some of them still based on conditional purchase agreements.

Financing and liquidity
The initial investments in many of our projects are based on corporate bonds and partnerships with investors. Later in the development process, the acquisition financing is replaced by construction financing from banks, pension funds etc.

During 2020 we have reduced the interest bearing debt with an amount of DKK 245m to DKK 1,902m as per December 2020.

The financing obtained in 2020 is based on banks, pension funds and private lenders, and no new bond loans have been issued in 2020 or 2021.

Despite the negative equity 31 December 2020, the cash position is fully sufficient to support the operations and the construction of the ongoing projects. All ongoing projects are fully financed, and the completion and sale of projects in 2021, especially first stage of Engvej, will result in a significant cash surplus and the Group's overall debt composition will be further optimized during 2021.

Uncertainty relating to recognition and measurement
Due to the nature of our business, there are uncertainties in various areas.

All development projects are subject to recurring budget reviews to assess the need for potential write downs for financial reporting purposes. When potential write downs are identified, the measurement is subject to uncertainty, as management estimates the expected costs and sales price of the development projects including the projected amount of completion costs.

Outlook
According to our long-term forecast, the existing project pipeline will contribute a gross profit of app. DKK 350-400m in 2021 and 2022 with no additional projects assumed. Changes to interest, macro-economic factors etc. can however result in variations to this.

The expectations for the coming years are based on our budgeted results for the existing projects in our pipeline. Changes may come to budgets, timing etc. New projects in the early phases based on conditional purchase agreements, purchase options etc. have not been included.

The profit from a development project is subject to recognition by the time of completion and therefore we will see natural fluctuations in the reported earnings from year to year. Whereas 2018 was a strong year and 2019 and 2020 poor years from a profit perspective, we expect two strong years in 2021 and 2022 with net revenue in 2021 in the range DKK 1,500-2,000m based on the existing portfolio of projects with no additional projects assumed. Profit before tax for 2021 is expected at a low three-digit-million profit.

The Group has lost more than half of the contributed capital and is therefore subject to the Danish Companies Act, section 119. The Group expects to restore the capital through future earnings in 2021.

Particular risks
Gefion Group is exposed to commercial risks associated with property development. The most significant specific risks relate to

- Delays in the development process because of internal or external matters
- Availability of financing for completion of projects

- Currency risks related to debt denominated in NOK, SEK or EUR
- Interest rate risk related to a part of the interest-bearing debt
- Buyers not being able to fulfil their contractual commitments
- Risk of contractors going bankrupt causing delays in the development projects
- Risk of cost overruns in projects
- Cyclic trends on the real estate market such as increasing yields in property valuations resulting in lower sales prices

Use of financial instruments

Most of our funding is based on terms including fixed interest rate, but we do have financial debt with a possible interest increase, should the relevant benchmark (e.g. CIBOR) exceed a given level. The possible impact of an increase in the interest of 1% as per 31 December 2020 would result in an increased interest expense of less than 5m DKK p.a.

An amount corresponding to DKK 430m of financial debt is denominated in SEK or NOK as per 31 December 2020. An increase in these to currencies of 1% would result in an increase in the value of the financial debt of less than DKK 5m.

We do not use financial derivates such as currency risk hedging, interest rate hedging etc. as the cost of entering into such agreements is expected to be higher than the benefit associated with the hedging.

Knowledge resources

It is Gefion's policy to attract and retain skilled and experienced people resources to ensure a strong execution of the Group's projects. The Group's competencies comprise matters such as real estate investments, legal matters, funding, capital structure, project development etc.

Statutory report on corporate social responsibility

Gefion Group specializes in developing residential properties in Denmark with a focus on the Greater Copenhagen Area. Through our large network and our business associates we find unique properties and sites that we develop and sell, either on our own or in collaboration with investors.

Our focus is on developing properties with untapped potential that can prove good investments. We develop all types of residential properties – freehold units, cooperative units, rental units, student units, detached houses and terraced houses. In addition to developing residential units, we develop retail and office units, although on a smaller scale and often in combination with housing projects.

We primarily develop properties with the intention of selling them, either under pre-sale contracts direct to end-users or to investors on buy-to-let basis.

Based on the size and nature of our business, the Board of Directors has decided not to formalise policies about CSR issues besides what is covered by our Code of Conduct. This decision is re-assessed on a regular basis. Despite we do not have formal CSR policies the Board of Directors do have discussions about relevant CSR matters on an ongoing basis. The main areas and considerations are described below.

Gefion Group does not have a formal policy concerning environmental matters, including policies aimed at reducing the environmental impact of the company's activities as all significant matters are already governed by law or mandatory standards. Our main impact on the environment is related to the development and construction of real estate projects.

In connection with the acquisition of new projects, comprehensive environmental due diligence investigations are carried out and all construction contracts take pollution and environmental matters into consideration and mitigate potential risks.

Our Code of Conduct contains a section stating Gefion's policy about bribery, corruption and the reporting requirements for employees in the event of inappropriate behavior from suppliers etc. to address the potential risk of contributing to such behaviour. The Code of Conduct is communicated to all employees and implemented in our procedures and approvals. No breaches or conflicts have been reported in 2020.

Based on the size and nature of our business, we believe that we are not exposed to significant risks regarding human rights, labour rights or social matters. We have not encountered any specific breaches or conflicts in this area in 2020.

Statutory report on the underrepresented gender

Gefion Group believes in diversity and in appointing the best possible Board of Directors with no preferences for gender, age, sexual orientation, nationality or ethnic origin.

The Board of Directors has approved the policies and targets below in May 2021. The policy and target is subject to annual review.

As of 31 December 2020, the Board of Directors consists of three males, all elected on the Annual General Meeting.

In election of members to the Board of Directors, we focus on the candidates' competencies and experience within real estate, investments, financing, leadership, corporate strategy and diversity. It is the policy of Gefion Group to always appoint the best qualified candidates to the Board of Directors.

Regarding the underrepresented gender, it is Gefion Group's objective to increase the share of the underrepresented gender in the Board of Directors to at least 25 percent, which is expected to be reached by mid -2023.

As we have less than 50 employees we have chosen not to have policies on the gender composition at the company's other management levels.

Events after the balance sheet date

In March 2021, the Telegrafvej project comprising 262 student flats has been sold and handed over to an external investor with a gain and during January to March 2021, stages under the Amager Strandvej project have been sold and handed over to the buyer. In the beginning of 2021, we have entered into agreements about partial disposal of the St. Kongensgade project.

In April 2021, the Engvej project has been sold to an institutional investor (except for the social housing part, which was already sold) at a price which is expected to result in a three-digit gross profit for Gefion Group (DKKm). The transaction is unconditional in terms of the Buyer's financing and the project is expected to be disposed of in two closings, with the first closing in H2-2021 and the second closing in H1-2022.

Following the closing of the transaction, the construction loan agreement has been re-negotiated and the revised loan will secure a three-digit amount (DKKm) of cash in H2 2021 to further strengthen Gefion's project development activities across all projects.

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

Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	2	1,252,981	358,392
Fair value adjustments of investment property	3	(2,010)	1,639
Own work capitalised	4	7,815	21,847
Other operating income		0	441
Cost of sales		(1,204,962)	(342,437)
Other external expenses	5	(20,727)	(24,296)
Gross profit/loss		**33,097**	**15,586**
Staff costs	6	(36,899)	(44,423)
Depreciation, amortisation and impairment losses		(640)	(623)
Other operating expenses	7	(1,682)	(16,000)
Operating profit/loss		**(6,124)**	**(45,460)**
Income from other fixed asset investments		866	0
Other financial income	8	9,834	5,451
Other financial expenses	9	(33,152)	(46,545)
Profit/loss before tax		**(28,576)**	**(86,554)**
Tax on profit/loss for the year	10	(23,944)	7,789
Profit/loss for the year	11	**(52,520)**	**(78,765)**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Land and buildings		20,469	20,552
Investment property		15,893	3,225
Other fixtures and fittings, tools and equipment		88	53
Leasehold improvements		1,049	1,573
Property, plant and equipment	12	**37,499**	**25,403**
Investments in group enterprises		0	26,812
Investments in associates		65,800	65,200
Other investments		4,356	3,240
Deposits		0	210
Other receivables		0	309
Deferred tax	14	4,088	0
Financial assets	13	**74,244**	**95,771**
Fixed assets		**111,743**	**121,174**
Work in progress		1,434,680	1,890,876
Manufactured goods and goods for resale		290,395	0
Inventories		**1,725,075**	**1,890,876**
Trade receivables		23,347	0
Receivables from associates		40	41
Other receivables		71,101	30,362
Joint taxation contribution receivable		23	0
Prepayments	16	697	836
Receivables		**95,208**	**31,239**
Cash	17	**77,569**	**243,796**
Current assets		**1,897,852**	**2,165,911**
Assets		**2,009,595**	**2,287,085**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		1,000	1,000
Retained earnings		(72,580)	(23,925)
Equity belonging to Parent's shareholders		**(71,580)**	**(22,925)**
Equity belonging to minority interests		**8,125**	**0**
Equity		**(63,455)**	**(22,925)**
Deferred tax	14	0	10,573
Other provisions	18	2,670	0
Provisions		**2,670**	**10,573**
Mortgage debt		7,986	9,800
Bank loans		0	73,501
Loans raised by the issuance of bonds		473,200	596,247
Debt to other credit institutions		472,057	822,210
Deposits		0	2,619
Other payables		20,863	867
Non-current liabilities other than provisions	19	**974,106**	**1,505,244**
Current portion of non-current liabilities other than provisions	19	451	1,340
Bank loans		316,055	41
Loans raised by the issuance of bonds		152,682	232,692
Payables to other credit institutions		480,371	412,259
Deposits		346	3,866
Prepayments received from customers		33,540	0
Trade payables		65,446	83,677
Payables to associates		0	3,552
Tax payable		4,815	0
Joint taxation contribution payable		1,296	1,341
Other payables		32,850	55,425
Deferred income	20	8,422	0
Current liabilities other than provisions		**1,096,274**	**794,193**
Liabilities other than provisions		**2,070,380**	**2,299,437**
Equity and liabilities		**2,009,595**	**2,287,085**

Events after the balance sheet date	1
Unrecognised rental and lease commitments	22
Contingent liabilities	23
Transactions with related parties	24
Subsidiaries	25

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	1,000	(23,925)	(22,925)	0	(22,925)
Other entries on equity	0	0	0	11,990	11,990
Profit/loss for the year	0	(48,655)	(48,655)	(3,865)	(52,520)
Equity end of year	**1,000**	**(72,580)**	**(71,580)**	**8,125**	**(63,455)**

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		(6,124)	(45,460)
Amortisation, depreciation and impairment losses		640	623
Adjustments of investment property		2,272	(1,639)
Working capital changes	21	72,976	(340,945)
Other operating income		0	16,000
Other adjustments		837	0
Cash flow from ordinary operating activities		**70,601**	**(371,421)**
Financial income received		199	1,216
Financial expenses paid		(220,838)	(139,168)
Taxes refunded/(paid)		0	(1,250)
Cash flows from operating activities		**(150,038)**	**(510,623)**
Sale of property, plant and equipment		0	314,514
Purchase of securities and investments		(69)	(96)
Sale of securities and investments		20	20
Reclassifications of investments		0	1,000
Cash from the consolidation of Victoria Properties A/S as of 1 January 2020		5,203	0
Cash flows from investing activities		**5,154**	**315,438**
Free cash flows generated from operations and investments before financing		**(144,884)**	**(195,185)**
Loans raised		1,211,699	1,457,280
Repayments of loans etc.		(1,249,528)	(1,172,873)
Change in debt to shareholders and management		0	(13,000)
Other financing activities		18,727	31,605
Cash flows from financing activities		**(19,102)**	**303,012**
Increase/decrease in cash and cash equivalents		**(163,986)**	**107,827**
Cash and cash equivalents beginning of year		243,796	135,969

Cash and cash equivalents regarding discontinued operations	(2,241)	0
Cash and cash equivalents end of year	**77,569**	**243,796**

Cash and cash equivalents at year-end are composed of:		
Cash	77,569	243,796
Cash and cash equivalents end of year	**77,569**	**243,796**

Notes to consolidated financial statements

1 Events after the balance sheet date

In March 2021, the Telegrafvej project comprising 262 student flats has been sold and handed over to an external investor with a gain and during January to March 2021, stages under the Amager Strandvej project have been sold and handed over to the buyer. In the beginning of 2021, we have entered into agreements about partial disposal of the St. Kongensgade project.

In April 2021, the Engvej project has been sold to an institutional investor (except for the social housing part, which was already sold) at a price which is expected to result in a three-digit gross profit for Gefion Group (DKKm). The transaction is unconditional in terms of the Buyer's financing and the project is expected to be disposed of in two closings, with the first closing in H2-2021 and the second closing in H1-2022.

Following the closing of the transaction, the construction loan agreement has been re-negotiated and the revised loan will secure a three-digit amount (DKKm) of cash in H2 2021 to further strengthen Gefion's project development activities across all projects.

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

2 Revenue

	2020 DKK'000	2019 DKK'000
Sales of projects	1,243,268	348,166
Rent income	6,732	9,032
Management fees	2,981	1,194
Total revenue by activity	**1,252,981**	**358,392**

3 Fair value adjustments of investment property

The fair value adjustment of investment property for 2020 total DKK 2,010k.

4 Own work capitalised

The own work capitalised consists of salaries etc. capitalised as inventory.

5 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK'000	2019 DKK'000
Statutory audit services	640	604
Other assurance engagements	702	191
Tax services	534	586
Other services	545	1,162
	2,421	**2,543**

6 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	31,529	37,180
Pension costs	8,078	5,631
Other social security costs	61	80
Other staff costs	(2,769)	1,532
	36,899	**44,423**

Average number of full-time employees	**27**	**29**

	Remuneration of management 2020 DKK'000	Remuneration of management 2019 DKK'000
Total amount for management categories	7,380	8,034
	7,380	**8,034**

Special incentive programmes

Management has a special incentive programme, which is conditioned upon realizing specific performance targets. The programme starts at 1 January 2020 and expire at the latest in November 2022. The bonus is accrued continuously and in 2020 the amount is 900 t.DKK. The amount is included in "Total amount for management categories". The combined bonus (nominal value) is expected to amount to 1,800 t.DKK to 2,550 t.DKK.

In accordance with the Danish Financial Statements Act §98b section 3, remuneration to Management is shown combined across Management categories.

7 Other operating expenses

In prior year, other operating expenses included a fair value adjustment of a purchase obligation of shares amounting to DKK 16,000k. The purchase obligation was written down completely and no uncertainty of a remaining value exists.

8 Other financial income

	2020 DKK'000	2019 DKK'000
Other interest income	435	755
Exchange rate adjustments	9,398	4,235
Other financial income	1	461
	9,834	**5,451**

9 Other financial expenses

	2020 DKK'000	2019 DKK'000
Other interest expenses	27,385	34,364
Other financial expenses	5,767	12,181
	33,152	**46,545**

10 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	5,622	(17,560)
Change in deferred tax	19,260	10,380
Adjustment concerning previous years	(938)	(609)
	23,944	**(7,789)**

11 Proposed distribution of profit/loss

	2020 DKK'000	2019 DKK'000
Retained earnings	(48,655)	(78,765)
Minority interests' share of profit/loss	(3,865)	0
	(52,520)	**(78,765)**

12 Property, plant and equipment

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	20,718	4,470	78	2,621
Additions	0	14,940	69	0
Cost end of year	**20,718**	**19,410**	**147**	**2,621**
Depreciation and impairment losses beginning of year	(166)	0	(26)	(1,048)
Depreciation for the year	(83)	0	(33)	(524)
Depreciation and impairment losses end of year	**(249)**	**0**	**(59)**	**(1,572)**
Fair value adjustments beginning of year	0	(1,245)	0	0
Fair value adjustments for the year	0	(2,272)	0	0
Fair value adjustments end of year	**0**	**(3,517)**	**0**	**0**
Carrying amount end of year	**20,469**	**15,893**	**88**	**1,049**

13 Financial assets

	Investments in associates DKK'000	Other investments DKK'000	Deferred tax DKK'000
Cost beginning of year	65,200	3,240	0
Additions	600	1,116	14,388
Cost end of year	**65,800**	**4,356**	**14,388**
Impairment losses for the year	0	0	(10,300)
Impairment losses end of year	**0**	**0**	**(10,300)**
Carrying amount end of year	**65,800**	**4,356**	**4,088**

Associates	**Registered in**	**Ownership %**
Rødovre JVCo ApS	Copenhagen	20%

Limited partnerships in which group entities are general partners	**Registered in**	**Corporate form**
K/S GG Ved Stadsgraven 15	Copenhagen	K/S
K/S GG 10	Copenhagen	K/S

14 Deferred tax

Changes during the year	2020 DKK'000	2019 DKK'000
Beginning of year	(10,573)	(20,953)
Recognised in the income statement	(19,260)	10,380
Additions, new enterprises	28,029	0
Disposals, sold enterprises	5,892	0
End of year	**4,088**	**(10,573)**

Deferred tax relates to inventories and tax losses carried forward.

Deferred tax assets are recognized based on budgets and forecasts for the coming 5 years and includes expected profits from real estate projects in progress as well as budgeted new activities. The budgets includes some reserves for uncertainties. The recognition considers expected utilization from joint taxation.

15 Inventories

Inventories includes additions to capitalized interest expenses and financing costs of DKK 38,964k (2019: 140,553k).

16 Prepayments

Prepayments consists of prepaid expenses.

17 Cash

Cash includes DKK 68,683k where the use is restricted to specific purposes, such as interest payments, project development or construction or pledged as security.

18 Other provisions

Provisions consist of residual requirements for a sold real estate development project.

19 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000
Mortgage debt	451	1,340	7,986
Loans raised by the issuance of bonds	0	0	473,200
Debt to other credit institutions	0	0	472,057
Other payables	0	0	20,863
	451	**1,340**	**974,106**

20 Deferred income

Deferred income consist of prepayments for real estate development projects not yet finished.

21 Changes in working capital

	2020 DKK'000	2019 DKK'000
Increase/decrease in inventories	160,540	(399,252)
Increase/decrease in receivables	(63,313)	998
Increase/decrease in trade payables etc.	(24,251)	57,309
	72,976	**(340,945)**

22 Unrecognised rental and lease commitments

The Group has entered into rental commitments, the rent contracts have an expected term of up to 32 months, and the total outstanding commitment is DKK 2,632k (2019: 246k) .

23 Contingent liabilities

As part of its business nature, the Group is naturally a party to various disputes, legal and arbitration proceedings against contractors, buyers and sellers of projects, properties and companies.

In all cases, it is assessed to what extent the cases may result in obligations for the group and the probability thereof. The cases are not expected to have a significant negative impact on the group beyond what has already been placed in the accounts. The outcome may be difficult to assess and the result may, by its very nature, differ from the group's assessment.

The Group has subsidiaries that are fully responsible participants in limited partnership companies. The subsidiary GG Development 5 ApS is General Partner in K/S GG Ved Stadsgraven 15, Copenhagen and is therefore liable for all liabilities in that company. Liabilities in K/S GG Ved Stadsgraven 15 is DKK 126,447,649.
The subsidiary Komplementarselskabet GG 10 ApS is General Partner in K/S GG 10, Copenhagen and is therefore liable for all liabilitites in that company. Liabilities in K/S GG 10 amounts to DKK 7,615,000 as of 31 December 2020.

24 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

25 Subsidiaries

	Registered in	Corporate form	Ownership %
AMS II Holding A/S	Copenhagen	A/S	100%
AMS II ApS	Copenhagen	ApS	100%
Gefion Sejlhusene A/S	Copenhagen	A/S	100%
Gefion Amager Strandvej IV A/S	Copenhagen	A/S	100%
Gefion Telegrafkollegiet A/S	Copenhagen	A/S	100%
Gefion Group Holdco ApS	Copenhagen	ApS	100%
GG Engvej 155 Holding ApS	Copenhagen	ApS	100%
GG Engvej 155 Holding 1 ApS	Copenhagen	ApS	100%
GG Engvej 155 Holdco ApS	Copenhagen	ApS	100%
GG Development 8 ApS	Copenhagen	ApS	100%
GG AMS Holding 1 ApS	Copenhagen	ApS	100%
GG AMS Holding 2 ApS	Copenhagen	ApS	100%
GG Amager Strandvej Holding ApS	Copenhagen	ApS	100%
Amager Strandvej 60-64/Ved Amagerbanen 37 ApS	Copenhagen	ApS	100%
HKP 1A Holding ApS	Copenhagen	ApS	100%
Rødovre Port Holding ApS	Copenhagen	ApS	100%
Rødovre Port Holdco ApS	Copenhagen	ApS	100%
Niels Juels Gade 9-13 Holding 1 ApS	Copenhagen	ApS	100%
Niels Juels Gade 9-13 Holding ApS	Copenhagen	ApS	100%
Niels Juels Gade 9-13 ApS	Copenhagen	ApS	100%
Telegrafvej 5A Holding 1 ApS	Copenhagen	ApS	100%
Telegrafvej 5A Holding ApS	Copenhagen	ApS	100%
Telegrafvej 5A ApS	Copenhagen	ApS	100%
STK 100 & 106 Holding ApS	Copenhagen	ApS	100%
GG Development 3 ApS	Copenhagen	ApS	100%
GG St. Kongensgade 100 & 106 P/S	Copenhagen	P/S	100%
Komplementarselskabet GG St. Kongensgade 100 & 106 ApS	Copenhagen	ApS	100%
Kanalgaden 3 Holding 1 ApS	Copenhagen	ApS	100%
Kanalgaden 3 Holding ApS	Copenhagen	ApS	100%
Kanalgaden 3 ApS	Copenhagen	ApS	100%
Oliebladsgade 8 Holding 1 ApS	Copenhagen	ApS	100%
Oliebladsgade 8 Holding ApS	Copenhagen	ApS	100%
Oliebladsgade 8 ApS	Copenhagen	ApS	100%

	Registered in	Corporate form	Ownership %
GG KBV Holding A/S	Copenhagen	A/S	100%
GG KBV P/S	Copenhagen	P/S	100%
GG Horneby Holding A/S	Copenhagen	A/S	100%
MBVH Holding ApS	Copenhagen	ApS	100%
GG MBVH A/S	Copenhagen	A/S	100%
Ib Schønbergs Allé Holding ApS	Copenhagen	ApS	100%
GG Development 4 ApS	Copenhagen	ApS	100%
Vandværket 1 ApS	Copenhagen	ApS	100%
GG Østergade 1 ApS	Copenhagen	ApS	100%
GG 8 Petite Rue ApS	Copenhagen	ApS	100%
Komplementarselskabet GG 10 ApS	Copenhagen	ApS	100%
GG Development 5 ApS	Copenhagen	ApS	100%
Komplementarselskabet GG KBV ApS	Copenhagen	ApS	100%
Victoria Properties A/S	Copenhagen	A/S	69.10%

The following subsidiaries has been sold and are only consolidated for a period of 2020.

Amager Strandvej I Holding A/S
K/S GG 6
Gefion Ryparkenkollegiet A/S
Komplementarselskabet GG 6 ApS
Gefion Fuglebakkekollegiet A/S
Fjorden Ejendomme ApS
ROOF Management A/S

Victoria Properties A/S is consolidated as of 1 January 2020, since the intentions of losing controlling interest was not fulfilled and according to Danish Financial Statements Act section 114 the entity must be consolidated. Gefion Group's plan is that the controlling interest will be diluted in 2021 so Gefion Group A/S no longer will be controlling Victoria Properties A/S.
The comparative figures have not been changed due to materiality.

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	10,795	22,922
Other external expenses		(11,434)	(13,840)
Gross profit/loss		**(639)**	**9,082**
Staff costs	2	(35,572)	(43,058)
Depreciation, amortisation and impairment losses		(557)	(540)
Writedowns of non-financial current assets		0	(51)
Other operating expenses	7	(1,682)	(16,000)
Operating profit/loss		**(38,450)**	**(50,567)**
Income from investments in group enterprises	3	14,127	34,000
Other financial income	4	37,433	28,025
Impairment of financial assets	5	(3,884)	0
Other financial expenses	6	(14,085)	(22,231)
Profit/loss before tax		**(4,859)**	**(10,773)**
Tax on profit/loss for the year	7	3,842	12,740
Profit/loss for the year	8	**(1,017)**	**1,967**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Other fixtures and fittings, tools and equipment		87	50
Leasehold improvements		1,049	1,574
Property, plant and equipment	9	**1,136**	**1,624**
Investments in group enterprises		82,426	97,424
Deposits		350	560
Deferred tax	11	12,273	12,762
Financial assets	10	**95,049**	**110,746**
Fixed assets		**96,185**	**112,370**
Receivables from group enterprises		12,185	47,771
Other receivables		1,797	1,261
Joint taxation contribution receivable		8,375	9,112
Prepayments	12	654	638
Receivables		**23,011**	**58,782**
Cash		**5,209**	**8,733**
Current assets		**28,220**	**67,515**
Assets		**124,405**	**179,885**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		1,000	1,000
Retained earnings		(22,344)	(21,327)
Equity		**(21,344)**	**(20,327)**
Other payables		19,403	867
Non-current liabilities other than provisions	13	**19,403**	**867**
Bank loans		45	40
Trade payables		170	688
Payables to group enterprises		112,864	109,453
Tax payable		4,815	0
Joint taxation contribution payable		3,028	56,014
Other payables		5,424	33,150
Current liabilities other than provisions		**126,346**	**199,345**
Liabilities other than provisions		**145,749**	**200,212**
Equity and liabilities		**124,405**	**179,885**
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Related parties with controlling interest	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	(21,327)	(20,327)
Profit/loss for the year	0	(1,017)	(1,017)
Equity end of year	**1,000**	**(22,344)**	**(21,344)**

Notes to parent financial statements

1 Revenue

	2020 DKK'000	2019 DKK'000
Management fees	10,795	22,922
Total revenue by activity	**10,795**	**22,922**

2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	30,202	35,814
Pension costs	8,079	5,631
Other social security costs	61	80
Other staff costs	(2,770)	1,533
	35,572	**43,058**
Average number of full-time employees	**27**	**28**

	Remuneration of management 2020 DKK'000	Remuneration of management 2019 DKK'000
Total amount for management categories	7,380	8,034
	7,380	**8,034**

Special incentive programmes
Management has a special incentive programme, which is conditioned upon realizing specific performance targets. The programme starts at 1 January 2020 and expire at the latest in November 2022. The bonus is accrued continuously and in 2020 the amount is DKK 900k. The amount is included in "Total amount for management categories". The combined bonus (nominal value) is expected to amount to DKK 1,800k to DKK 2,550k.

In accordance with the Danish Financial Statements Act §98b section 3, remuneration to Management is shown combined across Management categories.

3 Income from investments in group enterprises

The item includes dividend from subsidiaries DKK 34,500k (2019 DKK 34,000k), impairment losses DKK 15,703k (2019 DKK 0k) and loss from the disposal of subsidiaries DKK 4,670k (2019 DKK 0k).

4 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	37,432	27,504
Other interest income	0	60
Other financial income	1	461
	37,433	**28,025**

5 Impairment of financial assets

The item includes writedowns on receivables from group enterprises.

6 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	11,825	16,154
Other interest expenses	1,981	4,436
Exchange rate adjustments	67	27
Other financial expenses	212	1,614
	14,085	**22,231**

7 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	0	(7,372)
Change in deferred tax	490	(3,407)
Adjustment concerning previous years	(943)	(1,961)
Refund in joint taxation arrangement	(3,389)	0
	(3,842)	**(12,740)**

8 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	(1,017)	1,967
	(1,017)	**1,967**

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	77	2,621
Additions	69	0
Cost end of year	**146**	**2,621**
Depreciation and impairment losses beginning of year	(26)	(1,048)
Depreciation for the year	(33)	(524)
Depreciation and impairment losses end of year	**(59)**	**(1,572)**
Carrying amount end of year	**87**	**1,049**

10 Financial assets

	Investments in group enterprises DKK'000	Deposits DKK'000	Deferred tax DKK'000
Cost beginning of year	97,424	560	12,762
Additions	2,742	0	0
Disposals	(2,037)	(210)	(489)
Cost end of year	**98,129**	**350**	**12,273**
Impairment losses for the year	(15,703)	0	0
Impairment losses end of year	**(15,703)**	**0**	**0**
Carrying amount end of year	**82,426**	**350**	**12,273**

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

11 Deferred tax

Changes during the year	2020 DKK'000	2019 DKK'000
Beginning of year	12,762	9,354
Recognised in the income statement	(489)	3,408
End of year	**12,273**	**12,762**

Deferred tax relates to property, plant and equipment, inventories and other provisions.

Deferred tax asset is expected to be utilized within the next years from the joint taxation with the subsidiaries. Management expects significant positive income in the subsidiaries from sale of projects.

12 Prepayments

Prepayments consists of prepaid expenses.

13 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK'000
Other payables	19,403
	19,403

Non-current other payables include holiday pay amounting to DKK 1,769k (2019 DKK 867k).

14 Unrecognised rental and lease commitments

The Company has entered into rental contracts. The rental contracts have an expected term of 32 months, and the total commitment is DKK 2,632k (2019: 3,111k).

15 Contingent liabilities

The Entity has issued guarantees or surety for subsidiaries’ bond debt and debt to other credit institutions totaling DKK 665 million.

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

16 Related parties with controlling interest

The company has no related parties with controlling interest.

17 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

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

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

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

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

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

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

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

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

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

The sale method is used to recognize income on projects sold. Thus, profit are recognized once the project has been sold, construction completed and all essential elements of the sales agreement fulfilled, including delivery and transfer of risk to the buyer.

Where the Group is in charge of development, letting and construction management, etc. on behalf of investors and receives fee income for such services, the fee income is recognized as income on a continuous basis in step with the provision of services.

Where a sold project consist of several instalment deliveries that can be segregated and the financial effect can be assessed separately and measured reliably for each delivery, the profit on the individual instalment delivery is recognized when all essential elements of the agreement have been fulfilled.

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

Rental income on completed projects and investment properties is accrued and recognized in accordance with the lease agreements concluded.

Fair value adjustments of investment property

Fair value adjustments of investment property comprise adjustments for the financial year of the Entity’s investment properties measured at fair value at the balance sheet date.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity’s primary activities.

Cost of sales
Project costs consist of all costs relating to projects incurred to generate the year's revenue and includes direct project costs, as well as interest during the construction period, and indirect costs, determined as a percentage of staff costs etc.

Moreover, this item includes any impairment losses on projects in progress or completed and the expensing of project development costs to the extent that the relevant projects are not expected to be realized.

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

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

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

Writedowns of non-financial current assets
Writedowns of current assets other than current financial assets comprise writedowns in addition to ordinary writedowns.

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

Income from investments in group enterprises
Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

Income from other fixed asset investments
Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

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

Impairment of financial assets
Impairment of financial assets comprise impairment of financial assets which are not measured at fair value on a current basis.

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

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

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

Balance sheet

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

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

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

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

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

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the
calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal

earnings, for example, actual vacancy rate, major refurbishments etc.

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

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

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value and plus or minus unrealised pro rata intra-group profits and losses.

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

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

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

Other investments
Other investments comprise unlisted investments measured at the lower of cost and net realisable value.

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

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

Inventories
Work in progress consist of real property projects.

The project portfolio is recognized on the basis of the direct cost attributable to the projects, including interest during the project period. Where considered necessary, the projects have been written down to a lower value, and the capitalized amounts are subjected to impairment tests on a continuous basis to ensure that the assets are written down to the extent that the carrying amount exceeds the estimated net realizable value.

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

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

Cash
Cash comprises cash in hand and bank deposits.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.
Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

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

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

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

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

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

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

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

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

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

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

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