

# Diego HC A/S

Plutovej 3, DK-8700 Horsens

CVR no. 36 45 97 43

## Financial statements for the period 1 December 2014 - 31 December 2015

Approved at the Company's annual general meeting on 31 May 2016

Chairman



Peter Ahlers Sørensen

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### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Diego HC A/S for the financial period 1 December 2014 - 31 December 2015.


The annual report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial period 1 December 2014 - 31 December 2015.

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

We recommend that the annual report be approved at the annual general meeting.

Horsens, 31 May 2016  
Executive Board:

  
Peter Baringgaard  
CEO

Board of Directors:

  
Tore Thorstensen  
Chairman

  
Mads Munkholt Ditlevsen  
Vice chairman

  
Lars Erik Jensen

  
Matthew John Russell

  
Aschenbrenner

  
Jørgensen

## Independent auditors' report

To the shareholders of Diego HC A/S

### Independent auditors' report on the financial statements and the parent company financial statements

We have audited the financial statements of Diego HC A/S for the financial period 1 December 2014 - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the company. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

### *Management's responsibility for the financial statements and the parent company financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of the company's operations and cash flows for the financial period 1 December 2014 - 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

## Independent auditors' report

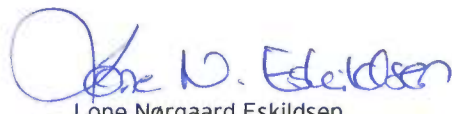
### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Aarhus, 31 May 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Steen Skorstengaard  
State Authorised  
Public Accountant



Lone Nørgaard Eskildsen  
State Authorised  
Public Accountant

## Management's review

### The Group's key activities

The Group's primary activities include the construction and sale of houses, primarily single-family houses at the customers own account in Denmark, Sweden and Germany.

### Group structure and new owner

Diego HC A/S was established in December 2014 and without significant activities until 18 August 2015, where the Company acquired HusCompagniet Group, by taking over the shares in HC TopCo A/S.

As the closing date was 18 August 2015, Diego HC TopCo A/S, presented financial statements for the four-month period 1 September 2015 - 31 December 2015. A purchase price allocation has been made into the relevant assets, just as the depreciation policy has been determined for the various assets. Goodwill is allocated into the relevant CGUs, which are determined to be country level.

In this review we have primarily commented on the operational elements in HusCompagniet Group and on a full year perspective, despite that Diego HC TopCo only has been the owner of the HusCompagniet group for the four-month period.

### Development in activities and business conditions

#### *Development of the market in 2015*

In recent years, the building industry in the countries in which the Group is represented has been affected by the global crisis. This worsened the housing market conditions as banks and mortgage credit institutions tightened the lending requirements while house buyers became more cautious. HusCompagniet has in this period maintained its position in Denmark as the largest constructor of single-family houses.

HusCompagniet notes that the Danish market for single-family houses showed a moderate growth in 2015 compared to 2014 but the market remains low after the financial crisis. The markets in Germany and Sweden for 2015 are estimated to be in line with 2014.

#### *Development of the business in 2015*

As in recent years, 2015 showed continued progress. The Group handed over 1,151 houses compared to 1,010 houses in 2014, and revenue totalled DKK 2,228 million compared to DKK 1,775 million in 2014, an increase of DKK 453 million, corresponding to 26% for the full year 2015.

For the four month period 1 September - 31 December the revenue totalled DKK 892 million and the Group generated an operating profit before depreciation and amortisation, interest and special items in 2015 (EBITDA) of DKK 87 million in accordance with IFRS accounting policies, which is considered satisfactory.

For the four month period 1 September - 31 December 2015, the Company incurred non-recurring special costs of DKK 17 million, which are deemed to be extraordinary costs. The costs are directly or indirectly related to the acquisition of HC TopCo A/S by Diego HC A/S (EQT VI), primarily organisational costs and advisory services costs.

The profit for 2015 showed a positive cash flow from operations of DKK 279 million for the four month period 1 September - 31 December.

## Management's review

In 2012, HusCompagniet established a branch in Handewitt, Germany. The expansion in Germany continued in 2014 and another branch was established in Neumünster, which is the Group's largest branch. In 2015, yet another branch was opened in Hamburg, and the Group now has three branches in Germany.

There is considerable interest for HusCompagniet's houses in Germany and long-term prospects are promising. In 2015, sales in Germany showed an upward trend and the level is satisfactory.

In Sweden, the Group is still working from the branches in Malmö and Gothenburg. Focus on the market surrounding Gothenburg has been intensified, and the Group expects this branch to make a higher contribution to growth in Sweden.

Overall, Management considers the profit realised in 2015 satisfactory.

The Group's market share in Denmark is deemed to be 20% - 30% at present.

### *Financing*

The Company's solvency ratio is 51% and the cash balance is DKK 262 million. Furthermore, the Company has drawing rights through revolving credit facilities in the Company's bank of DKK 200 million. See "Financial risks" for more details.

As part of the financing of Diego HC's purchase of HusCompagniet group, two long-term loans with a total principal amount of DKK 900 million have been taken.

## Uncertainty of recognition and measurement

The Group's holding of land plots is valued at the lower of cost and net realisable value. In general, the land is developed by HusCompagniet before start-up of the building projects, and the individual plots are assessed individually.

## Employee relations

In 2015 new employees were hired, which has strengthened the Group's knowledge base and qualifications. During the year, capacity adjustments were made to reflect the level of activities.

Average number of employees 2014	231
Average number of employees 2015	260

In order to deliver competitive products at a fair price and of good quality, it is decisive that the Group is able to recruit and retain its employees.

## Events after the balance sheet date

No events have occurred after the balance sheet date which may materially affect the Company's financial position and thereby the assessment of the annual report.

## Expected development

In 2016, Management expects revenue to grow in line with the market. Expected earnings are still affected by the investments made and costs incurred in connection with HusCompagniet's expansion in the Swedish and German markets.

## Management's review

### Corporate governance

Diego HC TopCo's Board of Directors and Executive Board always aim at ensuring that the Group's management structure and control systems are appropriate and function satisfactorily. Management assesses on an ongoing basis whether this is the case.

Management's tasks are among other things based on the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Company's Articles of association and ethical guidelines as well as good practice for enterprises of the same size and with the same reach as HusCompagniet. Furthermore being owned by a private equity fund, the Company complies with DVCA's guidelines on responsible ownership and corporate governance. Based on this, a number of internal procedures have been developed and they are regularly updated in order to ensure an active, safe and profitable management of the Group.

### Risks

#### *General risks*

The most significant operating risk of the Company relates to general development in macroeconomics, market conditions, primarily the number of new single-family houses built.

#### *Financial risks*

Due to its operations, investments and financing, the Group is exposed to changes in interest rates. The parent company manages the Group's financial risks centrally and coordinates the Group's cash management, including new funding and placement of excess liquidity. The Group follows a finance policy approved by the Board of Directors which operates with a low risk profile; accordingly interest and credit risks only arise from commercial activities.

Management assesses on a regular basis whether the Group's capital structure is adequate.

Subsequent to EQT VI's acquisition of the Group, Diego HC A/S became the owner of HC TopCo A/S. As a part of the new ownership new interest-bearing loans have been taken in Diego HC A/S.

No changes to the Group's guidelines and procedures for management of the capital structure and the administration hereof have been made in 2015.

## Statutory report on corporate social responsibility

### *Statutory report on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act.*

Customer confidence, security and satisfaction are key issues for HusCompagniet. Operating in the building industry, HusCompagniet has to comply with various legislation and a number of rules that put high demands on the Company in all phases of the building process, ranging from the contract with the customer to working environment at the building site and from indoor climate of the house to energy consumption.

HusCompagniet supports such regulations that provide more security and satisfaction to the customers and a better working place for its employees and sub-suppliers. HusCompagniet operates within the rules and regulations in force at all times.

HusCompagniet continuously focuses on providing the best conditions for its customers' satisfaction living in the houses by using sound materials that are processed in a socially acceptable manner and ensures a healthy indoor climate.

The Company has no written policies that relate to section 99a.

## Management's review

### *Stakeholders*

HusCompagniet seeks to develop and maintain good relations with its stakeholders on an on-going basis, as such relations are assessed to have a significant and positive effect on the Group's development.

Based on this a communication policy has been made together with specific policies for various key areas such as employees and responsibility towards customers and the society in general.

The communication policy and related procedures are made to ensure that information relevant to investors, employees and authorities are available to them and made public in accordance with rules and agreements.

It is the Board of Directors' responsibility to ensure compliance and to regularly adjust the policies in accordance with the development in and around the Company.

### *Recommendations for active ownership and corporate governance for private equity funds*

In June 2011, the Danish Venture And Private Equity Association ("DVCA") issued guidelines for responsible ownership and corporate governance for private equity funds and companies controlled by them.

The recommendations contain guidelines for the description of a number of matters in the Management commentary, including corporate governance, financial risks, employee matters and strategy.

Being a company owned by a private equity fund, HusCompagniet must either follow those recommendations or explain why the recommendations are not followed in whole or in part. HusCompagniet's corporate governance, which is described above, complies in general with DVCA's recommendations except for the recommendation made according to which the annual report must include a description of the Company's revenue and earnings expectations, which only has been made to a limited extent as the Company works in a market characterised by considerable uncertainty and for competitive reasons.

### *Report on the gender composition of the management*

The target figure for the Board of Directors only includes the members elected by the annual general meeting, and consequently, employee representatives are not included.

As to the Board of Directors, the target figure previously laid down for the share of female members on the Board of Directors was 20% (corresponding to 1 person). In connection with EQT's acquisition of the HC TopCo Group, changes have been made to the ultimate Group Board of Directors, as at present there are no female members of the Board of Directors.

Other executive levels of the Group are represented by approx. 5% female managers. The aim is to have diversity in the recruitment process and to make recruitments at a high qualification level and at the same time to reflect the society which we are a part of.

The target remains 10% female employees at key positions. The Group considers this as an ambitious target in an industry dominated by male employees.

### **Shareholder relations**

The Board of Directors assesses on an on-going basis whether the Company's capital structure is in accordance with the Company's and its partners' interests. The overall aim is to ensure a capital structure which supports a long-term profitable growth.

Diego HC TopCo A/S' share capital is divided into three share classes. A shares that carry no voting rights, B shares that carry 10 votes per share and C shares that carry one vote per share.

## Management's review

A shares have preferential rights of distribution, corresponding to a maximum of 9% p.a. (incl. compound interest). B shares and C shares receive the amount remaining after the A shares' preferential right.

EQT exercises control over the Company. EQT VI is represented on the Board of Directors through the board member, Andreas Aschenbrenner and Mads Ditlevsen. Moreover, EQT has appointed Tore Thorstensen (Chairman), Allan Jørgensen, Matthew Russell and Jan Buck-Emden for the Board of Directors.

### The Board of Directors' role and responsibilities

The Boards of Directors of Diego HC TopCo A/S and its subsidiaries ensure that the Executive Boards comply with the Boards of Directors' aims, strategies and business procedures. Information from the Executive Boards of the individual companies is given systematically at meetings and through written and oral reporting. This reporting e.g. comprises the development in the Company's surroundings, the Company's development and profitability and the financial position.

The Board of Directors of Diego HC TopCo A/S holds meetings according to a fixed schedule at least six times a year. Usually one strategy seminar is held once a year during which the Company's vision, goals and strategy are settled. In the period between the ordinary meetings of the Board of Directors, the Board of Directors receive, on a regular basis, written information on the Company's and the Group's financial position, and extraordinary meetings are held if required.

The Board of Directors may set up a committee for special assignments. An audit committee has been set up to attend to accounting and audit assignments on a regular basis.

### Management remuneration

In order to attract and maintain the Group's managerial qualifications, the members of the Executive Board and executive employees' remuneration is set according to tasks, value created and terms in comparable companies. Remuneration includes incentive programmes which should ensure shared interest of the Company's Management and the shareholders as the schemes consider both short-term as well as long-term goals.

In addition to the usual performance-related bonus scheme, certain employees of the Group take part in the Group's share investment programme. Remuneration of the Board of Directors and the Executive Board is disclosed in a note to the annual report. Some of the members of the Board of Directors of Diego HC TopCo A/S take part in the Company's share investment programme.

### The Board of Directors' direct shareholdings (as a Group)

At the end of 2015, members of the Board of Directors held 77,460 shares in Diego HC TopCo A/S, corresponding to 0.54% of the total share capital.

## Management review

### Corporate information

Registered office	Diego HC A/S Plutovej 3 DK-8700 Horsens
CVR no. Financial year	36 45 97 43 1 December 2014 - 31 December 2015
Webpage	<a href="http://www.huscompagniet.dk">www.huscompagniet.dk</a>
Board of directors	Tore Thorstensen, Chairman Mads Munkholt Ditlevsen, Vice chairman Matthew John Russell Jan Buck-Emden Andreas Karl Aschenbrenner Allan Lindhard Jørgensen
Executive board	Steffen Martin Baungaard, CEO
Bank	Nordea Bank Danmark A/S SEB Bank Nykredit Bank
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C

## Management review

### Key figures

DKK'm	2015 13 months
Revenue	0
Gross profit	0
Operating profit before depreciation and special items (EBITDA)	0
Operating profit	-12
Financial items	-16
Net profit	15
Total assets	2,342
Equity	1,450
Cash flow from operating activities before interest and tax	72
Cash flow from operating activities	24

## Financial statements 1 December 2014 - 31 December 2015

### Income statement for the period ended 31 December

Notes	DKK'000	2015
	Revenue	0
6	Staff costs	-163
	Other operating expenses	-33
	<b>Operating profit before depreciation and amortisation and special items (EBITDA before special items)</b>	<b>-196</b>
	Depreciation and amortization	0
7	Special items, net	-11,406
	<b>Operating profit</b>	<b>-11,602</b>
	Share of result in subsidiary companies after tax	38,475
8	Finance costs	-16,357
	Finance income	0
	<b>Profit before tax</b>	<b>10,516</b>
9	Incomes tax	4,205
	<b>Profit for the year</b>	<b>14,721</b>
	 <b>Profit for the year</b> Attributable to Equity holders of the parent	 <b>14,721</b>

### Statement of other comprehensive income for the period ended 31 December

Notes	DKK'000	2015
	<b>Profit for the year</b>	<b>14,721</b>
	<b>Other comprehensive income</b> Interest of hedge (net of tax, nil)	 113
	<b>Other comprehensive income</b>	<b>113</b>
	<b>Total comprehensive income for the year, net of tax</b>	<b>14,834</b>
	 <b>Total comprehensive income attributable to:</b> Equity holders of the parent	 <b>14,834</b>
	<b>Total comprehensive income for the year, net of tax</b>	<b>14,834</b>

## Financial statements 1 December 2014 - 31 December 2015

### Financial position as at 31 December

Notes	DKK'000	2015
	<b>Assets</b>	
	<b>Non-current assets</b>	
	Deferred tax assets	280
10	Investments in subsidiaries	2,315,491
	<b>Total non-current assets</b>	2,315,771
	<b>Current assets</b>	
	Income tax receivable	3,925
	Trade and other receivables	112
	Cash	22,154
	<b>Total current assets</b>	26,191
	<b>Total assets</b>	2,341,962
	<b>Equity and liabilities</b>	
	<b>Equity</b>	
11	Issued capital	14,356
	Other capital reserves	38,588
	Share premium	1,421,236
	Retained earnings	-23,754
	<b>Total equity</b>	1,450,426
	<b>Non-current liabilities</b>	
12	Interest-bearing long term debt	867,934
	<b>Total non-current liabilities</b>	867,934
	<b>Current liabilities</b>	
	Trade and other payables	23,602
	<b>Total current liabilities</b>	23,602
	<b>Total liabilities</b>	891,536
	<b>Total equity and liabilities</b>	2,341,962

## Financial statements 1 December 2014 - 31 December 2015

### Statement of cash flows for the period ended 31 December

Notes	DKK'000	2015
	<b>Operating activities</b>	
	Profit before tax	10,516
15	Other adjustments	37,995
	<b>Working capital adjustments:</b>	
	Increase in trade and other receivables	-112
	Increase in trade and other payables	23,602
	<b>Net cash flows from operating activities before interest and tax</b>	72,001
	Interest paid	-16,357
	Borrowing cost paid	-32,066
	Income tax paid	0
	<b>Net cash flows from operating activities</b>	23,578
	<b>Investing activities</b>	
	Purchase of financial fixed assets	-2,337,016
	<b>Net cash flows used in investing activities</b>	-2,337,016
	<b>Financing activities</b>	
	Proceeds from long term debt obligation	900,000
	Capital injections from equity partners	1,435,542
	<b>Net cash flows from financing activities</b>	2,335,542
	Net increase in cash	22,104
	Cash 1 December 2014	50
	<b>Cash at 31 December</b>	22,154

## Financial statements 1 December 2014 - 31 December 2015

### Statement of changes in equity

for the period ended 31 December

DKK'000	Issued capital	Retained earnings	Share premium	Interest hedge	Reserve for net revaluation according to the equity method	Total equity
As at 1 December 2014	50	-	-	-	-	50
<i>Comprehensive income for the year</i>						
Profit for the year	-	14,721	-	-	-	14,721
Other comprehensive income	-	-	-	113	-	113
Reserve for net revaluation according to equity method	-	-38,475	-	-	38,475	0
<b>Total comprehensive income</b>	<b>0</b>	<b>-23,754</b>	<b>0</b>	<b>113</b>	<b>38,475</b>	<b>14,834</b>
<i>Transactions with owners of the company</i>						
Capital injection	14,806	-	1,421,236	-	-	1,436,042
Capital reduction	-500	-	-	-	-	-500
Dividends	-	-	-	-	-	0
<b>Total transactions with owners of the company</b>	<b>14,306</b>	<b>0</b>	<b>1,421,236</b>	<b>0</b>	<b>0</b>	<b>1,435,542</b>
<b>At 31 December 2015</b>	<b>14,356</b>	<b>-23,754</b>	<b>1,421,236</b>	<b>113</b>	<b>38,475</b>	<b>1,450,426</b>

## Financial statements 1 December 2014 - 31 December 2015

### Notes

#### Notes to the financial statements

Note

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## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

#### 1 Corporate information

The financial statements of Diego HC A/S and its subsidiaries (collectively, the Group) for the period ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 May 2016. Diego HC A/S (the Company) is a limited company incorporated and domiciled in Denmark. The registered office is located at Plutovej 3, 8700 Horsens.

The Group is principally engaged in construction and sale of single-family-houses in Denmark, Sweden and Germany.

#### 2 Basis of preparation

These separate financial statements are the first financial statements prepared by the Company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The separate financial statements are expressed in DKK, as this the Company's functional and presentation currency. All values are rounded to the nearest thousand DKK'000 where indicated.

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

##### *Applied materiality*

The financial statements are a result of processing large numbers of transactions and aggregating those into classes according to their nature or function. The aggregated transactions are presented in classes of similar items in the consolidated financial statements. Line items not individually material are aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

IFRS disclosure requirements are substantial. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the financial decision-making of the users of these financial statements and otherwise not warranted or not applicable.

#### 3 Summary of significant accounting policies

##### *Investments in subsidiaries*

The Company's investments in its subsidiaries are accounted for using the equity method.

Under the equity method, the investments in subsidiaries are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Company's share of the results of operations of the subsidiary. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the subsidiary, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the subsidiaries are eliminated to the extent of the interest in the subsidiary.

The aggregate of the Company's share of profit or loss of a subsidiary is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognises the loss as 'Share of profit of a subsidiary' in the statement of profit or loss.

#### *Special items*

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

Special items also include items, that by nature are non-recurring, specifically impairment of goodwill, gains and losses on the disposal of activities and transaction cost in a business combination.

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

#### *Financial items*

Financial income and expenses comprise interest income and expenses, cost of permanent loan facilities, gains and losses on securities, receivables, payables, and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, etc.

#### *Income taxes*

##### *Current income tax*

The company is jointly taxed with all Danish subsidiaries. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit (loss) for the year is recognized in the income statement, and the tax expense relating to amounts recognized in other comprehensive income is recognized in other comprehensive income.

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

##### **Deferred tax**

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

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

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

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

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

#### *Financial instruments*

##### *Financial assets*

Initial recognition and measurement

Financial assets are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

##### *Financial liabilities*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities comprise other payables, which primarily consist of staff-related costs not due for payment.

##### *Cash and short-term deposits*

Cash and short-term deposits comprise cash at banks and on hand and demand deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

#### **4 Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and the accompanying notes. These estimates are based on historical experiences, other relevant information available at the reporting date and expectation of future events that are believed to be reasonable under the circumstances and as such, actual results could differ from those estimates.

In the process of applying the Company's accounting policies, management has made estimates and assumptions related to the following, all reflected in the Company's investments in subsidiary companies:

##### *Percentage-of-completion profit recognition*

A fundamental condition for being able to estimate percentage-of-completion profit recognition is that project revenues and project costs can be established reliably. This reliability is based on such factors as compliance with the Group's systems for project control and that project management has the necessary skills.

The assessment of project revenues and project costs is based on a number of estimates and assessments that depend on the experience and knowledge of project management in respect of project control, training and the prior management of projects. There is a risk that the final result will differ from the profit accrued based on percentage-of-completion. At year-end, recognized revenues amounted to DKK 391 million.

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

#### *Valuation of goodwill*

Goodwill is measured at the lower of cost and recoverable amount. Goodwill in the Group is valued at DKK 1,841 million. Several assumptions and estimations are made concerning future conditions, which are taken into account when calculating the discounted cash flow upon which the estimated recoverable amount has been based. Important assumptions include expected growth, margins and the weighted average cost of capital. If these assumptions change, the value of the remaining goodwill could be affected, refer to Note 10 Investments in subsidiary companies, for information on the assumptions and estimations made.

#### *Guarantee commitments*

At year-end, the guarantee provision amounted to DKK 23 million. Provisions for future costs due to guarantee commitments are recognized at the amount expected to be required to settle the commitment on the balance-sheet date. This estimate is based on calculations, assessments by company management and experiences gained from past transactions.

#### *Guarantee obligations, legal disputes, etc.*

Within the framework of its regular business operations, The Group occasionally becomes a party to legal disputes. In such cases, an assessment is made of the Group's obligations and the probability of a negative outcome for the Group. The Group's assessment is made on the basis of the information and knowledge currently possessed by the company. In some cases, these are difficult assessments and the final outcome could differ from the estimation made.

### 5 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are as follows: IFRS 9, IFRS 14, IFRS 15, IFRS 16, amendments to IFRS 11, amendments to IAS 16 and IAS 38, amendments to IFRS 10 and IAS 28, annual improvements to 2012-2014 cycle, amendments to IAS 1 and amendments to IFRS 10, IFRS 12 and IAS 28.

In the opinion of the management, all new standards and interpretations will not materially impact recognition and measurement of assets and liabilities in annual reports in the coming financial years.

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

		2015
DKK'000		
<b>6 Staff costs</b>		
Wages and salaries		163
Pensions		0
Other social security costs		0
Other staff costs		0
Costs in connection with the acquisition (sale/buy)		0
		163
Number of employees		0

#### Remuneration to the Executive Group Management Board

The company has not incurred costs for executive management in 2015.

#### Remuneration to the Board of Directors

Wages and salaries	163
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In 2015, Diego HC TopCo A/S and HusCompagniet A/S have issued a Management Participation programme (MPP) through which Management and selected key employees have received an opportunity to purchase shares in Diego HC TopCo A/S subject to certain market conditions.

<b>7 Special items</b>		
Cost related to restructuring of processes and fundamental structural adjustment in connection with acquisition of HusCompagniet group:		
Costs in connection with the acquisition		10,206
Other special items		1,200
		11,406

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

DKK'000	2015
<b>8 Finance costs</b>	
Interests paid to banks	13,872
Other financial cost	2,485
	16,357
<b>9 Income taxes</b>	
<b>Current tax</b>	
Income tax	-3,925
Movement in deferred tax	-280
	-4,205
Profit before tax	10,516
Tax rate, Denmark	23.5%
Tax at applicable rate	2,471
Non-taxable income	-9,042
Expenses not deductible for tax purposes	2,372
Effective change in tax rate	-7
Tax expense for the year	-4,205
Effective tax rate, %	-40.0%

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

DKK'000	2015
<b>Income taxes (continued)</b>	
<b>Deferred tax</b>	
Deferred tax 1 December 2014	0
Recognised in profit or loss	-280
Exchange differences	0
<b>Deferred tax 31 December 2015</b>	<b>-280</b>
Deferred tax is presented in the statement of financial position as follows:	
Deferred tax assets	-280
Deferred tax liabilities	0
	-280
Deferred tax related to:	
Other payables	-280
	-280

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

DKK'000	2015
<b>10 Investments in subsidiary companies</b>	
Cost at 1 December 2014	0
Additions	2,337,016
Dividends	-60,000
Cost at 31 December 2015	2,277,016
Share of result at 1 December 2014	0
Share of results	38,475
Dividends	0
Share of results at 31 December 2015	38,475
<b>Net book value</b>	2,315,491

Investment in subsidiary companies relate to investment in 100% of shares in HC TopCo A/S.

### Impairment testing

#### *Goodwill*

At 31 December 2015, Management tested the carrying amount of goodwill for impairment based on the allocation of the cost of goodwill on the cash-generating units.

DKK'm	2015
Denmark	1,761
Germany	56
Sweden	24
<b>Carrying amount 31 December 2015</b>	1,841

In each individual case, the recoverable amount is calculated as the highest of the value in use and fair value less selling costs. The below descriptions state the value on which the recoverable amount is based.

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

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

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

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

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

### Sensitivity analysis

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

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

#### 11 Equity

##### Capital Management

The primary objective of Diego HC A/S' capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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

##### Share Capital

	Issued shares	
	Number of shares	Nominal value (DKK'000)
	2015	2015
1 December 2014	50	50
Additions	14,306	14,306
<b>31 December 2015 - fully paid</b>	<b>14,356</b>	<b>14,356</b>

	DKK'000	2015
<b>12 Borrowings</b>		
Non-current liabilities		867,964
Current liabilities		0
<b>Carrying amount</b>		<b>867,964</b>
Nominal value		900,000

2015 DKK'000	Currency	Interest rate	Average interest rate	Carrying amount
<i>Long-term borrowings</i>				
Bank borrowings	DKK	Floating	3.9%	900,000
<b>Total long-term borrowings</b>			<b>3.9%</b>	<b>900,000</b>

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

#### 13 Contingent assets, contingent liabilities, collateral and leases

##### Contingent liabilities

The Company is continuously involved in minor disputes, but no significant per 31 December 2015.

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

The Company is jointly taxed with its Danish group entities and acts as Management Company. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income years 2015 and withholding taxes falling due for payment on or after 18 August 2015 in the group of jointly taxed entities.

#### 14 Related parties

Related parties include the subsidiaries in the following table:

Name	Country of incorporation	% equity interest
Die Haus-Compagnie GmbH	Germany	100%
HusCompagniet Midt- og Nordjylland A/S	Denmark	100%
HusCompagniet Sjælland A/S	Denmark	100%
HusCompagniet Fyn A/S	Denmark	100%
FM-Søkjær Entreprise A/S	Denmark	100%
HusCompagniet Sønderjylland A/S	Denmark	100%
Svenska HusCompagniet AB	Sweden	100%
HusCompagniet A/S	Denmark	100%
HC NewCo A/S	Denmark	100%
LejlighedsCompagniet A/S	Denmark	100%
HC TopCo A/S	Denmark	100%

##### *Transactions with key management personnel in 2015*

Transactions with key management personnel include transactions with companies controlled by the key management personnel. There have been no transactions with key management personnel in 2015.

##### *The ultimate Parent*

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

There were no transactions in 2015 between the Group and the ultimate parent company.

## Financial statements 1 December 2014 - 31 December 2015

### Notes to the financial statements

DKK'000	<u>2015</u>
<b>15 Other adjustments</b>	
Share of results in subsidiaries	-38,475
Dividends from subsidiaries	60,000
Non-cash financial items	16,357
Other adjustments	113
	<u>37,995</u>
<b>16 Events after the balance sheet date</b>	
No significant events have occurred subsequent to the financial year.	
<b>17 Fee to the auditors appointed by the Company in general meeting</b>	
Fee regarding statutory audit	142
Other assistance	1,186
	<u>1,328</u>