

**Stock Exchange Announcement of  
19 December 2016  
and extract of  
Annual Report  
1 October 2015 - 30 September 2016  
(The Company's 43<sup>rd</sup> financial year)**

**Investeringselskabet**

**Luxor A/S**

Nasdaq Copenhagen A/S  
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 PO Box 1040  
 DK-1007 Copenhagen K

**Annual Report 2015/16**  
 date 19 December 2016

Company Announcement No 2 2016/17

The Supervisory Board of Investeringsselskabet Luxor A/S has today considered and adopted the Company's Annual Report for 2015/16.

**Comments to the Annual Report:**

- Basic earnings for the financial year increased from DKK 24.1 million in 2014/15 to DKK 31.1 million in 2015/16, which is in accordance with Company Announcement of 24 November 2016. The improvement is primarily attributable to an increase in net financial income as well as increased capital gains and improvements of losses and fair value adjustment of credit risk on the Group's mortgage deeds.
- The Group's results before tax for the financial year show a profit of DKK 29.1 million (DKK -10.2 million). After tax, the Group shows a profit of DKK 22.1 million (DKK -8.5 million).

The results for the year are affected by net positive fair value adjustments and realised losses on bonds including currency hedging of DKK 8.1 million, negative fair value adjustments of interest swaps and debt to mortgage credit institutes of DKK -7.5 million as well as fair value adjustments of investment properties, DKK -2.1 million.

- The net asset value per share in circulation is DKK 356.35 (DKK 354.29).
- The Supervisory Board proposes to the General Meeting that dividend of DKK 25.0 million (DKK 20.0 million) be distributed, corresponding to DKK 25.0 (DKK 20.0) per share.
- For the coming financial year 2016/17, basic earnings of approx. DKK 24.0 million are expected. Fair value adjustments and realised losses and gains on bonds, foreign currencies and interest swaps, etc are not included in basic earnings and will at 7 December 2016 affect results for the year before tax positively by DKK 4.8 million.

**Fourth quarter of the financial year 2016:**

- Basic earnings for the quarter amount to DKK 6.8 million, which is in line with the fourth quarter of the financial year 2015.
- The Group's results before tax for the fourth quarter of the financial year 2016 show a profit of DKK 9.7 million (DKK -15.9 million). After tax, the Group shows a profit of DKK 7.0 million (DKK -13.0 million).

The results for the quarter are affected positively by DKK 4.7 million (DKK -21.4 million) relating to net positive fair value adjustments and realised gains/losses on bonds as well as fair value adjustments of investment properties, DKK -2.1 million.

For additional information concerning the Annual Report, please contact the undersigned.

Yours faithfully  
 Investeringsselskabet Luxor A/S

Jannik Rolf Larsen  
 CEO

**FINANCIAL HIGHLIGHTS OF THE GROUP**

OCTOBER - SEPTEMBER

<u>DKK million</u>	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>	<u>Q4 2015/16</u>	<u>Q4 2014/15</u>
<u>Key figures</u>							
Income .....	67.7	59.9	59.9	47.7	37.1	19.1	15.9
Gross earnings .....	69.9	43.1	60.4	33.0	28.8	17.2	-9.4
Profit/loss before tax.....	29.1	-10.2	15.0	14.4	0.5	9.7	-15.9
Net profit/loss .....	22.1	-8.5	11.1	10.3	1.1	7.0	-13.0
Basic earnings.....	31.1	24.1	13.8	4.9	8.6	6.8	6.6
Assets.....	868.6	915.5	888.2	797.2	782.1	868.6	915.5
Investment in property, plant and equipment .....	0.4	0.7	0.0	0.2	0.0	0.0	0.6
Equity .....	356.4	354.3	412.8	407.6	397.3	356.4	354.3
Proposed dividend for the year.....	25.0	20.0	50.0	6.0	0.0	25.0	20.0
Profit/loss for analytical purposes:							
Net profit/loss (after tax) .....	<u>22.1</u>	<u>-8.5</u>	<u>11.1</u>	<u>10.3</u>	<u>1.1</u>	<u>7.0</u>	<u>-13.0</u>
<u>Ratios</u>							
<u>Values per DKK 100 share</u>							
Earnings per share (EPS) (DKK).....	22.06	-8.48	11.15	10.33	1.07	7.02	-12.95
Net asset value per share in circulation (DKK).....	356.35	354.29	412.78	407.63	397.30	356.35	354.29
Return on equity in percentage p.a. ....	6.21	-2.21	2.72	2.57	0.27	7.95	-14.36
Equity share in percentage.....	41.03	38.70	46.47	51.14	50.80	41.03	38.70
Dividend per share (DKK)* .....	25.00	20.00	50.00	6.00	0.00	25.00	0.00
<u>Share capital</u>							
Nominal share capital, end of year (DKK million) .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Number of shares in circulation (DKK million).....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official price on the Stock Exchange per DKK 100 share:							
Lowest .....	310	261	216	185	203	316	313
Highest.....	360	362	264	222	258	335	323
End of year .....	334	317	264	221	203	334	317
Volume of trade on the Stock Exchange, number of shares.....							
Listed on the Stock Exchange, number of shares.....	16,011	32,385	20,679	17,947	15,457	3,041	4,625
	825,000	825,000	825,000	825,000	825,000	825,000	825,000

The key figures have been calculated in accordance with "Recommendations and key figures 2015" issued by the Danish Society of Financial Analysts. EPS and diluted EPS are in accordance with IAS 33.

\* Calculated on the basis of proposed dividend distribution.

### Basic earnings and results for the year

The Group's basic earnings amount to DKK 31.1 million (DKK 24.1 million), which is in accordance with Company Announcement of 24 November 2016.

Basic earnings are higher than the level of DKK 28.0 million stated in the Announcement of 26 August 2016 and the level of DKK 20.0 million stated in the Annual Report 2014/15. The higher basic earnings are primarily attributable to increased capital gains and improvements of losses and fair value adjustment of credit risk on the Group's mortgage deeds.

Basic earnings are calculated as profit/loss before tax for the year adjusted for fair value adjustments of financial assets, debt and foreign exchange movements and realised gains/losses on bonds and shares.

The Group's results before tax amount to DKK 29.1 million (DKK -10.2 million). After recognition of tax for the year of DKK 7.0 million (DKK -1.7 million), the results after tax for the year amount to DKK 22.1 million (DKK -8.5 million).

The results for the year are affected by net positive fair value adjustments and realised losses on bonds including currency hedging of DKK 8.1 million, negative fair value adjustments of interest swaps and debt to mortgage credit institutes of DKK -7.5 million as well as fair value adjustments of investment properties, DKK -2.1 million.

### Fourth quarter of the financial year 2016

The Group's basic earnings for the fourth quarter of the financial year 2016 amount to DKK 6.8 million (DKK 6.6 million), and results before tax amount to DKK 9.7 million (DKK -15.9 million). The results for the quarter are positively affected by DKK 4.7 million (DKK -21.4 million) resulting from net positive fair value adjustments and realised gains/losses on bonds as well as fair value adjustments of investment properties, DKK -2.1 million.

### Business areas

The Group's balance sheet, DKK 868.6 million (DKK 915.5 million), includes the following business areas:

	<u>2015/16</u>	<u>2014/15</u>
	<u>DKK million</u>	<u>DKK million</u>
Mortgage deeds .....	555.8	510.9
Bonds .....	77.1	153.2
Shares .....	<u>1.7</u>	<u>1.8</u>
Total securities	634.6	665.9
Investment properties .....	<u>182.3</u>	<u>180.5</u>
Total .....	<u>816.9</u>	<u>846.4</u>

Below, the individual business areas are described. The financing and the effect of currency hedging as well as currency exposure and hedging of currency risk are described in the section financing and debt.

### Mortgage deeds

The fair value of the Group's portfolio of mortgage deeds amounts to DKK 555.8 million (DKK 510.9 million).

The fair value of the Group's portfolio of mortgage deeds is distributed with DKK 401.9 million (DKK 362.2 million) in fixed-interest mortgage deeds and DKK 153.9 million (DKK 148.7 million) in floating-rate cibor mortgage deeds.

The total return on the portfolio of mortgage deeds for the financial year is specified as follows:

	<u>2015/16</u> DKK million	<u>2014/15</u> DKK million
Interest income .....	44.6	36.0
Capital gains, mortgage deeds.....	6.8	4.3
Fair value adjustment .....	<u>-0.3</u>	<u>2.1</u>
	51.1	42.4
Realised losses on mortgage deeds, fair value adjustment of credit risk, bad debts recovered and gain on sale of properties acquired for the purpose of resale .....	<u>-6.5</u>	<u>-11.7</u>
	<u>44.6</u>	<u>30.7</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 410.5 million have been measured at fair value on the basis of an average effective interest rate of 8.5% p.a. (average 8.5% p.a.). Fixed-interest mortgage deeds of a nominal amount of DKK 45.4 million and cibor mortgage deeds of a nominal amount of DKK 174.8 million have been measured at fair value corresponding to cost less provisions for bad debts. The total fair value adjustment of mortgage deeds is a negative DKK 0.3 million (DKK 2.1 million); the amount is recognised in fair value adjustment of financial assets.

The market rate for new mortgage deeds is in the range 7.25% - 9.0% p.a. (7.5% - 9.0% p.a.).

The Group's portfolio of mortgage deeds has an average market value per mortgage deed of kDKK 277.3 (kDKK 270.2).

The nominal amount of the mortgage deed portfolio has increased from DKK 589.3 million to DKK 630.7 million. The increase consists of additions of DKK 121.4 million (DKK 262.5 million) and redemptions of DKK 80.0 million (DKK 71.4 million). The addition of mortgage deeds in the financial year primarily consists of specific mortgage deeds purchased on the basis of an individual assessment.

The rate of redemption of mortgage deeds in the financial year 2015/16 is in line with the financial year 2014/15.

For the coming year, the Group expects a continued net increase of the portfolio of mortgage deeds and a small increase in premature repayments.

Capital gains on redeemed mortgage deeds amount to DKK 6.8 million (DKK 4.3 million); the increased capital gains primarily relate to the composition of the cost of the redeemed mortgage deeds.

Net loss/gain and direct expenses amount to DKK -7.6 million (DKK -12.3 million). The loss for the year and fair value adjustment of credit risk are lower than expected as the development towards more normalised losses and fair value adjustment of credit risk has progressed more positively than expected.

Net loss/gain and direct expenses include:

- adjustment to meet the credit risk on mortgage deeds and mortgage deed receivables of DKK -3.7 million (DKK -1.4 million);
- bad debts recovered of DKK 3.8 million (DKK 2.3 million);
- gain on sale of properties acquired for the purpose of resale of DKK 0.0 million (DKK 0.5 million), and provisions of DKK -0.3 million (DKK 1.8 million) have been made for losses on properties acquired for the purpose of resale. Properties acquired for the purpose of resale have been purchased to secure loans granted by the Group.

The total fair value adjustment of credit risk on mortgage deeds amounts to DKK 17.2 million (DKK 15.4 million), corresponding to 3.0% (2.9%) of the portfolio.

The mortgage deed portfolio is distributed on the following types of property:

	<u>2015/16</u>	<u>2014/15</u>
Single-family houses.....	50.48%	47.45%
Freehold flats .....	6.09%	7.16%
Holiday houses.....	5.49%	5.19%
Disused farms.....	3.37%	3.23%
Residential and business properties .....	6.05%	6.33%
Farms.....	1.80%	1.85%
Rental properties .....	20.05%	21.11%
Trade and industry .....	2.77%	3.89%
Other .....	<u>3.90%</u>	<u>3.79%</u>
Total .....	<u>100.0%</u>	<u>100.0%</u>

The average term to maturity of the mortgage deed portfolio before extraordinary and premature repayments is approx. 10.25 years (10.5 years).

## Bonds

The fair value of the Group's portfolio of bonds amounts to DKK 77.1 million (DKK 153.2 million).

The total return on the portfolio of bonds for the financial year is specified as follows:

	<u>2015/16</u> <u>DKK million</u>	<u>2014/15</u> <u>DKK million</u>
Interest income .....	9.2	16.0
Realised capital gains on bonds (including foreign exchange).....	-6.5	-7.1
Fair value adjustment .....	17.1	-1.5
Forward exchange contracts.....	-0.6	-5.2
Exchange loss/gain on foreign loans etc, net.....	<u>-1.9</u> <u>8.1</u>	<u>-21.1</u> <u>-34.9</u>
Return after currency hedging .....	<u>17.3</u>	<u>-18.9</u>

The fair value adjustment includes an unrealised exchange loss of DKK 8.0 million (DKK 3.0 million), and realised capital losses on bonds include a realised exchange gain of DKK 10.5 million (DKK 17.2 million). The amounts have by and large been hedged with regard to currency fluctuations.

The Group's portfolio of bonds consists of investment in foreign corporate bonds with senior status and a rating composition which is above and below investment grade, respectively. The Group's portfolio of bonds is characterised by an overweight of securities with a relatively short to medium term to maturity and a weighted average Macaulay duration of 3.10 years (4.00 years).

At 30 September 2016, the portfolio of bonds comprises a total negative fair value adjustment and expected gains on redemptions of up to approx. DKK 9.0 million excluding foreign exchange (approx. DKK 24.6 million excluding foreign exchange) provided that the portfolio of bonds is redeemed or sold at par/estimated redemption prices. Gains on redemptions are expected to be reversed over the period to maturity of the bonds until 2022/23.

The fair value of the portfolio of bonds, DKK 77.1 million (DKK 153.2 million), should be seen in the light of the below stated maturity profile of the nominal remaining debt of the portfolio of bonds:

	<u>2015/16</u> <u>DKK million</u>	<u>2014/15</u> <u>DKK million</u>
2015/16.....	0.0	9.8
2016/17.....	2.7	6.7
2017/18.....	10.0	11.3
2018/19.....	6.3	10.3
2019/20.....	37.2	53.0
2020/21.....	21.7	41.1
2021/22.....	8.3	32.0
2022/23.....	<u>8.3</u>	<u>17.6</u>
Total .....	<u>94.5</u>	<u>181.8</u>

The Group's portfolio of bonds distributed on issuer at 30 September 2015 – at a fair value totalling DKK 153.2 million – is specified as follows:

	<u>DKK million</u>		<u>DKK million</u>
Icahn Enterprises LP.	11.8	Flextronics Intl.	6.7
Lukoil Intl.	10.5	Calfrac Well Services Ltd.	6.6
Lexmark International Inc.	10.4	CGG Veritas	6.5
Allegheny Technologies Inc.	10.3	Superior Energy Services HC.	6.3
Vedanta Resources PLC.	9.3	Raiffeisen Bank Intl.	5.2
Barrick Gold Corp.	9.2	Stone Energy Corp.	5.2
International Game Technology PLC.	8.6	AngloGold Ashanti Ltd.	4.8
Seadrill Ltd.	8.3	Coeur Mining Inc.	4.0
Aker ASA	7.9	Cliffs Resources	3.9
Noble Group Ltd.	7.8	Primorsk Int. Shipping Ltd.	2.1
Bon-Ton Stores Inc.	7.8		

The Group's portfolio of bonds distributed on issuer at 30 September 2016 – at a fair value totalling DKK 77.1 million – is specified as follows:

	<u>DKK million</u>		<u>DKK million</u>
Allegheny Technologies Inc.	10.8	SESI LLC	6.3
Vedanta Resources PLC.	10.6	Stone Energy Corp.	4.8
Noble Group Ltd.	9.5	Icahn Enterprises LP.	4.1
Cliffs Resources	9.0	Seadrill Ltd.	3.8
Aker ASA	8.6	Bon-Ton Stores Inc.	2.7
Calfrac Well Services Ltd.	6.9		

The portfolio of bonds is as follows:

	2015/16		2014/15	
	<u>DKK million</u>	<u>% of portfolio</u>	<u>DKK million</u>	<u>% of portfolio</u>
Corporate bonds .....	<u>77.1</u>	<u>100.0%</u>	<u>153.2</u>	<u>100.0%</u>

The portfolio of bonds is distributed on 11 (21) issuers with an average amount per issuer of DKK 7.0 million (DKK 7.3 million).

The portfolio of bonds is distributed on the following currencies:

	2015/16		2014/15	
	<u>DKK million</u>	<u>% of portfolio</u>	<u>DKK million</u>	<u>% of portfolio</u>
USD.....	68.5	88.8%	137.9	90.0%
EUR.....	0.0	0.0%	5.2	3.4%
NOK.....	<u>8.6</u>	<u>11.2%</u>	<u>10.1</u>	<u>6.6%</u>
	<u>77.1</u>	<u>100.0%</u>	<u>153.2</u>	<u>100.0%</u>

After the balance sheet date and until 7 December 2016, the Group has realised a gain on bonds of DKK 2.2 million and positive fair value adjustments of DKK 2.3 million, corresponding to a total gain of DKK 4.5 million. The fair value adjustments and gains include an exchange gain of DKK 2.7 million, which has by and large been hedged with regard to currency fluctuations. The portfolio of bonds has been reduced to DKK 45.5 million at 7 December 2016.

The Group's portfolio of bonds will be further reduced in the coming year.

### Investment properties

The Group's balance sheet includes 5 (5) rental properties with a fair value of DKK 182.3 million (DKK 180.5 million).

The total return on investment properties for the financial year is specified as follows:

	2015/16	2014/15
	<u>DKK million</u>	<u>DKK million</u>
Rental income.....	14.0	14.3
Fair value adjustment .....	-2.1	0.4
Direct expenses, investment properties.....	<u>4.8</u>	<u>5.3</u>
	<u>7.1</u>	<u>9.4</u>

As to the Group's total portfolio of rental properties, which comprises approx. 34,017 m<sup>2</sup> (approx. 34,017 m<sup>2</sup>), it can be stated that at 1 October 2016 the lease rate in m<sup>2</sup> is 82.9% (85.5%). In the financial year, the Group has had average floorage vacancy of 15.4% (14.5%), corresponding to lost rental income of approx. DKK 2.7 million (DKK 2.6 million). Calculation of lost rental income compared with obtainable rental income shows an average rental vacancy of approx. 17.1% (15.8%).



The fair value of the Group's property portfolio corresponds to a yield of 7.3% (7.4%) calculated as expected rental income at full lease less expected operating expenses.

Fair value adjustment of properties has been recognised at DKK -2.1 million (DKK 0.4 million).

The Group's portfolio of investment properties is distributed on the following types as at 30 September 2015:

	<u>DKK million</u>	<u>Yield range</u>
Office/shop/residential.....	21.7	7.00%
Warehouse/production/office.....	<u>158.8</u>	<u>6.75 - 8.25%</u>
Total.....	<u>180.5</u>	<u>6.75 - 8.25%</u>

The Group's portfolio of rental properties is distributed on the following types as at 30 September 2016:

	<u>DKK million</u>	<u>Yield range</u>
Office/shop/residential.....	23.0	6.75%
Warehouse/production/office.....	<u>159.3</u>	<u>6.50 - 8.00%</u>
Total.....	<u>182.3</u>	<u>6.50 - 8.00%</u>

The Group expects a small reduction of the property portfolio in the coming years.

### **Properties acquired for the purpose of resale**

Properties acquired for the purpose of resale, DKK 8.7 million (DKK 12.6 million), comprise 2 (3) properties taken over to secure loans granted by the Group. The properties are distributed with DKK 8.7 million (DKK 11.8 million) on business-related properties and DKK 0.0 million (DKK 0.8 million) on residential properties.

Loss on the sale of properties acquired for the purpose of resale for the financial year amounts to kDKK 11.0 (DKK 0.5 million). After set-off of provision for loss and reversed provision for loss on properties acquired for the purpose of resale, DKK -0.3 million (DKK 1.8 million), the net loss on properties acquired for the purpose of resale amounts to DKK -0.3 million (DKK 2.3 million), which is recognised in the item net loss/gain and direct expenses.

### **Shares**

The Group's portfolio of shares consists of one share issuer – Team Tankers Intl. At 30 September 2016, the fair value amounts to DKK 1.7 million (DKK 1.8 million), and fair value adjustment for the financial year amounts to DKK -0.1 million (DKK -0.1 million).

The shares were received in connection with a reconstruction of a bond issuer where the Group's portfolio of bonds was converted into shares.

To the extent that corporate bonds in the Group's portfolio are converted into shares, the Supervisory Board has granted authorisation to maintain the ownership of the listed or unlisted shares for a period until the shares can be sold at a value which, in the opinion of the Parent Company, reflects the actual value of the share. Thus, the authorisation is not an authorisation to buy shares and build up a share portfolio.

The shares are expected to be sold when they have a value which, in the opinion of the Parent Company, reflects the actual value of the share.

Pursuant to the Danish Act on Alternative Investment Fund Managers, the Danish Financial Supervisory Authority has granted the Parent Company an exemption in respect of being permitted to manage shares received in connection with a corporate bond in the portfolio being wholly or partly converted into shares.

### Financing and debt

The fair value of the Group's short-term debt to credit institutions amounts to DKK 396.4 million (DKK 449.5 million). After conversion by means of matching forward contracts, the debt is distributed as follows:

<u>Currency</u>	<u>2015/16</u>	<u>2014/15</u>
DKK.....	79.24%	52.33%
USD.....	18.34%	34.24%
EUR.....	0.00%	11.10%
NOK.....	<u>2.42%</u>	<u>2.33%</u>
	<u>100.00%</u>	<u>100.00%</u>

Part of the loans in DKK has been converted into USD with currency swaps for hedging of assets in USD. The effect of this is included in the above currency distribution.

Fair value adjustments for the year of loans in foreign currencies amount to DKK -1.9 million (DKK -21.1 million).

The Company has pegged the interest rate on DKK 150.0 million (DKK 150.0 million) through DKK interest swaps with a remaining term of up to approx. 9 years. Fair value adjustment of interest swaps for the financial year is a negative DKK 5.3 million (DKK -1.3 million).

The total fair value adjustment of interest swaps with credit institutions amounts to DKK 7.4 million.

The net movement for the year deriving from exchange adjustments of foreign loans, forward contracts, securities, etc is a positive DKK 0.1 million (DKK -5.8 million). Financing in foreign currencies is primarily used with a view to hedging assets in foreign currencies.

In view of the fact that a considerable part of the Group's assets is placed in foreign currencies, it can be stated that the Group's total currency exposure in respect of assets and liabilities is distributed as follows:

<u>Currency</u>	<u>30 September 2016</u>		<u>30 September 2015</u>	
	<u>Assets %</u>	<u>Liabilities %</u>	<u>Assets %</u>	<u>Liabilities %</u>
DKK	90.74%	90.52%	82.76%	76.55%
EUR	0.00%	0.00%	0.58%	5.48%
NOK	1.19%	1.11%	1.30%	1.14%
USD	<u>8.07%</u>	<u>8.37%</u>	<u>15.36%</u>	<u>16.83%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

### Mortgage credit loans, investment properties

The fair value of the Group's debt to mortgage credit institutes amounts to DKK 79.1 million (DKK 82.5 million).

Fair value adjustment of mortgage credit institutes amounts to DKK -1.0 million (DKK -1.3 million).

The Group has pegged the interest rate on DKK 41.8 million (DKK 44.0 million) through interest swaps with a duration of up to 11 years; fair value adjustment of interest swaps for mortgage credit loans for the financial year is a negative DKK -1.2 million (DKK -0.4 million).

The total fair value adjustment of interest swaps with mortgage credit institutes amounts to DKK 7.2 million.

### Cash flows and liquidity

Cash flows from the Group's operating activities amount to DKK 32.9 million (DKK 41.6 million). In 2015/16, cash flows from operating activities were affected by the inflow of cash from properties acquired for the purpose of resale of DKK 3.6 million (DKK 15.5 million).

Based on the credit facilities available at the end of September 2016, the Group is able to carry through the planned activities in the coming financial year.

### Risk factors

The Group's activities are exposed to a number of risk factors, which may be divided into categories. For an elaboration of these and other factors, reference is made to the description of the Group's risk factors in note 36.

### Risk relating to equity and market values upon change of parameter

The below table shows the sensitivity of a number of significant balance sheet items at 30 September 2016 and 30 September 2015.

<u>DKK million</u>	<u>Increase in parameter</u>	<u>2015/16 Fair value</u>	<u>2015/16 Change of value</u>	<u>2014/15 Fair value</u>	<u>2014/15 Change of value</u>
Mortgage deeds	1% effective rate of interest	555.8	21.0	510.9	18.5
Bonds	1% effective rate of interest	77.1	2.0	153.2	5.3
Shares	10% change in value	1.7	0.2	1.8	0.2
Investment properties	0.5% yield requirement	182.3	11.8	180.5	11.3
Foreign currency loans	10% change in exchange rate	55.6	5.6	214.4	21.4
Securities in foreign currencies	10% change in value	77.1	7.7	153.2	15.3

It should be added that if the above parameters were to develop negatively due to an increase in interest rates, this would be counterbalanced by a certain reduction of the cash value of mortgage credit loans and other fixed-interest loans raised. A 1% change in interest rates on the part of the Company's financing which is not raised at a fixed interest rate over a multi-year period will affect the profit/loss for the year before tax by approx. DKK 2.4 million (DKK 3.2 million) on an annual basis. Similarly, a 10% change of the exchange rate on securities in foreign currencies will to a considerable extent be counterbalanced by adjustment of loans and forward contracts in foreign currencies.

### **Uncertainty relating to recognition and measurement**

In connection with the preparation of the Annual Report, Management makes a number of accounting estimates and lays down the assumptions forming the basis of the presentation, recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and assessments appear from the paragraph significant accounting estimates and assessments in note 2 to the Annual Report, description of accounting policies.

### **Dividend, repurchase of own shares and other capital issues**

Based on an overall assessment of results for the year, the development in basic earnings, the present earnings expectations and more efficient utilisation of the capital structure, etc, the Supervisory Board proposes a dividend of DKK 25.0 (DKK 20.0) per share – corresponding to DKK 25.0 million (DKK 20.0 million).

The Supervisory Board is authorised to let the Company acquire own shares for up to a nominal amount of DKK 10.0 million. The acquisition must take place at prices which do not deviate more than +/- 10% from the official price for the Company's shares quoted on Nasdaq Copenhagen A/S at the time of the acquisition. The authorisation was granted at the Annual General Meeting on 30 January 2015 and applies for 5 years.

During the financial year, no repurchases were made under the scheme for repurchase of own shares, and the Company holds no own shares at present.

### **Future prospects and post balance sheet events**

At present, basic earnings of approx. DKK 24.0 million are expected for the coming year. Fair value adjustments and realised losses and gains on bonds, foreign currencies and interest swaps, etc are not included in basic earnings and will at 7 December 2016 affect results for the year before tax by DKK 4.8 million.

The expectations for the future, including expectations relating to basic earnings, fair value adjustments and losses/gains on securities, are subject to risks and uncertainties and may be affected by factors such as global economic conditions, including credit market, interest rate and foreign exchange developments. Thus, the actual development and actual results might differ significantly from the expectations in the Annual Report.

The Company publishes the expected level of basic earnings for the year in its Annual Report and Interim Reports. The earnings expectations are not specified in detail as the yield on fixed asset investments changes on a daily basis, which means that the earnings expectations differ from the actual expectations already at the time of publication.

### **Alternative investment fund manager**

Investeringsselskabet Luxor A/S is permitted to carry on management activities as an alternative investment fund manager according to section 6 (1) of the Danish Act on Alternative Investment Fund Managers etc.

Pursuant to the Danish Act on Alternative Investment Fund Managers, the Parent Company is permitted to invest in mortgage deeds, bonds and properties, and has been granted an exemption by the Danish Financial Supervisory Authority according to section 15 of the Act in respect of also being permitted to manage shares received in connection with a corporate bond in the portfolio being wholly or partly converted into shares.

In the information to the investors pursuant to the Danish Act on Alternative Investment Fund Managers, the only significant change is that the individual bond issuer may not constitute more than 4% (3.5%) of the Company's equity. Apart from this, there have been no significant changes in the Parent Company's information to the investors.

The Company's shares are listed on Nasdaq Copenhagen A/S, and therefore the Company's shares cannot be redeemed; consequently, the market value of the share may differ from the net asset value of the Company.

Information to the investors can be read on [www.luxor.dk](http://www.luxor.dk) under Investor information.

### **Reporting on corporate social responsibility, human rights and environmental and climatic impacts**

Investeringsselskabet Luxor A/S has no policy on corporate social responsibility including human rights and environmental and climatic impacts.

### **Intellectual capital resources**

The Group's future development depends on its ability also in future to retain and attract qualified employees for the performance of the Group's main activities.

### **Capital**

Information the purpose of which is to promote the sale of the Company's shares is included partly in note 24 and partly in continuation of the Company's statement of Corporate Governance on the Company's website under Investor information.

### **Corporate Governance**

In May 2013 (revised November 2014), the Committee on Corporate Governance issued updated recommendations on Corporate Governance based on the "comply or explain" principle. In the opinion of the Supervisory Board, the Management of Investeringsselskabet Luxor A/S complies with the most significant recommendations in the Corporate Governance report.

The Company's recommendations on Corporate Governance were updated on 19 December 2016.

Investeringsselskabet Luxor A/S has chosen a different practice in the following areas:

- The Company has no policy on corporate social responsibility including human rights and climatic impact. However, in the investment process etc, the Company attaches importance to investing in enterprises which run their business in a socially responsible way.
- The Company publishes Interim Reports in Danish and English; the Annual Report is published in Danish, and an extract of the Annual Report is published in English. The English version is published shortly after the publication of the Danish version. Other announcements are published in Danish only. The Company's website is in Danish.
- The Supervisory Board has not appointed a deputy chairman due to the size of the Supervisory Board.

- The Company has not published a competence description on its website, and the Company has not described the individual members' competences in the Annual Report. The Supervisory Board is composed on the basis of an overall assessment of the competence and versatility of the members.
- The Company has not stipulated any specific retirement age for the members of the supreme governing body, as the Supervisory Board is of the opinion that the members' qualifications, and not their age, are decisive for their ability to discharge their duties.
- At present, the Company has no committees, as the supreme governing body finds that a small operational Supervisory Board makes it possible for the total supreme governing body to discuss and make all significant decisions.
- The supreme governing body does not evaluate its performance based on a formal procedure. Strategic objectives and planning are followed up on a current basis. So far, this method has ensured the efficient function of the supreme governing body. The self-evaluation procedure and its outcome are not disclosed in the Annual Report.
- The Company does not evaluate the cooperation between the Executive Board and the supreme governing body based on a formal procedure. The cooperation between the parties is followed up on a current basis. This method ensures efficient cooperation.
- The Company does not publish a description of the criteria forming the basis of the balance between the individual remuneration components.
- The Annual Report does not provide an explanation of the linkage between remuneration and remuneration policy.

Investeringsselskabet Luxor A/S has prepared a complete description of the Group's Corporate Governance policy based on the recommendations of Nasdaq Copenhagen A/S. The description can be read or downloaded on <http://www.luxor.dk/investor-information/virksomhedsledelse/> under the item Shareholder information.

The Supervisory Board's description of internal controls and risk management in connection with the financial reporting process:

The Supervisory Board and the Executive Board have overall responsibility for the Group's risk management and internal controls in connection with the financial reporting, including compliance with relevant legislation and other regulation in relation to the financial reporting.

The Company has systems for risk management and internal controls in order to ensure that the internal and external financial reporting give a true and fair view without material misstatement.

Investeringsselskabet Luxor A/S has prepared a statement of Corporate Governance for the financial year 2015/16, which can be read on <http://www.luxor.dk/investor-information/virksomhedsledelse/>.

**Reporting on and target figures for the gender composition of Company Management**

The Supervisory Board of Investeringsselskabet Luxor A/S consists of three members. At present, there are no women on the Supervisory Board.

The Supervisory Board defines the competences needed by the Company and assesses on a current basis whether the composition of the Supervisory Board and the competences of its members, individually and in the aggregate, reflect the Company's requirements and needs. The assessment is made with a view to increasing value creation and ensuring the necessary new thinking combined with the wish for continuity.

In the Supervisory Board's opinion, there has been no need for adjusting the composition of the Supervisory Board, and consequently there have been no replacements of members of the Company's Supervisory Board this year.

In accordance with section 99b of the Danish Financial Statements Act, the Supervisory Board has adopted a target figure according to which the aim is to have female board members elected corresponding to at least 20% of the total Supervisory Board by 2020.

For several years, the Company has focused on diversity among its employees and in Management, including an equal distribution between men and women.

The Company's other levels of management consist of the Executive Board and the CFO; thus there is an equal distribution between men and women at the management level.

The Danish Business Authority considers a gender distribution of 40/60% to be equal, and therefore no further target figures or policies for the Company's gender composition at other levels of management are reported.





**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD**  
**1 OCTOBER 2015 - 30 SEPTEMBER 2016**

	GROUP			
	1/7 - 30/9 2016 DKK '000	1/7 - 30/9 2015 DKK '000	1/10 2015 - 30/9 2016 DKK '000	1/10 2014 - 30/9 2015 DKK '000
<b>Income</b>				
Financial income .....	15,669	12,288	53,767	45,246
Rental income .....	3,468	3,560	13,950	14,295
Other income .....	<u>0</u>	<u>3</u>	<u>0</u>	<u>360</u>
Total income .....	19,137	15,851	67,717	59,901
Net loss/gain and direct expenses .....	-1,819	-3,607	-7,610	-12,291
Direct expenses, properties .....	<u>1,261</u>	<u>1,026</u>	<u>4,786</u>	<u>5,305</u>
	16,057	11,218	55,321	42,305
Fair value adjustment of financial assets .....	3,252	-21,048	16,678	417
Fair value adjustment of investment property .....	<u>-2,121</u>	<u>400</u>	<u>-2,121</u>	<u>400</u>
<b>Total gross earnings</b> .....	17,188	-9,430	69,878	43,122
Financial expenses .....	<u>4,294</u>	<u>3,244</u>	<u>26,042</u>	<u>39,416</u>
	12,894	-12,674	43,836	3,706
Other external expenses .....	710	725	4,101	3,266
Other income and expenses .....	76	7	76	7
Staff expenses .....	2,413	2,479	10,306	10,381
Depreciation and amortisation .....	<u>104</u>	<u>66</u>	<u>434</u>	<u>253</u>
	3,151	3,263	14,765	13,893
<b>Profit/loss before tax</b> .....	9,743	-15,937	29,071	-10,187
Tax on profit/loss for the period .....	<u>2,727</u>	<u>-2,987</u>	<u>7,012</u>	<u>-1,702</u>
<b>NET PROFIT/LOSS FOR THE PERIOD</b> .....	<u>7,016</u>	<u>-12,950</u>	<u>22,059</u>	<u>-8,485</u>
EPS for A & B shares in DKK .....	7.0	-13.0	22.1	-8.5
EPS for A & B shares in DKK (diluted value) .....	7.0	-13.0	22.1	-8.5

**BALANCE SHEET AT 30 SEPTEMBER 2016**

**ASSETS**

Parent Company				Group	
2015/16	2014/15			2015/16	2014/15
DKK '000	DKK '000	Note		DKK '000	DKK '000
11,177	11,364		Domicile properties.....	11,177	11,364
<u>1,047</u>	<u>922</u>		Fixtures, fittings and equipment.....	<u>1,047</u>	<u>922</u>
<u>12,224</u>	<u>12,286</u>	17	<b>Property, plant and equipment</b> .....	<u>12,224</u>	<u>12,286</u>
<u>124,000</u>	<u>123,600</u>		Investment properties.....	<u>182,300</u>	<u>180,500</u>
<u>124,000</u>	<u>123,600</u>	18	<b>Investment properties</b> .....	<u>182,300</u>	<u>180,500</u>
75,576	78,888	16	Subsidiaries measured at fair value.....	0	0
<u>634,614</u>	<u>665,882</u>	20	Securities.....	<u>634,614</u>	<u>665,882</u>
<u>710,190</u>	<u>744,770</u>		<b>Fixed asset investments</b> .....	<u>634,614</u>	<u>665,882</u>
<u>12,761</u>	<u>17,797</u>	15	Deferred tax.....	<u>6,954</u>	<u>12,301</u>
<u>859,175</u>	<u>898,453</u>		<b>Non-current assets</b> .....	<u>836,092</u>	<u>870,969</u>
<u>8,714</u>	<u>12,622</u>	19	<b>Properties acquired for the purpose of resale</b> .....	<u>8,714</u>	<u>12,622</u>
21,493	22,317	21	Other receivables.....	21,554	22,322
0	270	15	Corporation tax receivable.....	0	270
99	0	32	Forward contracts and currency swaps.....	99	0
<u>418</u>	<u>426</u>	22	Prepayments.....	<u>499</u>	<u>506</u>
<u>22,010</u>	<u>23,013</u>		<b>Receivables</b> .....	<u>22,152</u>	<u>23,098</u>
<u>523</u>	<u>6,947</u>	23	<b>Cash at bank and in hand</b> .....	<u>1,642</u>	<u>8,852</u>
<u>31,247</u>	<u>42,582</u>		<b>Current assets</b> .....	<u>32,508</u>	<u>44,572</u>
<u><b>890,422</b></u>	<u><b>941,035</b></u>		<b>ASSETS</b> .....	<u><b>868,600</b></u>	<u><b>915,541</b></u>

**BALANCE SHEET AT 30 SEPTEMBER 2016**

**LIABILITIES AND EQUITY**

<u>Parent Company</u>				<u>Group</u>	
<u>2015/16</u>	<u>2014/15</u>			<u>2015/16</u>	<u>2014/15</u>
<u>DKK '000</u>	<u>DKK '000</u>	<u>Note</u>		<u>DKK '000</u>	<u>DKK '000</u>
100,000	100,000	24	Share capital.....	100,000	100,000
25,000	20,000	25	Proposed dividend.....	25,000	20,000
<u>231,278</u>	<u>234,224</u>		Retained earnings.....	<u>231,351</u>	<u>234,292</u>
<u>356,278</u>	<u>354,224</u>		<b>Equity</b> .....	<u>356,351</u>	<u>354,292</u>
60,775	63,056	27	Mortgage credit institutes.....	74,374	77,898
<u>13,117</u>	<u>6,778</u>	32	Forward contracts, interest swaps.....	<u>14,633</u>	<u>8,121</u>
<u>73,892</u>	<u>69,834</u>		<b>Non-current liabilities</b> .....	<u>89,007</u>	<u>86,019</u>
3,397	3,430	27	Mortgage credit institutes.....	4,588	4,595
396,442	449,525	28	Credit institutions.....	396,442	449,525
1,208	1,318		Deposits.....	2,997	3,026
41,424	45,120		Payables to subsidiaries.....	0	0
1,496	0	15	Corporation tax.....	1,496	0
15,704	16,341	30	Other payables.....	17,115	16,806
0	736	32	Forward contracts and currency swaps.....	0	736
<u>581</u>	<u>507</u>	31	Deferred income.....	<u>604</u>	<u>542</u>
<u>460,252</u>	<u>516,977</u>		<b>Current liabilities</b> .....	<u>423,242</u>	<u>475,230</u>
<u>534,144</u>	<u>586,811</u>		<b>Liabilities</b> .....	<u>512,249</u>	<u>561,249</u>
<u>890,422</u>	<u>941,035</u>		<b>LIABILITIES AND EQUITY</b> .....	<u>868,600</u>	<u>915,541</u>

**STATEMENT OF CHANGES IN EQUITY**  
**Parent Company**

	Share capital A shares DKK '000	Share capital B shares DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
<b>Equity A &amp; B shares at 1 October 2014</b> .....	<b>17,500</b>	<b>82,500</b>	<b>262,416</b>	<b>50,000</b>	<b>412,416</b>
Dividend paid .....	0	0	0	-50,000	-50,000
Proposed dividend .....	0	0	-20,000	20,000	0
Net profit/loss for the year (comprehensive income)	0	0	-8,192	0	-8,192
<b>Equity A &amp; B shares at 30 September 2015</b> .....	<b>17,500</b>	<b>82,500</b>	<b>234,224</b>	<b>20,000</b>	<b>354,224</b>
<b>Equity A &amp; B shares at 1 October 2015</b> .....	<b>17,500</b>	<b>82,500</b>	<b>234,224</b>	<b>20,000</b>	<b>354,224</b>
Dividend paid .....	0	0	0	-20,000	-20,000
Proposed dividend .....	0	0	-25,000	25,000	0
Net profit/loss for the year (comprehensive income)	0	0	22,054	0	22,054
<b>Equity A &amp; B shares at 30 September 2016</b> .....	<b>17,500</b>	<b>82,500</b>	<b>231,278</b>	<b>25,000</b>	<b>356,278</b>

According to the Articles of Association, the Company's share classes have the following rights in connection with dividend distribution:

B shareholders have the right to an interim dividend of 6% of the nominal B share capital. If the adopted dividend exceeds 6% of the nominal B share capital, the A shareholders receive up to 6% dividend of the nominal A share capital. When both A and B shareholders have received 6% dividend of the nominal amount, any remaining adopted dividend is divided between all shareholders in proportion to the nominal amount of their respective shares without any distinction between A and B shares. The right to dividend cannot be accumulated.

**STATEMENT OF CHANGES IN EQUITY**  
**Group**

	Share capital A shares DKK '000	Share capital B shares DKK '000	Retained earnings DKK '000	Proposed dividend DKK '000	Total DKK '000
<b>Equity A &amp; B shares at 1 October 2014</b> .....	<b>17,500</b>	<b>82,500</b>	<b>262,777</b>	<b>50,000</b>	<b>412,777</b>
Dividend paid .....	0	0	0	-50,000	-50,000
Proposed dividend .....	0	0	-20,000	20,000	0
Net profit/loss for the year (comprehensive income)	0	0	-8,485	0	-8,485
<b>Equity A &amp; B shares at 30 September 2015</b> .....	<b>17,500</b>	<b>82,500</b>	<b>234,292</b>	<b>20,000</b>	<b>354,292</b>
<b>Equity A &amp; B shares at 1 October 2015</b> .....	<b>17,500</b>	<b>82,500</b>	<b>234,292</b>	<b>20,000</b>	<b>354,292</b>
Dividend paid .....	0	0	0	-20,000	-20,000
Proposed dividend .....	0	0	-25,000	25,000	0
Net profit/loss for the year (comprehensive income)	0	0	22,059	0	22,059
<b>Equity A &amp; B shares at 30 September 2016</b> .....	<b>17,500</b>	<b>82,500</b>	<b>231,351</b>	<b>25,000</b>	<b>356,351</b>

**CASH FLOW STATEMENT FOR THE PERIOD 1 OCTOBER 2015 - 30 SEPTEMBER 2016**

Parent Company			Group	
2015/16 DKK '000	2014/15 DKK '000		2015/16 DKK '000	2014/15 DKK '000
		<b>Cash flows from operating activities</b>		
54,909	52,752	Interest received on mortgage deeds and bonds.....	54,909	52,752
-171	-4,024	Other financial income.....	-170	-4,024
0	0	Other income.....	0	360
10,235	10,611	Rental income.....	14,301	14,665
-16,947	-15,378	Interest payments.....	-17,559	-16,062
-20,884	-19,426	Operating expenses and other payments.....	-22,246	-21,459
3,555	14,481	Properties acquired for the purpose of resale.....	3,567	15,458
102	-53	Tax payments.....	102	-53
<b>30,799</b>	<b>38,963</b>	<b>Cash flows from operating activities.....</b>	<b>32,904</b>	<b>41,637</b>
		<b>Cash flows from investing activities</b>		
-126,517	-264,162	Additions of mortgage deeds and bonds.....	-126,517	-264,162
170,283	215,743	Disposals of mortgage deeds and bonds.....	170,283	215,743
2,060	1,140	Payments from subsidiaries.....	0	0
140	24	Deposits received.....	298	102
-372	-694	Capital investments.....	-4,293	-694
<b>45,594</b>	<b>-47,949</b>	<b>Cash flows from investing activities.....</b>	<b>39,771</b>	<b>-49,011</b>
		<b>Cash flows from financing activities</b>		
0	47,685	Raising of loans, credit institutions.....	0	47,685
-55,022	-1,638	Repayment, credit institutions.....	-55,022	-2,165
0	-2,658	Repayment, mortgage credit institutes, properties acquired for the purpose of resale.....	0	-2,658
0	53,712	Raising of loans, mortgage credit institutes.....	0	53,712
-3,372	-30,518	Repayment, mortgage credit institutes.....	-4,536	-31,656
-4,173	-1,074	Payments to subsidiaries.....	0	0
-20,000	-50,000	Dividend.....	-20,000	-50,000
-250	-31	Deposits paid.....	-327	-86
<b>-82,817</b>	<b>15,478</b>	<b>Cash flows from financing activities.....</b>	<b>-79,885</b>	<b>14,832</b>
-6,424	6,492	Net change in cash and cash equivalents.....	-7,210	7,458
6,947	455	Cash and cash equivalents, beginning of year.....	8,852	1,394
<b>523</b>	<b>6,947</b>	<b>Cash and cash equivalents, end of year.....</b>	<b>1,642</b>	<b>8,852</b>

**NOTES TO THE ANNUAL REPORT**

<u>Parent Company</u>			<u>Group</u>	
<u>2015/16</u>	<u>2014/15</u>		<u>2015/16</u>	<u>2014/15</u>
<u>DKK '000</u>	<u>DKK '000</u>		<u>DKK '000</u>	<u>DKK '000</u>
<b>3. Financial income</b>				
44,622	35,956	Mortgage deeds, interest .....	44,622	35,956
9,150	16,033	Bonds, interest.....	9,150	16,033
<u>53,772</u>	<u>51,989</u>		<u>53,772</u>	<u>51,989</u>
6,783	4,309	Capital gains, mortgage deeds.....	6,783	4,309
-17,082	-24,368	Capital gains, bonds .....	-17,082	-24,368
0	102	Capital gains, shares.....	0	102
-635	-5,245	Forward contracts.....	-635	-5,245
10,537	17,238	Exchange adjustments, securities.....	10,537	17,238
<u>391</u>	<u>1,221</u>	Other financial income.....	<u>392</u>	<u>1,221</u>
<u>53,766</u>	<u>45,246</u>		<u>53,767</u>	<u>45,246</u>
<u>53,766</u>	<u>45,246</u>	Financial income relating to assets measured at fair value in the income statement.....	<u>53,767</u>	<u>45,246</u>

Interest income on lost and impaired mortgage deeds amounts to kDKK 3,775 (kDKK 3,356) distributed as follows: kDKK 3,457 (kDKK 2,914) relating to impaired mortgage deeds and kDKK 318 (kDKK 442) relating to realised losses on mortgage deeds.

**6. Net loss/gain and direct expenses**

6,298	14,868	Realised net losses on mortgage deeds and mortgage deed receivables .....	6,298	14,868
3,725	1,394	Fair value adjustment of credit risk, mortgage deeds and mortgage deed receivables ...	3,725	1,394
23	-743	Loss/gain on sale of properties acquired for the purpose of resale .....	11	-481
330	-1,750	Provision for losses on properties acquired for the purpose of resale.....	330	-1,750
<u>3,835</u>	<u>2,321</u>	Bad debts recovered.....	<u>3,835</u>	<u>2,321</u>
-6,541	-11,448		-6,529	-11,710
863	389	Fees .....	871	398
<u>210</u>	<u>183</u>	Collection charges.....	<u>210</u>	<u>183</u>
<u>-7,614</u>	<u>-12,020</u>		<u>-7,610</u>	<u>-12,291</u>

Parent Company			Group	
2015/16 DKK '000	2014/15 DKK '000		2015/16 DKK '000	2014/15 DKK '000
<b>8. Fair value adjustment of financial assets</b>				
-315	2,066	Fair value adjustment, mortgage deeds .....	-315	2,066
17,087	-1,511	Fair value adjustment, bonds .....	17,087	-1,511
-94	-138	Fair value adjustment, shares .....	-94	-138
<u>-312</u>	<u>3,030</u>	Fair value adjustment, subsidiary .....	<u>0</u>	<u>0</u>
<u>16,366</u>	<u>3,447</u>		<u>16,678</u>	<u>417</u>

Fixed-interest mortgage deeds of a nominal amount of DKK 410.5 million have been measured at fair value on the basis of an average effective interest rate of 8.5% (8.5%).

Total fair value adjustment included in notes 3, 8 and 11, respectively:

16,366	3,447	Securities .....	16,678	417
835	-399	Forward contracts, currency swaps .....	835	-399
<u>-6,339</u>	<u>-1,673</u>	Forward contracts, interest swaps .....	<u>-6,512</u>	<u>-1,635</u>
10,862	1,375		11,001	-1,617
<u>-1,052</u>	<u>1,214</u>	Mortgage credit institutes .....	<u>-1,001</u>	<u>1,293</u>
<u>9,810</u>	<u>2,589</u>		<u>10,000</u>	<u>-324</u>

	Group	
	2015/16 DKK '000	2014/15 DKK '000
<b>10. Statement of basic earnings</b>		
Financial income .....	60,947	57,518
Rental income .....	13,950	14,295
Other income .....	0	360
Net loss/gain and direct expenses .....	-7,609	-12,291
Direct expenses, properties .....	4,786	5,305
Financial expenses .....	16,589	16,553
Other external expenses .....	4,099	3,276
Staff expenses .....	10,306	10,369
Depreciation and amortisation .....	434	252
<b>Basic earnings</b> .....	<u>31,074</u>	<u>24,127</u>

Basic earnings are calculated for the Group only.

Parent Company			Group	
2015/16 DKK '000	2014/15 DKK '000		2015/16 DKK '000	2014/15 DKK '000
<b>11. Financial expenses</b>				
12,072	12,489	Credit institutions .....	12,072	12,489
1,445	103	Interest swaps, credit institutions .....	1,445	103
5,283	1,253	Interest swaps, credit institutions, fair value adjustment .....	5,283	1,253
<u>1,939</u>	<u>21,108</u>	Exchange loss/gain on foreign loans etc, net .....	<u>1,939</u>	<u>21,108</u>
20,739	34,953		20,739	34,953
1,430	1,456	Mortgage credit institutes.....	1,800	1,916
1,009	888	Interest swaps, mortgage credit institutes .....	1,251	1,112
1,052	-1,214	Mortgage credit institutes, fair value adjustment..	1,001	-1,293
1,056	420	Interest swaps, mortgage credit institutes, fair value adjustment .....	1,229	382
1,776	1,913	Interest expenses, subsidiaries .....	0	0
0	1,409	Expenses and loss on conversion of debt to mortgage credit institutes .....	0	1,409
<u>22</u>	<u>937</u>	Other interest expenses .....	<u>22</u>	<u>937</u>
<u>27,084</u>	<u>40,762</u>		<u>26,042</u>	<u>39,416</u>
Interest expenses are specified as follows:				
12,072	12,489	Credit institutions .....	12,072	12,489
1,430	1,456	Mortgage credit institutes.....	1,800	1,916
1,776	1,913	Interest expenses, subsidiaries .....	0	0
<u>22</u>	<u>937</u>	Other interest expenses .....	<u>22</u>	<u>937</u>
<u>15,300</u>	<u>16,795</u>		<u>13,894</u>	<u>15,342</u>
<u>26,801</u>	<u>40,473</u>	Financial expenses on debt measured at fair value in the income statement.....	<u>25,759</u>	<u>39,127</u>
<u>283</u>	<u>289</u>	Financial expenses on debt measured at amortised value .....	<u>283</u>	<u>289</u>

The average effective interest rate for the year is 3.21% (3.11%) based on total average financial expenses in the Group.