
NSF III Living Agorahaverne Holding ApS

Southamptongade 4, DK-2150 Nordhavn

Annual Report for 2023

CVR No. 43 11 48 40

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 24/5 2024

Stine Seneberg
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of NSF III Living Agorahaverne Holding ApS for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations for 2023.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Nordhavn, 24 May 2024

Executive Board

Thomas Ebbe Riise-Jakobsen

Rune Højby Kock

Nick Holmelund Melgaard

Stine Seneberg

Independent Auditor's report

To the shareholder of NSF III Living Agorahaverne Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of NSF III Living Agorahaverne Holding ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 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 about whether the 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 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 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.

Independent Auditor's report

- 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 disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient 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.

Herning, 24 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Poul Spencer Poulsen

State Authorised Public Accountant

mne23324

Kasper Ladekjær

State Authorised Public Accountant

mne50738

Company information

The Company	NSF III Living Agorahaverne Holding ApS Southamptongade 4 DK-2150 Nordhavn CVR No: 43 11 48 40 Financial period: 1 January - 31 December Incorporated: 8 March 2022 Financial year: 2nd financial year Municipality of reg. office: Copenhagen
Executive Board	Thomas Ebbe Riise-Jakobsen Rune Højby Kock Nick Holmelund Melgaard Stine Seneberg
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
NSF III Living Agorahaverne Holding ApS	Nordhavn	
Agorahaverne 1 ApS	Nordhavn	100
Hermanhaven ApS	Nordhavn	100
Ibihaven ApS	Nordhavn	100
Bodilhaven Holding ApS	Nordhavn	100%
Bodilhaven ApS	Nordhavn	100%

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK 12 months	DKK 10 months	DKK 12 months	DKK 10 months
Gross profit before value adjustments		11,958,603	5,219,674	-118,080	-67,873
Value adjustments of assets held for investment		-50,485,573	-20,334,374	0	0
Gross profit after value adjustments		-38,526,970	-15,114,700	-118,080	-67,873
Income from investments in subsidiaries		0	0	-41,591,507	-20,449,600
Financial income	3	1,705,207	3,060,634	6,021,542	3,555,240
Financial expenses	4	-16,684,465	-9,573,034	-6,524,900	-4,267,885
Profit/loss before tax		-53,506,228	-21,627,100	-42,212,945	-21,230,118
Tax on profit/loss for the year	5	11,273,346	399,144	-19,937	2,162
Net profit/loss for the year		-42,232,882	-21,227,956	-42,232,882	-21,227,956

		Parent company	
		2023	2022
		DKK	DKK
Distribution of profit			
Proposed distribution of profit			
Retained earnings		-42,232,882	-21,227,956
		-42,232,882	-21,227,956

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Investment properties		505,808,856	408,747,415	0	0
Property, plant and equipment	6	505,808,856	408,747,415	0	0
Investments in subsidiaries	7	0	0	46,888,631	19,083,320
Receivables from group enterprises		0	0	90,855,008	80,200,707
Fixed asset investments		0	0	137,743,639	99,284,027
Fixed assets		505,808,856	408,747,415	137,743,639	99,284,027
Other receivables		733,477	4,329,130	0	0
Deferred tax asset	8	3,701,890	0	6	2,162
Prepayments		1,483,089	125,275	1,371,589	0
Receivables		5,918,456	4,454,405	1,371,595	2,162
Cash at bank and in hand		3,542,121	3,903,461	1,096,632	285,552
Current assets		9,460,577	8,357,866	2,468,227	287,714
Assets		515,269,433	417,105,281	140,211,866	99,571,741

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital		50,003	40,001	50,003	40,001
Share premium account		0	0	0	0
Retained earnings		40,503,343	619,775	40,503,343	619,775
Equity		40,553,346	659,776	40,553,346	659,776
Provision for deferred tax	8	0	8,322,599	0	0
Provisions relating to investments in group enterprises		0	0	10,028,916	0
Provisions		0	8,322,599	10,028,916	0
Mortgage loans		372,568,957	295,211,957	0	0
Payables to group enterprises		89,523,393	97,778,577	89,523,393	97,778,577
Deposits		7,047,469	6,793,802	0	0
Long-term debt	9	469,139,819	399,784,336	89,523,393	97,778,577
Mortgage loans	9	1,351,445	1,464,113	0	0
Trade payables		1,651,887	4,897,242	86,317	1,133,388
Corporation tax		89,261	957,710	19,894	0
Deposits	9	2,448,500	0	0	0
Other payables	9	35,175	1,019,505	0	0
Short-term debt		5,576,268	8,338,570	106,211	1,133,388
Debt		474,716,087	408,122,906	89,629,604	98,911,965
Liabilities and equity		515,269,433	417,105,281	140,211,866	99,571,741
Key activities	1				
Staff	2				
Contingent assets, liabilities and other financial obligations	10				
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Statement of changes in equity

Group

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	40,001	0	619,775	659,776
Cash capital increase	10,002	82,116,450	0	82,126,452
Net profit/loss for the year	0	0	-42,232,882	-42,232,882
Transfer from share premium account	0	-82,116,450	82,116,450	0
Equity at 31 December	50,003	0	40,503,343	40,553,346

Parent company

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	40,001	0	619,775	659,776
Cash capital increase	10,002	82,116,450	0	82,126,452
Net profit/loss for the year	0	0	-42,232,882	-42,232,882
Transfer from share premium account	0	-82,116,450	82,116,450	0
Equity at 31 December	50,003	0	40,503,343	40,553,346

Notes to the Financial Statements

1. Key activities

The Groups key activity is to buy, sell and rent out investment property and other related activities considered appropriate by the board of directors.

2. Staff

Average number of employees

	Group		Parent company	
	2023	2022	2023	2022
Average number of employees	0	0	0	0

3. Financial income

Interest received from group enterprises

Other financial income

Exchange gains

	Group		Parent company	
	2023	2022	2023	2022
	DKK 12 months	DKK 10 months	DKK 12 months	DKK 10 months
Interest received from group enterprises	0	0	5,062,776	3,555,260
Other financial income	1,654,157	6,514	958,766	0
Exchange gains	51,050	3,054,120	0	-20
	1,705,207	3,060,634	6,021,542	3,555,240

4. Financial expenses

Interest paid to group enterprises

Other financial expenses

Exchange adjustments, expenses

	Group		Parent company	
	2023	2022	2023	2022
	DKK 12 months	DKK 10 months	DKK 12 months	DKK 10 months
Interest paid to group enterprises	6,519,838	4,258,503	6,519,838	4,258,503
Other financial expenses	10,164,561	5,314,531	4,996	9,382
Exchange adjustments, expenses	66	0	66	0
	16,684,465	9,573,034	6,524,900	4,267,885

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK 12 months	DKK 10 months	DKK 12 months	DKK 10 months
5. Income tax expense				
Current tax for the year	960,722	368,181	19,894	0
Deferred tax for the year	-12,196,043	-857,253	26,808	-2,162
Adjustment of deferred tax concerning previous years	-38,025	89,928	-26,765	0
	-11,273,346	-399,144	19,937	-2,162

6. Assets measured at fair value

Group

	Investment properties
	DKK
Cost at 1 January	377,541,757
Additions for the year	139,392,192
Cost at 31 December	<u>516,933,949</u>
Value adjustments at 1 January	31,205,658
Net effect from merger and acquisition	8,154,822
Revaluations for the year	-50,485,573
Value adjustments at 31 December	<u>-11,125,093</u>
Carrying amount at 31 December	<u>505,808,856</u>
Interest expenses recognised as part of cost	<u>8,929,380</u>

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods (DCF-calculations) based on management's expectations for future cash flows, return requirements, etc. The fair value adjustment for the year has been recognised in the Income Statement

Notes to the Financial Statements

The fair value of investment properties has been calculated based on the following assumptions:

	<u>Group</u>
	<u>2023</u>
The fair value of investment properties amounts to	505,808,856
Value adjustment, income statement	-50,485,573
Average WACC	6,75%
Average inflation assumption	2,00%
Exit Yield	4,75%
Budget period	10
Average vacancy, budget period	0

The fair value of investment properties at 31 December 2023 has been assessed by an independent assessor.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material

Sensitivity in determination of fair value of investment properties

An exit yield of 4,75 % has been applied in the market value assessment at 31 December.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in	<u>-0,1%</u>	<u>Base</u>	<u>0.1%</u>
	DKK	DKK	DKK
Rate of return	4.65	4,75	4.85
Fair value	516,686,466	505,808,856	495,379,807
Change in fair value	10,877,610	0	-10,429,049

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
7. Investments in subsidiaries		
Cost at 1 January	39,532,920	0
Additions for the year	59,367,620	39,532,920
Cost at 31 December	98,900,540	39,532,920
Value adjustments at 1 January	-20,449,600	0
Net profit/loss for the year	-41,591,225	-13,053,245
Other adjustments	0	-7,396,355
Value adjustments at 31 December	-62,040,825	-20,449,600
Equity investments with negative net asset value transferred to provisions	10,028,916	0
Carrying amount at 31 December	46,888,631	19,083,320

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Agorahaverne 1 ApS	Nordhavn	40,000	100%	-9,800,427	-28,909,908
Bodilhaven Holding ApS	Nordhavn	50.001	100%	47,279,697	-13,139,792
				37,479,270	-42,049,700

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
8. Deferred tax asset				
Deferred tax asset at 1 January	-8,322,599	0	2,162	0
Amounts recognised in the income statement for the year	12,024,489	857,253	-26,808	2,162
Amounts recognised in equity for the year	0	-9,179,852	24,652	0
Deferred tax asset at 31 December	3,701,890	-8,322,599	6	2,162

Notes to the Financial Statements

Group		Parent company	
2023	2022	2023	2022
DKK	DKK	DKK	DKK

9. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans

After 5 years	255,697,370	235,079,959	0	0
Between 1 and 5 years	116,871,587	60,131,998	0	0
Long-term part	372,568,957	295,211,957	0	0
Within 1 year	1,351,445	1,464,113	0	0
	373,920,402	296,676,070	0	0

Payables to group enterprises

After 5 years	0	97,778,577	124,523,393	97,778,577
Between 1 and 5 years	89,523,393	0	-35,000,000	0
Long-term part	89,523,393	97,778,577	89,523,393	97,778,577
Within 1 year	0	0	0	0
	89,523,393	97,778,577	89,523,393	97,778,577

Deposits

After 5 years	0	0	0	0
Between 1 and 5 years	7,047,469	6,793,802	0	0
Long-term part	7,047,469	6,793,802	0	0
Other deposits	2,448,500	0	0	0
	9,495,969	6,793,802	0	0

Notes to the Financial Statements

Group		Parent company	
2023	2022	2023	2022
DKK	DKK	DKK	DKK

10. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Mortgage deeds registered to the mortgagor totalling kDKK 377.570, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of:

505,808,856	408,747,415	0	0
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The following assets have been placed as security with bankers:

The parent companies shares in subsidiaries, providing security for bank debt in Hermanhaven ApS, Ibihaven ApS and Bodilhaven ApS

Guarantee obligations

The parent company has provided a guarantee for bank debt in Hermanhaven ApS, Ibihaven ApS and Bodilhaven ApS

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of NSF III Denmark Advisory ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

11. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
NREP Nordic Strategies Fund III LP	Luxembourg

Notes to the Financial Statements

12. Accounting policies

The Annual Report of NSF III Living Agorahaverne Holding ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, NSF III Living Agorahaverne Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statement

Revenue

Revenue from rental income is recognised in the income statement at amounts relating to the financial year when revenue can be measured reliably and it is probable that the economic benefits will flow to the Company. Revenue is recognised exclusive of VAT and net of discounts.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with NSF III Denmark Advisory ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

Investment properties constitute land and buildings held to earn a return on the invested capital by way of current operating income and/or capital appreciation on sale.

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of properties are recognised in cost over the construction period.

Notes to the Financial Statements

After the initial recognition investment properties are measured at fair value. Value adjustments of investment properties are recognised in the income statement.

In Management's opinion the classification of the properties as investment properties did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The fair value of investment properties has been assessed by the independent assessor firm Colliers at 31 December 2023

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

Discounted Cash Flow model

The fair value of investment properties has been determined at 31 December 2023 for each property by using a Discounted Cash Flow model under which expected future cash flows are discounted to present value. The calculations are based on property budgets for the coming years. Allowance has been made for developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The individual, budgeted cash flows are discounted at an individually fixed discount rate added a terminal value. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as mortgage loans, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.