Deloitte Fonden

Weidekampsgade 6
2300 Copenhagen S
CVR No. 11718841

Annual report 01.04.2025 - 31.03.2026

Adopted at the Board of Directors' meeting on 26.06.2026

Peter Hald Appel
On behalf of the Board of Directors

Contents

This document is an unofficial translation of the Danish original. In the event of any inconsistencies the Danish version shall apply.

Entity details

Entity

Deloitte Fonden
Weidekampsgade 6
2300 Copenhagen S

Business Registration No.: 11718841
Registered office: Copenhagen
Financial year: 01.04.2025 - 31.03.2026

Statutory reports on the entity's website

Statutory report on foundation governance: https://deloittefonden.dk/god-fondsledelse/

Board of Directors

Peter Hald Appel, Chair
Elisabeth Fogtdal Nøjgaard, Deputy Chair
Jesper Jørgensen
Lars Kronow
Nidha Rizwan
Julius Damsgaard

Executive Board

John Hauschildt Ladekarl, Director

Auditors

Beierholm Godkendt Revisionspartnerselskab
Knud Højgaards Vej 9
2860 Søborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Deloitte Fonden for the financial year 01.04.2025 - 31.03.2026.

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

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31.03.2026 and of the results of its operations for the financial year 01.04.2025 - 31.03.2026.

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

The annual report is adopted accordingly.

Copenhagen, 26.06.2026

Executive Board

John Hauschildt Ladekarl
Director

Board of Directors

Peter Hald Appel
Chair

Elisabeth Fogtdal Nøjgaard
Deputy Chair

Jesper Jørgensen

Lars Kronow

Nidha Rizwan

Julius Damsgaard

Independent Auditor's Report

To the Board of Directors of Deloitte Fonden

Opinion

We have audited the financial statements of Deloitte Fonden for the financial year 01.04.2025 - 31.03.2026, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Foundation's financial position at 31.03.2026 and of the results of its operations for the financial year 01.04.2025 - 31.03.2026 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Statement on the Management Commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Copenhagen, 26.06.2026

Beierholm Godkendt Revisionspartnerselskab
CVR No. 32895468

Philip Heick-Poulsen
State-Authorised Public Accountant
Identification No (MNE) mne34280

Management commentary

Financial highlights

	2025/26 DKK'000	2024/25 DKK'000	2023/24 DKK'000	2022/23 DKK'000	2021/22 DKK'000
Key figures					
Revenue	12,723	12,445	12,187	11,616	13,149
Gross profit/loss	12,096	11,757	11,485	10,843	12,427
Operating profit/loss	10,988	10,797	10,601	9,986	10,800
Net financials	4,796	6,990	6,154	3,109	466
Profit/loss for the year	13,894	24,844	3,237	3,372	43,000
Total assets	385,454	392,161	387,549	396,480	428,782
Investments in property, plant and equipment	130	921	0	0	0
Equity	332,148	336,414	331,370	343,933	353,161
Ratios					
Gross margin (%)	95.07	94.47	94.24	93.35	94.51
EBIT margin (%)	86.36	86.76	86.99	85.97	82.14
Return on equity (%)	4.16	7.44	0.96	0.97	12.97
Equity ratio (%)	86.17	85.78	85.50	86.75	82.36

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

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

EBIT margin (%):
Operating profit/loss * 100
Revenue

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities

The primary business activities of Deloitte Fonden consist in owning and leasing out Danish properties to Deloitte Statsautoriseret Revisionspartnerselskab and other lessees.

Deloitte Fonden informs about its activities on the website Deloittefonden.dk.

Purpose

The primary purpose of the Foundation is to contribute towards the continuance of Deloitte Statsautoriseret Revisionspartnerselskab as an independent audit firm of high professional standard. If the audit firm is to continue hiring skilled and knowledgeable talents and retain them, which is considered a key requirement to attain the purpose of the Foundation, the Foundation must, in circumstances demanding this, provide support to ensure working conditions that are financially satisfactory to the talents employed by the firm, including securing their old age. In addition, part of the Foundation's resources must contribute to the vocational training of staff. Financial support under the above provisions may be granted as a gift or a loan.

The secondary purpose of the Foundation is to carry out distributions in support of scientific research, in particular, the vocational training in the fields of economics and auditing, distributions to art provided in the form of acquisition of works of art, and distributions to national charitable or otherwise non-profit purposes at the discretion of the Board of Directors.

Development in activities and finances

This year's operating profit amounted to DKK 10,988 thousand compared to an operating profit of DKK 10,797 thousand last year. This performance is in line with expectations. Profit for the year before fair value adjustments of investment properties and tax amounted to DKK 15,784 thousand against a profit of DKK 17,787 thousand last year. The reduced profit primarily results from decreased financial income.

Profit from ordinary activities, i.e. a profit without fair value adjustments of investment properties and other financial income and expenses, is considered satisfactory and as expected at the beginning of the financial year.

Consequently, profit for the year amounted to DKK 13,894 thousand compared to a profit of DKK 24,844 thousand last year. Compared to the previous year, the financial year was affected by positive, albeit modest, fair value adjustments of investment properties, mainly driven by a higher required rate of return on these properties. Additionally, the change in deferred tax has contributed negatively to the performance compared to last year.

Distributions were made of DKK 18,160 thousand in 2025/26.

Equity amounted to DKK 332,148 thousand on 31.03.2026 against DKK 336,414 thousand on 31.03.2025.

Outlook

Next year's profit before tax and fair value adjustments is expected to be in the level of DKK 16 million.

Statutory report on foundation governance

Section 60 of the Danish Act on Commercial Foundations requires the Board of Directors to consider the recommendations of the Committee on Foundation Governance under the 'Comply or Explain' principle. The Board of Directors has reviewed and considered each recommendation. The statutory report on foundation governance is available on the Foundation's website: https://deloittefonden.dk/redegoerelse-for-god-fondsledelse/.

The Board of Directors consists of:

Peter Hald Appel, lawyer with a right of audience in the Danish Supreme Court, 64 years old, partner at Gorrissen & Federspiel, joined the Board of Directors on 01.04.2020, re-elected for four years in 2024.
Peter Appel primarily engages in common business law advice, including management consultancy to clients in the shipping industry, where he represents several of the largest Danish shipping companies. As an additional area of expertise, he also covers the entire transport sector and infrastructure projects. He represents trade associations such as Danish Shipping, BIMCO, Dansk Transport og Logistik (DTL), Danish Maritime, and Global Maritime Forum. He participates in court cases, including arbitration cases. He is regularly appointed as arbitrator.
Leadership and board member experience:
Board member of A/S United Shipping & Trading Company, Bunker Holding A/S, SDK Freja A/S, Uni-Tankers A/S, Norchem A/S, Clipper Group, BIMCO Informatique A/S, and CM Biomass.
Chair of the board of directors of Fayard A/S, Fayard Holding A/S, and Deloitte Fonden.

Elisabeth Fogtdal Nøjgaard, former lawyer with a right of audience in the Danish High Court, 62 years old, joined the Board of Directors on 01.01.2021, re-elected for four years in 2024.
Managing director with leadership experience, as well as experience in business development, digitalisation, and communication.
Managing director of A/S Ole Haslunds Hus, chair of the board of directors of the Danish Academy of Creative Writing and Øregaard Museum, board member of Kristeligt Dagblad, Gads Forlag A/S, the Hirschsprung Collection, ENIGMA - Museum of Communication, Den Kongelige Formidlingsfond, A/S Ole Haslunds Hus, and the Cross Media School of Children's Fiction, as well as programme manager of the communication project 'The World Attempted Explained' at the University of Copenhagen.

Jesper Jørgensen, state-authorised public accountant, 68 years old, joined the Board of Directors on 24.10.2017, re-elected for five years in 2021.
Partner specialised in properties and football economy.

Lars Kronow, state-authorised public accountant, 58 years old, joined the Board of Directors on 29.10.2025, elected for four years in 2025.
Partner and chair of the board of directors of Deloitte Statsautoriseret Revisionspartnerselskab.
Chair of the board of directors of Holdingselskabet af 1. juni 2017 Statsautoriseret Revisionsaktieselskab and Framework Digital P/S.
Managing director of LAK 6060 Statsautoriseret Revisionspartnerselskab and Deloitte Denmark General Partner ApS.

Nidha Rizwan, Master of Law, 33 years old, joined the Board of Directors on 27.09.2021, re-elected for four years in 2024.
Senior Manager specialised in international income tax, social security contributions, and global mobility.
Board member of Deloitte Statsautoriseret Revisionspartnerselskab.

Julius Damsgaard, state-authorised public accountant, 27 years old, joined the Board of Directors on 10.03.2025, elected for four years.
Manager specialised in accounting and auditing of family-owned and private equity-owned companies and groups.
Board member of Deloitte Statsautoriseret Revisionspartnerselskab.

Statutory report on distribution policy

The Board of Directors has and will continue to focus significantly on supporting the professional and personal development of Deloitte employees. The prerequisite for retaining the most talented people at Deloitte, thus ensuring the continuation of Deloitte, is to create a framework in which individuals feel that their talent is constantly challenged, developed, and used both practically and theoretically.

In practice, the Foundation receives an application from Deloitte stating the costs incurred in support of expatriate employees, any PhD students, internal and external training courses, and similar costs incurred in the further development of Deloitte employees. The Foundation does not support courses teaching employees specific Deloitte tools or methods or training of Deloitte partners, and ensures that the application does not include costs of such nature. The Foundation also supports applications sent directly, though projects to be supported must be prioritised from a business point of view. On this basis, the Board of Directors evaluates annually whether partial financial support can be made.

The Foundation has accomplished its secondary purpose to a certain degree through its distributions to Deloitte employees who have later switched to other companies. However, the Board of Directors does not consider having a granting capacity that currently enables other kinds of distributions.

The Foundation has bought art and contributed to the purchase of art for Deloitte offices, promoting an inspiring environment for the same people who are the primary focus of the Foundation. The purchase of art will continue to be a focus area.

The Board of Directors will continuously evaluate whether the Foundation's finances allow distribution to charitable purposes.

Distributions by main category	**2025/26 DKK'000**	**2024/25 DKK'000**
Study abroad - education of individuals	1,160	1,500
PhD student support - Deloitte	2,000	0
Educational activities - Deloitte	15,000	18,300
	18,160	**19,800**

Events after the balance sheet date

Tenants of the Foundation's properties in Odense and Kolding are affected by Deloitte transferring part of its business activities to Cedra Danmark, which may change the leasing arrangements for those properties. Apart from this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2025/26

	Notes	2025/26 DKK'000	2024/25 DKK '000
Revenue		12,723	12,445
Other external expenses		(627)	(685)
Property costs		0	(3)
Gross profit/loss		**12,096**	**11,757**
Staff costs	1	(978)	(960)
Depreciation, amortisation and impairment losses	2	(130)	0
Operating profit/loss		**10,988**	**10,797**
Other financial income	3	6,414	9,027
Impairment losses on financial assets		(16)	0
Other financial expenses	4	(1,602)	(2,037)
Profit/loss before fair value adjustments and tax		**15,784**	**17,787**
Fair value adjustments of investment property		1,457	5,429
Profit/loss before tax		**17,241**	**23,216**
Tax on profit/loss for the year	5	(3,347)	1,628
Profit/loss for the year		**13,894**	**24,844**
Proposed distribution of profit and loss:			
Retained earnings		13,894	24,844
Proposed distribution of profit and loss		**13,894**	**24,844**

Balance sheet at 31.03.2026

Assets

	Notes	2025/26 DKK'000	2024/25 DKK'000
Investment property		189,632	188,174
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	6	**189,632**	**188,174**
Other investments		0	16
Financial assets	7	**0**	**16**
Fixed assets		**189,632**	**188,190**
Deferred tax	8	8,722	12,080
Other receivables	9	153,289	164,345
Income tax receivable		232	0
Prepayments	10	44	71
Receivables		**162,287**	**176,496**
Other investments	11	24,506	13,470
Other investments		**24,506**	**13,470**
Cash		**9,029**	**14,005**
Current assets		**195,822**	**203,971**
Assets		**385,454**	**392,161**

Equity and liabilities

	Notes	2025/26 DKK'000	2024/25 DKK'000
Contributed capital		50,700	50,700
Provision for distributions	12	20,000	20,000
Retained earnings		261,448	265,714
Equity		**332,148**	**336,414**
Mortgage debt		41,666	43,511
Other payables	13	6,211	6,064
Non-current liabilities other than provisions	14	**47,877**	**49,575**
Current portion of non-current liabilities other than provisions	14	1,779	1,663
Income tax payable		0	365
Other payables		1,317	1,312
Deferred income	15	2,333	2,832
Current liabilities other than provisions		**5,429**	**6,172**
Liabilities other than provisions		**53,306**	**55,747**
Equity and liabilities		**385,454**	**392,161**
Arrangements not recognised in balance sheet	16		
Assets charged and collateral	17		
Transactions with related parties	18		

Statement of changes in equity for 2025/26

	Contributed capital DKK'000	Provision for distributions DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	50,700	20,000	265,714	336,414
Ordinary distributions	0	(18,160)	0	(18,160)
Profit/loss for the year	0	18,160	(4,266)	13,894
Equity end of year	**50,700**	**20,000**	**261,448**	**332,148**

The Board of Directors has decided to keep distributions unchanged at DKK 20,000 thousand in 2026/27.

Notes

1 Staff costs

	2025/26 DKK'000	2024/25 DKK'000
Wages and salaries	974	956
Other social security costs	4	4
	978	**960**

Average number of full-time employees	**1**	**1**

	Remuneration of Management 2025/26 DKK'000	Remuneration of Management 2024/25 DKK'000
Total amount for management categories	974	956
	974	**956**

2 Depreciation, amortisation and impairment losses

	2025/26 DKK'000	2024/25 DKK'000
Impairment losses on property, plant and equipment	130	0
	130	**0**

3 Other financial income

	2025/26 DKK'000	2024/25 DKK'000
Other interest income	5,216	7,610
Fair value adjustments	418	747
Other financial income	780	670
	6,414	**9,027**

4 Other financial expenses

	2025/26 DKK'000	2024/25 DKK'000
Other interest expenses	1,420	2,032
Fair value adjustments	181	0
Other financial expenses	1	5
	1,602	**2,037**

5 Tax on profit/loss for the year

	2025/26 DKK'000	2024/25 DKK'000
Current tax	0	680
Change in deferred tax	3,358	(2,200)
Adjustment concerning previous years	(11)	(108)
	3,347	**(1,628)**

6 Property, plant and equipment

	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	158,667	3,662
Additions	0	130
Cost end of year	**158,667**	**3,792**
Depreciation and impairment losses beginning of year	0	(3,662)
Impairment losses for the year	0	(130)
Depreciation and impairment losses end of year	**0**	**(3,792)**
Fair value adjustments beginning of year	29,508	0
Fair value adjustments for the year	1,457	0
Fair value adjustments end of year	**30,965**	**0**
Carrying amount end of year	**189,632**	**0**

The Foundation's investment properties consist of three office buildings totalling 11,365 square metres, located on Funen and in Jutland. The investment properties are measured at fair value applying the yield-based model in accordance with the accounting policies.

A required rate of return in the range of 6.38-7.25% has been applied (weighted average 6.6%) (31.03.2025: 6.25-7.00%).

Uncertainty is attached to calculating the required rates of return, given that the marketability of properties is limited in the geographical areas where the Foundation's properties are located.

In addition, the following significant assumptions have been applied in measuring fair value:
- The Foundation's properties have been leased out 100% according to lease agreements with lease terms between zero and eight years.
- The Foundation's properties are measured at an average value of DKK 16,686 per square metre (2024/25: DKK 16,560 per square metre) and the average rent of the leased-out properties amounts to DKK 1,093 per square metre (2024/25: DKK 1,067 per square metre).

An external valuer has participated in the valuation of the Foundation's properties.

Other fixtures and fittings, tools and equipment comprise the Foundation's works of art, lent to Deloitte offices across the country.

7 Financial assets

	Other investments DKK'000
Cost beginning of year	16
Cost end of year	**16**
Other adjustments	(16)
Impairment losses end of year	**(16)**
Carrying amount end of year	**0**

8 Deferred tax

	2025/26 DKK'000	2024/25 DKK'000
Property, plant and equipment	(818)	(819)
Tax losses carried forward	9,540	12,899
Deferred tax	**8,722**	**12,080**

Changes during the year	2025/26 DKK'000	2024/25 DKK'000
Beginning of year	12,080	9,880
Recognised in the income statement	(3,358)	2,200
End of year	**8,722**	**12,080**

9 Other receivables

Receivables consist of loans granted following the articles of association.

10 Prepayments

Prepayments amount to DKK 44 thousand (2024/25: DKK 71 thousand). This item relates to prepaid lease expenses.

11 Other investments

In 2023/24, the Foundation invested DKK 10,000 thousand with an investment fund managed by ACM Forvaltning A/S, with the securities recorded at a fair value of DKK 10,747 thousand. This year's unrealised market value adjustment amounts to DKK 418 thousand and dividend amounts to DKK 780 thousand as mentioned in Note 3.

The Foundation has invested DKK 3,522 thousand with Nordic Investment Opportunities as mentioned in Note 16.

Additionally, the Foundation has invested DKK 10,000 thousand with Fundsmarket at Fairrente, with the investment recorded at a fair value of DKK 9,819 thousand. This year's interest income amounts to DKK 215 thousand and the unrealised market value adjustment amounts to DKK 181 thousand as mentioned in Note 4.

12 Provision for distributions

In the light of the Foundation's assets, operations, and liquidity, the Board of Directors has made a provision of DKK 20,000 thousand for future distributions during the financial year 2026/27. Please refer to the distribution policy of the Foundation.

13 Other payables

	2025/26 DKK'000	2024/25 DKK'000
Other costs payable	6,211	6,064
	6,211	**6,064**

Other costs payable comprise deposits.

14 Non-current liabilities other than provisions

	Due within 12 months 2025/26 DKK'000	Due within 12 months 2024/25 DKK'000	Due after more than 12 months 2025/26 DKK'000	Outstanding after 5 years 2025/26 DKK'000
Mortgage debt	1,779	1,663	41,666	34,119
Other payables	0	0	6,211	6,211
	1,779	**1,663**	**47,877**	**40,330**

15 Deferred income

Deferred income amounts to DKK 2,333 thousand on 31.03.2026. This item relates to rent reimbursement, which is recognised as income over the term of the lease agreement.

16 Arrangements not recognised in balance sheet

The Foundation has made an alternative investment of DKK 10,000 thousand, with DKK 800 thousand called in 2025/26. The total capital call amounts to DKK 3,522 thousand on 31.03.2026 as mentioned in Note 11. Additionally, approximately DKK 1,500 thousand is expected to be called in 2026/27.

17 Assets charged and collateral

Mortgage debt is secured by way of mortgage on one of the Foundation's properties.
The carrying amount of mortgaged properties amounts to DKK 82,485 thousand on 31.03.2026.

18 Transactions with related parties

Transactions with related undertakings

The nature of the relationship between the foundation and the related undertaking	The nature of the transaction	DKK'000
Gorrissen & Federspiel	Legal fee	8
Deloitte Statsautoriseret Revisionspartnerselskab	Management fee	315

Accounting policies

Basis for financial statements
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

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

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

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

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

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

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

Income statement
Revenue
Revenue comprises rents earned for the year.

Fair value adjustments of investment property
Fair value adjustments of investment property comprise adjustments for the financial year of the Foundation's investment properties measured at fair value at the balance sheet date, as well as gains and losses from the sale of investment properties.

Other external expenses
Other external expenses include expenses relating to the Foundation's ordinary activities, including administrative costs.

Property costs
Property costs include costs incurred to operate the Foundation's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessees.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for the Foundation's staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, and net capital gains on securities.

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

Other financial expenses
Other financial expenses comprise interest expenses, net capital losses on securities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Balance sheet

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price. The item includes works of art.

Works of art are written off in the year of acquisition.

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

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

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property.

The expected cash flows are based on the budgeted net earnings for the coming year, which are adjusted to expected normal earnings. In addition, adjustments are made for circumstances not reflected in normal earnings, e.g., major renovation projects, expected vacancy, etc.

Calculating the value in use is based on a required rate of return determined for each property on the basis of current market conditions of the property type concerned at the balance sheet date, the location of the properties, the credit quality of tenants, etc, thus assessing the required rate of return to reflect the current required rate of return of a market on similar properties.

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

Interest expenses on loans used to finance investment properties under construction are recognised in cost, provided that they relate to the construction process.

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

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

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

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

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

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

Other investments (current assets)
Other current asset investments comprise investment fund units measured at fair value.

Cash
Cash comprises bank deposits.

Distributions
Distributions that have been adopted and distributed at the balance sheet date in accordance with the purpose of the Foundation are deducted from equity through the line item provision for distributions.

Those of the Foundation's expenses which are considered distributions are deducted from its amount provided for distributions in that an amount equivalent to distributions is recognised as income.

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

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

Distributions payable that have been adopted and communicated to the beneficiary on the balance sheet date in accordance with the purpose of the Foundation but have not been paid out on the balance sheet date, are recognised as other payables in the balance sheet.

Distributions payable that are expected to be paid out within one year of the balance sheet date are recognised as current liabilities other than provisions in the balance sheet whereas distributions payable that are expected to be paid out more than one year after the balance sheet date are recognised as non-current liabilities other than provisions in the balance sheet.

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