

REALDANIA

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DEVELOPMENT AND CHANGE



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Realdania

CAVALCADE 2011 ...

JANUARY

Suburbs of the future – campaign launch

This campaign aims to bring alive visions of what suburbs of the future might look like, and how they can meet the challenges of climate change, increasing road traffic and the expansion of the elderly population.



MARCH

Inauguration of Slotfelt

The historical barn Slotfelt on the Schackenborg Estate is being restored and will become a new cultural centre for the history, art and culture of the town of Møgeltonder.



MAY

Inauguration of the beach promenade in Hjerting

The beach promenade in Hjerting was opened and is yet another attraction in the city of Esbjerg.



FEBRUARY

International principles for philanthropic work

In February 2011, Realdania officially signed the UN Principles for Responsible Investment (PRI) under The Global Compact.



APRIL

Inauguration of Han Herred Seaboats

The old coastal landing places are being re-established at Slettestrand in Jammerbugten along with a new boat building yard. In this way, the traditional boat building skills of the area and this unique cultural milieu will be preserved and passed on to others.



JUNI

Announcement on plans for the Copenhagen Indoor Arena

Realdania, CPH City and Port Development and the City of Copenhagen have joined forces to investigate the possibility of constructing a multi-arena – the Copenhagen Indoor Arena – in Ørsted Syd, Copenhagen.

JULY

Exercise, social integration and life in the streets

GAM3 and Realdania are cooperating on developing facilities for street sports for young people in socially challenged housing areas.



SEPTEMBER

Campaign launch: "Good Housing and the Good Life"

Outdoor table tennis, a fitness and exercise trail or perhaps practice rooms for the local bands in an old shopping centre... Opening our eyes to the opportunities for creating new communal facilities and well-functioning social communities is at the core of the Realdania campaign *Good Housing and the Good Life*.



NOVEMBER

Election meetings in Aalborg and Haderslev

900 people from Northern Jutland and 250 people from Southern Jutland took part in election meetings held in Aalborg and Haderslev in November. At these meetings, eleven members were elected to Realdania's Board of Representatives.



AUGUST

Thomas B. Thriges Gade – three teams move on to the next stage of the competition

In August, three teams were selected to move on to the second phase of the competition for the transformation of Thomas B. Thriges Gade in Odense from a busy thoroughfare to a many-faceted urban space.



OCTOBER

Work starts at Ribe Cathedral

In cooperation with Realdania, the Municipality of Esbjerg will transform Ribe Cathedral square into an active city space – a modern contrast to the ancient cathedral, the pride of Ribe.



DECEMBER

Topping out at The Blue Planet

There was great excitement when the developer, the architect, the engineers and the contractors gathered for the topping-out ceremony at The Blue Planet, the new Danish national aquarium which is currently under construction in Tårnby, not far from Copenhagen Airport.



PHILANTHROPY MAKES A DIFFERENCE IN TIMES OF CRISIS

BY SIGNE KIERKEGAARD CAIN

Realdania's projects create significant knowledge, thus helping to shape the development of society. According to Jesper Nygård, Chairman of the Board, philanthropy has a very special role to play in times of crisis.

Jesper Nygård often mentions the “Vimby” housing cooperative near Aarhus as one of those relatively small-scale projects that have a much broader significance. Houses have been built here for mentally disabled people, and a work community is on its way. What particularly impresses Jesper Nygård is the fact that this project is sustainable in many ways.

“The name ‘Vimby’ is shorthand for the Danish phrase, ‘Welcome to my town’, and this is quite a revolutionary message. One often meets local opposition to the building of institutions, even just a kindergarten, so the unique thing here is that some residents are actually stepping forward and saying that these mentally disabled people are welcome to live and work in their housing cooperative,” says Jesper Nygård and then goes on to expand his views: “Vimby is a very good illustration of sustainable philanthropy, in other words, a project that embraces sustainability at all levels. It is financially viable, creates greater social equality and has been built with an eye to environmental sustainability – for example, fascines are used for rainwater. This project is a model that the two thousand or so municipal councillors in Denmark can go see and be inspired by, so in this sense ‘Vimby’ is a demonstration and an example of how relatively small projects can change the world.”

Realdania is able to ensure innovation

According to Jesper Nygård, what we urgently need right now is a kind of philanthropy that can change and develop society. In a time of financial crisis with a low level of public and private investment, philanthropy can really make a difference: “The welfare society has never faced greater challenges, and this exerts considerable pressure on those of us who are running a philanthropic enterprise,” he emphasises. “In times of crisis there is more discussion than ever of the respective roles of civil society, the market and the public sphere. Realdania belongs in the civil society category: we are a non-profit organisation working for the general good, and therefore people expect us to deliver something back to society in the form of well-grounded and useful projects.”

Amongst other things, Realdania can help to ensure that there will continue to be funding for innovation in the built

environment. “Nearly all the projects we support have exemplary value; building is expensive in Denmark, and often Realdania is the catalyst, the enzyme, that ensures funding for the innovative aspect of a building project,” Jesper Nygård explains. Realdania contributes to innovation both at the level of the individual building project and at a more general level. “Innovation really begins to kick in when the innovative aspects of a project are scaled up to change people's ways of thinking. Our task is to change people's behaviour, so that the knowledge which has to be shared is not just about nuts and bolts but just as much about health, social aspects and how we can set about involving people and encouraging diversity,” stresses Jesper Nygård.

A modern philanthropist is an agent of change

Realdania has taken upon itself the role of a philanthropic enterprise which not only replies to applications and grants funding, but which is very proactive and ever ready to share its knowledge and experience. According to Jesper Nygård, this is a very important difference in comparison with more traditional philanthropists: “The traditional foundation waits for applications, which it replies to. Whereas we often give a partial grant towards the formulation of a project concept, and we help set the agenda by making calls and running campaigns, and all this helps to create new knowledge. As I see it, it's very much our responsibility that the knowledge generated by all these projects is also made available to others in the built environment,” he says.

He calls the modern philanthropist an “agent of change” – urging on the development of society, though of course in harmony with the rest of society. “Realdania has put down a very substantial footprint over the past 10-12 years. We have completed 13,000 projects, and another 600 are in progress; altogether, grants total some 10 billion Danish kroner. We are of course proud of this, but it entails considerable responsibility, and in this context cooperation with our project partners is very important. Given the kind of influence we actually have on the built environment, it's important for us to do things properly and to ensure that our partnerships are based on equality. This is all part of the idea of sustainable philanthropy,” concludes Jesper Nygård. ■

NEW HORIZONS

BY KLAUS ROTHSTEIN



Those whose means are great have great opportunities – but also a huge responsibility. Flemming Borreskov, CEO of Realdania, opens a discussion about the future of philanthropy, starting with the question of using white stripes as road markings.

“Do you know why we have white stripes as road markings?” The question is put by Realdania’s CEO, Flemming Borreskov, and he hastens to answer it himself – though at first sight it has nothing at all to do with Realdania’s mission, which is to increase the quality of life by improving the built environment. On reflection, though, it is a pertinent question:

“We have to go back to the early 1950s in Westchester County, New York. Mr. and Mrs. Van Dorr were out driving on a dark and rainy night. They noticed that with reduced visibility many drivers found it hard to stay on the correct side of the road: either they moved into the path of oncoming traffic, or they ended up on the soft shoulder. The couple then had the bright idea that white stripes along the road would increase road safety and reduce the number of road accidents. Now this Mr. John Van Dorr was not just Mr. Anybody: he was an extremely wealthy industrial chemist who as a young man had been an assistant to Thomas Edison. Later he made a fortune and set up the charitable Dorr Foundation. Well, as the authorities did not quite see eye to eye with Dorr on the question of white road markings, he decided to finance research into the topic out of his own pocket. In the course of a few years, his foundation had gathered so much convincing data that everyone agreed that white stripes should be painted along the side of roads to increase road safety.”

So what does this story have to do with the activities of Realdania? Flemming Borreskov’s point is that the anecdote about the Dorr Foundation may inspire

other philanthropic organisations to take a wider view and produce ideas and initiatives that influence the development of society. With this in mind, Flemming Borreskov emphasises that the time has come to do more than simply carry out building projects.

“In the first 10-12 years of Realdania’s existence we’ve been working very deliberately to consolidate ourselves through viable projects, but now we must take the broader view. So we’re looking at new horizons and asking ourselves: What in fact is our role in the Danish, European and global contexts? What types of cooperation should we be involved in? Can we offer analyses and arguments to help improve political decision-making? Can we do anything about those general conditions which more than ten years of working with the built environment have convinced us are inappropriate? Can we identify areas in which legislation is perhaps not good enough? In other words: can we introduce an agenda into the public and political debate that could be useful to society as a whole?”

Flemming Borreskov thinks it is time to add a new dimension to an old truism. “You know the logic behind the philanthropic dictum: ‘Give a hungry man a fish and he has food for the day; give him a fishing rod and he can feed himself for the rest of his life.’ Well, we’re now beginning to consider reforming the whole fishing industry ...”

Innovative thinking about philanthropic practice now and in the future is vital for Realdania, but Flemming Borreskov thinks that this is a challenge facing the

whole of civil society – organisations, think tanks and, not least, major foundations with the huge resources that can really make a difference:

“The way the welfare society has been shaped for the past 80 years has relied on the role of the state, while philanthropic foundations have gone their own way. Now, we have to acknowledge that public finances are under heavy pressure. We need to find new approaches, and those whose means are great have a huge responsibility, not least Realdania, which of course provides a sort of public service.”

Flemming Borreskov would like to start a new debate about the future of philanthropy in Denmark. He thinks it is time for the major Danish foundations to take the floor, so to speak, and finds inspiration for this in the USA:

“Leading American philanthropic foundations are fond of using the term Catalyst Philanthropy: foundations working as catalysts, using relatively modest means to launch a process of development and then leaving it to others to take over the long-term investments – of which the case of the Dorr Foundation and the white road markings is a model example. Here in Denmark, we need to take the offensive in the same way; we have the duty to be visible and start discussions about how funds are to be used. In the world of Danish foundations, we can’t just tiptoe along in the background; we have to take a positive and constructive approach in our contacts with the authorities, the media and the general public.” ■

International network for foundations

Realdania participates in the work of the European Foundation Centre and its sister organisation, DAPHNE, exchanging experience about such topics as the nature of philanthropic practice and the preparation of European legislation concerning foundations. Realdania is also an associate member of the American mother organisation, Council on Foundations. Read more on www.efc.be or www.cof.org

Catalytic philanthropy

Read more about catalytic philanthropy and the evaluation of philanthropic strategy on page 8.



REALDANIA AS A CATALYST

BY SIGNE KIERKEGAARD CAIN

Realdania's philanthropic strategy for the past four years has been evaluated, and our knowledge and broad experience have been widely praised. The evaluation indicates that in the future Realdania should place even greater emphasis on gleaning knowledge from individual projects and clearly identifying current problem areas concerning the built environment.

Local authorities and enthusiasts can use Realdania's expertise just as much as the funding they receive. This emerges clearly from the evaluation of Realdania's strategy 2007-2011 carried out by Oxford Research. "People are at least just as delighted with the non-material value they get," says Henrik Mahncke, Vice President at Oxford Research, and continues: "A local authority is often playing away; this may be the first time it is responsible for a major building project, whereas Realdania has done it all before and therefore has the skills." Hans Peter Svendler, Executive Director at Realdania, has this to add: "This evaluation further supports our strategy of providing 'smart money', where our knowledge and experience are part of the package. We have completed 1,300 projects and something like a further 600 are in progress, so we are obviously expanding our experience all the time concerning the design of different types of projects and how they should be organised and carried out. For example, we have about twenty urban development projects running at various locations in Denmark, and this clearly gives the local authorities involved the assurance that the project we are running is *best practice*."



Under Vice President Henrik Mahncke's leadership, Oxford Research has examined Realdania's philanthropic activities in 2007-2011. This evaluation provides important input to the development of Realdania's strategy for the coming years.

When the strategy was last evaluated in 2007, the message was that it would be an advantage for Realdania to work more overtly, to be more proactive, using calls and campaigns, and becoming better acquainted with the situation of applicants – for example, the time frame within which a local authority is working. “At that time we were simply seen as a foundation that provided funding. Today there is a greater awareness that we also provide knowledge and experience,” explains Hans Peter Svendler. The evaluation reveals that 97 percent of those receiving funding from Realdania are either satisfied or very satisfied with Realdania's project management. There is also general satisfaction with the level of quality assured by Realdania. One respondent went so far as to call Realdania Denmark's leading entrepreneur.

More time for consultancy

Hans Peter Svendler stresses that if Realdania's strategy is to be effective, they must do whatever is within their means to support those deserving projects that would otherwise not be realised. The evaluation shows that in this respect the foundation has greatly improved on the 2007 situation.

Whereas in 2007 4% of the projects involved would have been realised to their full extent without support from Realdania, this figure has been reduced to 1% in the new evaluation. “Our strategy can probably be tightened any further in terms of effectiveness, but we must concentrate much more on seeing what new avenues lie before us. What we obviously have to do here is to place greater emphasis on passing on knowledge and experience to new projects and making sure that they are launched, organised and managed on the basis of best-practice principles, which means that we have to be more involved in more projects and spend more time on them,” concludes Hans Peter Svendler. Moreover, in terms of interacting with those who receive funding and other cooperation partners, it is important to behave in an ethically correct manner and to meet people on their own terms. “We have to remember that we provide a bag of money, knowledge and wide experience, so we have to be very careful when cooperating with others to behave in such a way that people feel involved and are given the space to exercise ownership over the processes and projects,” he reflects.

Henrik Mahncke points out that Realdania must be open to new approaches: “Realdania provides impartial consultancy, so they have to be very open in their professional approach. This evaluation shows that Realdania has become even better at not expressing particular preferences with regard to the architecture or particular philosophy of a project,” he says. Hans Peter Svendler points out that Realdania's contribution consists of knowledge about processes, organisation and the planning and management of projects, whereas efforts are made to find other participants, such as architects, landscape architects, engineers, contractors and skilled workers by holding competitions or asking for tenders.

“We use more than fifteen different competition models when looking for consultants and contractors, and we base our work on the principle that all tasks should be open to competition. In fact we only deviate from this in special circumstances – for instance, if a competition has previously been held in connection with the same project,” he says.

The evaluation report stresses that Realdania makes a considerable effort to ensure the quality of projects. Hans Peter Svendler points out that there is often a developmental phase, when a project is first presented in a form that does not qualify for funding. “We might, for example, receive an application where the project is clearly based on a really good idea, but where the proposed process is not good enough, and the goals are not ambitious enough in terms of achieving positive change. In that case, we step in encourage the applicant to be more ambitious and give more specific thought to issues concerning process and organisation,” he explains.

Setting the agenda

The evaluation report advises Realdania to focus more strongly on setting the agenda. “We must do even more to become a catalyst for development in our field. The evaluation report clearly states that we are regarded as a strong, competent and impartial organisation, and based partly on

the judgement of the group of experts, it stresses equally unequivocally that this gives us an obligation to take a step further and contribute more directly to changing some of the structural problems and challenges that characterise the construction industry and the built environment. This year the board will be discussing strategy in the light of the evaluation report, and we might well end up in a position where we shall have to take greater political risks in order to be a greater force for change,” he says.

Henrik Mahncke adds: “As a whole, foundations in Denmark are undergoing a process of professionalisation, and there will be increased focus on what problems in society we can help solve. It would be a good idea for Realdania to adopt what is called the ‘catalyst philosophy’, which entails thinking about development in broader terms and making alliances that go beyond particular projects or campaigns.” As one example of a project that supports development in broader terms, Hans Peter Svendler mentions *Loop City* and the light railway along Ring Road 3: “In this case, a small investment of three million kroner became the starting point for a decision to spend several billions.” He also mentions the campaign entitled *The Good Hospice*. The latter has served as a model for housing for elderly people with autism and for a number of schools.

Henrik Mahncke is quick to point out that efforts to take a more active role in setting the agenda do not exclude supporting small, individual projects: “Realdania can still support the restoration of an old mill, but it also has an opportunity to address the conditions that govern the development of the built environment. Precisely because Realdania supports both research and practical projects, they are in a very good position to solutions to the challenges facing society. Realdania's ambition must be to go a step further, for example by realising some of the results of research projects and think tanks. At the next evaluation in four years' time, it should be possible to identify even more examples of catalyst philanthropy in Realdania's work.”

EVALUATION OF OUR STRATEGY

The evaluation report reveals that the grant recipients largely agree that Realdania provides more than just financial support. According to them, funding from Realdania has a positive effect on the ability of their projects to attract further funding from public and private sources as well as other foundations. This is corroborated by other foundations, which regard it as a seal of quality that a project has been examined and accepted by Realdania. Another important point made in the

evaluation is that those receiving grants are very positive about the role played by Realdania at the various stages of their projects. This has helped ensure the best possible use of resources, and provided ongoing quality assurance of the project. Oxford Research concludes that the “person-to-person” transfer of knowledge within projects and the financial resources available are Realdania's most important strengths.

YOU CAN DOWNLOAD THE FULL TEXT
OF THE EVALUATION REPORT IN DANISH
FROM: WWW.REALDANIA.DK

CATALYTIC PHILANTHROPY

The fact that Realdania is independent of financial and political ties ensures the freedom to experiment and thus to contribute to development and change. In their report, Oxford Research suggests that the next, natural step for Realdania would be to use this position to set new agendas and change attitudes. In the world of philanthropy, this approach is called “catalytic philanthropy”, and it is regarded as a further development of “strategic philanthropy”, which

criticised traditional philanthropy for being content with addressing symptoms without paying sufficient attention to long-term effects. In turn, “catalytic philanthropy” criticises the “strategic” version for focusing too narrowly on the individual agent and its limited range of development. Instead, the goal should be to serve as a catalyst for a broader process capable of changing the wider context of the individual project.

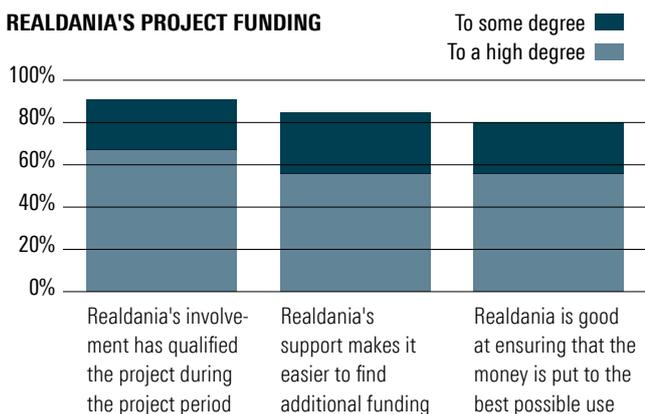
CLASSIC PHILANTHROPY



CATALYTIC PHILANTHROPY



REALDANIA'S PROJECT FUNDING



HOW SATISFIED ARE YOU WITH REALDANIA'S CONTRIBUTIONS TO PROJECT MANAGEMENT?

2007-2011





GIVE THE ENTHUSIASTS FREE REIN!

BY ANDERS KLEBAK

With their involvement and ideas, enthusiasts can shape change and encourage urban development. But how to keep enthusiasm on the boil throughout a project when you run into the wall of local authority by-laws and endless red tape? Realdania invited people to a meeting in Copenhagen to talk about the enthusiasts of the building trade.

Karen Margrethe Olsen has come to the meeting in Copenhagen all the way from Præstø on a stormy, rainy December evening. But she is the chairperson of The Preservation Association for Præstø and District and is not to be put off by a bit of blustery weather.

“Our association is working to preserve the special characteristics of this small town in South Zealand. We don’t want our pedestrian precinct to be yet another house of horrors with the kind of garish signs and shop fronts you see in so many

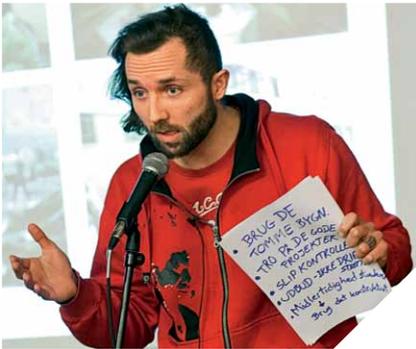
other old market towns,” she pronounces firmly. Her association is currently in urgent need of financial support to run an information campaign aimed at local craftsmen and shop owners. This is why she has come to the meeting this evening – to pass on information about her project, to learn about the experiences of others and to discover what opportunities there are for funding.

A much-coveted group

Karen Margrethe Olsen is one of the enthusiasts targeted by the meeting this evening, which is intended as a source of inspiration. Realdania has invited both local authorities and people who are driven by the desire to develop or preserve buildings and the life of their towns or who have new, perhaps wild, ideas.

The aim is to focus on voluntary work and the vital role played by enthusiasts. Sarah Line Bohn, who heads the office for the Enthusiast Campaign, stresses how important it is that local authorities open their eyes to the achievements of enthusiasts: “Enthusiasts produce major results from limited means,” she says.

One of the speakers at the meeting is Bjarne Ibsen from the University of Southern Denmark, who is doing research on voluntary work. He notes that there is huge political interest in the efforts of enthusiasts and volunteers. In terms of work-



The large number of people who attended the meeting were more than willing to exchange experiences and share their ideas for projects.

FACTS ABOUT THE ENTHUSIAST CAMPAIGN

Realdania supports the work done by enthusiasts at a grass-roots level, where they are active in the built environment to the benefit of the local community. The campaign will run from 2011 to 2014 and takes a three-pronged approach:

- **An enthusiasts' network:** campaign meetings, a website with an enthusiasts' marketplace and a Facebook group encourage enthusiasts interested in the built environment to chat with each other.
- **Knowledge sharing:** the campaign office arranges events to help enthusiasts learn more about project development, project management and much more. These initiatives include inspirational meetings, an annual "Enthusiasts' Day" and the "Tips and Tricks" toolbox on the website to help enthusiasts in their efforts.
- **Financial support:** For the three-year duration of the campaign, the campaign office invites enthusiasts all over the country to submit good ideas for actual projects. The total campaign budget is 30 million kroner, enough to support the development and realisation of up to fifty projects.

DANISH WEBSITE: WWW.BYGGERIETSILDSJAELE.DK

ing hours, the time put in by volunteers corresponds to 280,000 full-time jobs.

"Of course, there are lots of people who want to get their hands on this labour resource," he says, while warning against local authorities expecting too many tangible returns on their support for voluntary work. "If you make too many demands and expect concrete results, you can stifle the sense of meaningfulness that drives the volunteers. In the same way, the value of work done by enthusiasts cannot be measured in financial terms. The fact is, rather, that their involvement produces a sense of ownership and belonging in the local context, which leads to successful and viable projects," he explains.

"Take the wider view"

Another pitfall that can drain the energy from unwary enthusiasts is local red tape. "You come along with a dream that has to fit in with town planning and fire regulations, and suddenly it seems a long way from start to finish," explains Tina Saaby, City Architect for the City of Copenhagen. She advises people who have an idea to be prepared to listen and change direction, rather than stubbornly insisting on sticking to their original concept: "People have to be realistic and have the courage to change their ideas, which is something that can be hard for enthusiasts," she says. She also points out that conflicts may arise along the way because of all the factors

that have to be taken into consideration, which means that the municipal officials too need to be flexible. For example, instead of simply rejecting a plan which involves placing trees in the middle of a cycle track, officials should explain that the trees will have to be removed before the track can be built: "So instead of just saying that it can't be done, everyone should be prepared to take the wider view and try to consider how problems might be solved," she concludes.

Secretive "Kayak-Ole"

One man full of ideas who has turned up this evening is Ole Markdal – also known as "Kayak-Ole", because he was the man behind the company that started hiring out kayaks on Copenhagen's canals to tourists and other adventurous souls. That company has now been sold, and "Kayak-Ole" has new plans. He refuses to go into details but hints in vague terms at something to do with buildings and a platform for the spreading of knowledge: "It's about giving people the opportunity to learn stuff without having to sit in front of a screen at home," he says. On the other hand, he is happy to tell us that he has made several useful contacts at the evening's meeting: "I attend a lot of cross-disciplinary meetings and workshops. Just like today, where people present all kinds of different ideas from hippie contexts to high tech," he explains, and continues: "Evenings like this are fantastic. For example I had a chat with the city architect, who said 'Look, Ole, let's get together about your idea as soon as possible'." ■

JOIN THE DEBATE!

CONFERENCE: THE PHILANTHROPIC VOICES OF CIVIL SOCIETY

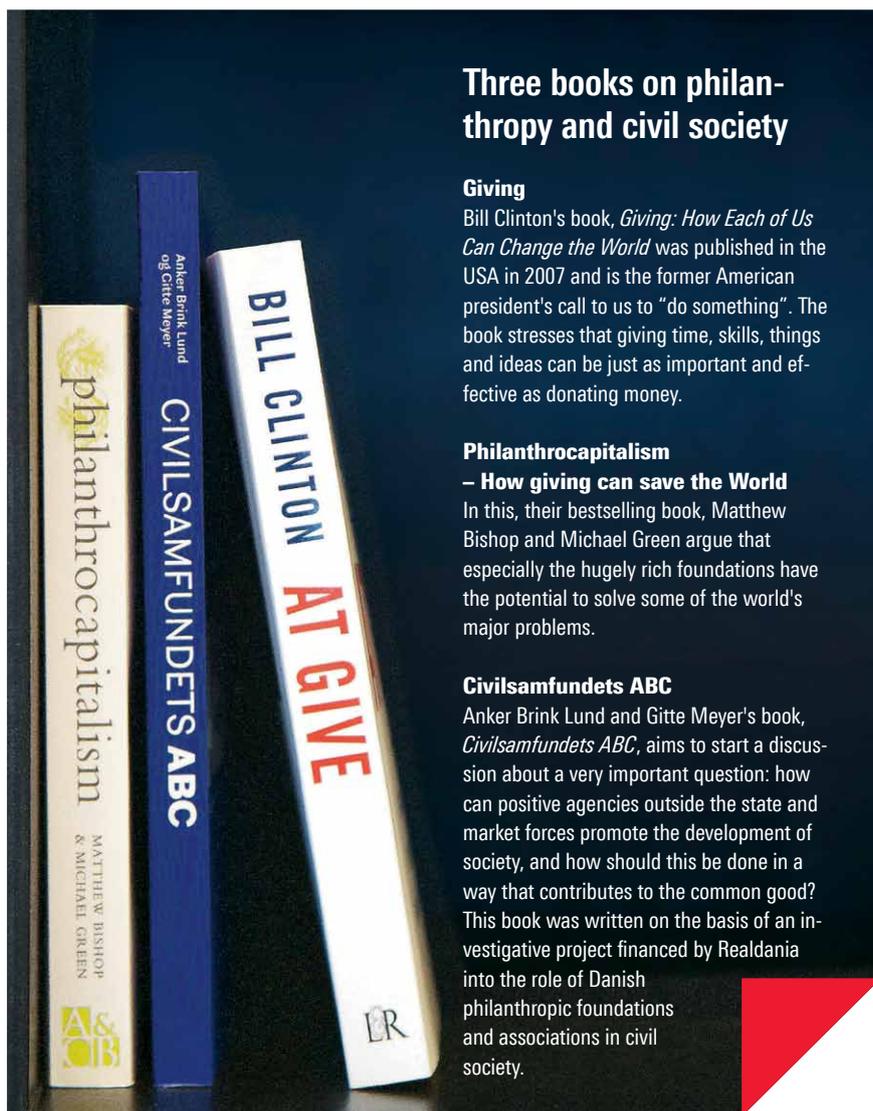
In 2012, Realdania invites delegates to a large conference about the role of civil society in societal development, including the role of philanthropic foundations and associations. Ex-President Bill Clinton will be one of the keynote speakers. The conference will be held on 21 May at Bella Center in Copenhagen.

Entitled *The Philanthropic Voices of Civil Society*, the conference is quite literally an invitation to join in the debate. It is hoped that before, during and after the conference a broad political debate, hopefully also involving the general public, will address how the large sums of money held by Danish philanthropic foundations and associations can be put to more active use to prepare our welfare society for the future.

The conference was originally planned for November 2011 but was postponed, as Bill Clinton had to withdraw at the last moment due to a death in the family. A new date was found to allow Bill Clinton to participate, as he has become a very active voice in the international debate about how philanthropy can help us meet some of the key challenges facing the world. The other keynote speaker will be Matthew Bishop, the US Business Editor and New York Bureau Chief of *The Economist* and author of the international bestseller, *Philanthrocapitalism – How giving can save the World*. You can read Weekendavisen's Poul Pilgaard Johnsen's interview with Bishop on the opposite page. Professor Anker Brink Lund of CBS will also speak at the conference. He has headed an investigative project financed by Realdania into the role of Danish philanthropic foundations and associations in civil society. ■

With collective assets of more than 400 billion kroner, philanthropic foundations are a veritable golden egg in terms of developing the society of the future. But this egg will not hatch on its own accord. There is a very real risk that the foundations, fettered by hidebound dogmas and an inability for change, will pass up their chance to become the foremost drivers of innovation in society.

The weekly Monday Morning



Three books on philanthropy and civil society

Giving

Bill Clinton's book, *Giving: How Each of Us Can Change the World* was published in the USA in 2007 and is the former American president's call to us to "do something". The book stresses that giving time, skills, things and ideas can be just as important and effective as donating money.

Philanthrocapitalism

– How giving can save the World

In this, their bestselling book, Matthew Bishop and Michael Green argue that especially the hugely rich foundations have the potential to solve some of the world's major problems.

Civilsamfundets ABC

Anker Brink Lund and Gitte Meyer's book, *Civilsamfundets ABC*, aims to start a discussion about a very important question: how can positive agencies outside the state and market forces promote the development of society, and how should this be done in a way that contributes to the common good? This book was written on the basis of an investigative project financed by Realdania into the role of Danish philanthropic foundations and associations in civil society.

A planned conference, "*Philanthropic Voices of Civil Society*" was called off at the last moment, but by this time one of the keynote speakers, Matthew Bishop, was already on the plane heading for Copenhagen. Before his return flight he found time to give an interview to Poul Pilgaard Johnsen, a journalist at "Weekendavisen". We have been given permission to reproduce the entire interview here.



BY POUL PILGAARD JOHNSEN

The third force in civil society. The number of charitable and tax-exempt foundations is steadily growing, but people in Europe have not yet understood that they harbour enormous societal potential. And the foundations themselves are too closed and too passive. This is the view held by one of the world's leading advocates of philanthropic capitalism.

Charity can save the world – or at least solve some of the world's most pressing problems. Philanthropic foundations have the money and the potential to tackle important tasks that other agencies either cannot or will not deal with, and for this reason foundations should become a third force in the development of society, alongside the state and private enterprise. This is already happening, especially in the USA, but much more can yet be done; in Denmark, as in the rest of Europe, foundations have not yet been given, or have not yet assumed, that position as agents for development in society which ought to be theirs by right.

This is the view held Matthew Bishop, the US Business Editor and New York

Bureau Chief of *The Economist*, who is touring the world at this time along with ex-President Bill Clinton to spread the word. They were recently due to visit Denmark, where Bishop and Clinton were invited as keynote speakers at Realdania's conference *The Philanthropic Voices of Civil Society*. The day before the conference, however, the ex-President was forced to cancel his attendance because his mother-in-law was seriously ill. She died shortly afterwards. The conference was cancelled and postponed until May 2012.

However, Matthew Bishop – the author in 2008 of the much-praised book *Philanthrocapitalism: How Giving can Save the World* – had already arrived in Copenhagen and checked into Hotel

Bella Sky. Here we met the British-born author for a conversation about the pros and cons of semi-private philanthropy. What did he actually mean with his point about “philanthropy being able to save the world”? “Well, individual states cannot agree on how to solve such major problems as climate change and international terrorism, and some do not have the financial means to do so. In this context, foundations have a role to play. Governments and politicians often make short-term decisions and prefer something that can be delivered in a press release. They run away from anything with a high risk of failure and focus on whatever can lead to re-election. Philanthropic foundations, on the other hand, exist to make a difference, and at best they are willing to take risks that can prove very valuable in the long run,” he replies and provides an example: “In the area of climate change we have seen philanthropists create private equity funds that invest in the development of new technologies. Most of them will turn out to be useless, but perhaps just one of them will work and make a huge difference. For example, the British entrepreneur Richard Branson has set up a think tank and offered a 25 million dollar prize for the idea or concept that can remove CO₂ from the atmosphere most effectively.

In another field, we have seen foundations working to promote dialogue in societies that typically spawn terrorists. A lot of money is already being poured into Palestine with a view to promoting change; other sources fund groups in Iran that challenge the present regime; and nor should one underestimate the importance of George Soros’ support to countries behind the Iron Curtain before the Wall fell. He donated money to civil and cultural organisations which were seriously working against the system, or which were preparing to step in if the system collapsed.”

Taking the capitalist approach

Philanthropy is nothing new, but Matthew Bishop's version of philanthropic capitalism – the basis on which foundations can really come to play a role as forces for development in soci-

// Transparency reduces concern about a possible lack of democratic control.

ety – is new. It builds on the idea that donations should go hand in hand with the business methods, strategies and management tools used in private industry. In other words, foundations are not just to be passive providers of grants – assessing applications, granting money, and then leaving the recipient to manage the rest. Instead, foundations must step in actively and make demands on the way the recipient is operating, generally contributing in the kind of professional and focused way that a private equity fund investing in a company would do. Matthew Bishop's role model in this context is the foundations created by Bill Gates and Warren Buffett in the USA: “The best foundations contribute with human resources, service the recipients and work out ten-year plans with them, so that they are not constantly dependent on new donations from other sources. For example, Human Rights Watch has just received a major donation from Soros, reputedly 100 million dollars, on condition that they can produce a plan including binding commitments from other sources to provide the same amount for many years to come, thus ensuring the development of the organisation. This is precisely what happens when people finance private companies,” Bishop explains.

In the USA the number of foundations rose from 22,000 at the beginning of the 1980s to more than 120,000 in 2010. In Germany more than four times as many foundations are now started every year as in the 1990s, while in the last twenty years in Denmark the number of non-profit foundations has risen from about 10,000 to 14,000. Today, all philanthropic foundations in Denmark taken together have a capital of some

400 billion kroner at their disposal, and many of them are well known to the general public as they are owned by some of the largest companies in the country: amongst these are Novo Nordisk, A.P. Møller, Carlsberg, Lundbeck and Velux. There is, however, one major difference between American and European foundations, and that is the percentage of the capital that is set aside for funding. In the USA, foundations are obliged to donate at least five percent a year if they are to be regarded as philanthropic foundations with the attendant tax benefits. In Denmark, foundations only pay out about two percent of their collective capital, corresponding to eight billion kroner. If they were paying out five percent, as in the USA, Danish donations would increase to about twenty billion kroner.

“Five percent is reasonable: it's a fair balance between too little, which has no effect, or too much, which would make it impossible for foundations to earn enough to keep them permanently in business,” says Matthew Bishop.

The question of what percentage of their holdings foundations pay out in grants is linked to the most volatile political issue around non-profit foundations, namely the question of tax concessions. Foundations pay very little in tax compared to private individuals, and by taking appropriate measures concerning tax reductions and depositing money they can in fact freely determine when to pay taxes. In other words, if the money were not placed in a foundation it would be taxed more heavily, thus benefiting society, so as things are, society may reasonably expect other returns on the considerable tax concessions that foundations de facto enjoy.



A closed world

Following up this line of thought, Matthew Bishop is critical of the fact that foundations in Denmark and the rest of Europe often own entire companies and factories. "This is not normal in the USA, where there is a lot of focus on foundations not being used to park company assets. The normal policy adopted by foundations is to invest in securities over a broad front, so as not to be dependent on the company that generated the capital. In Europe, however, you often see what I would call an abuse of the whole system of non-profit foundations. As far as I can see, foundations over here, instead of being truly philanthropic, are still being used to maintain control of assets and companies that should be the object of taxation," he explains and cites once again the Bill Gates Foundation, which immediately sold the donated Microsoft shares, and Warren Buffett, who has bound himself to donate shares in his own company to his own foundation every year, which immediately sells them.

"If people want to own a company, they should keep their shares, and if they want to start a foundation they should sell them. It's as simple as that,

really. I don't understand why authorities in Europe permit a system that in fact enables people to keep their companies, pay no taxes and yet not give money away. What problems in society does that solve? As an example let me take the German media giant Bertelsmann, which as far as I can see has a somewhat similar structure to Carlsberg in Denmark. Bertelsmann donates a very small amount of money compared to what they could have donated had they sold shares and invested the money sensibly. They could have donated billions and not just the millions we have to settle for today."

According to Matthew Bishop, in return for tax concessions for foundations society should require transparency and visibility: "It's easy to see whether a private company is doing its work properly, because that's clear from the bottom line. But this is not so easy in the case of foundations, which therefore should be required to announce in advance what they intend to do and give an account afterwards of what they actually have done and what has been a success." In Denmark, foundations are not really transparent. There are exceptions, such as Realdania, which is much further advanced in

terms of active philanthropic capitalism, but in general, foundations are a closed world. According to an investigation of foundations carried out in 2011 by Kraft & Partners consultancy, many foundations do not have updated websites, only 18% publish their annual returns on the website, and fewer than a fifth publish who has received grants and the amount donated. In Matthew Bishop's eyes, this is a dangerous policy: "Openness tends to minimise worries about the lack of democratic control. Closed doors on the other hand weaken the legitimacy of foundations, and this might tempt politicians or the state to regulate or administrate them, which would be a really bad idea, because the *raison d'être* of foundations is precisely to be a productive alternative."

There are indications that Bishop's prophecy is a step closer to becoming a reality. This week, the Danish Minister for Business and Growth, Ole Sohn, announced that the government is considering tightening up legislation concerning foundations, precisely with the aim of increasing transparency. ■





WHAT:

Two boys going full tilt

WHERE:

Byens Arena in the city of Gladsaxe

WHEN:

Just before they were called in for supper

DANISH WEBSITE: WWW.ENGODOMVEJ.DK

ROAD AND HARBOUR TRANSFORMED INTO NEW URBAN SPACES IN ODENSE AND AARHUS

Two comprehensive urban development projects in Odense and Aarhus will, each in its own way, transform previously inaccessible areas into new urban spaces. Thomas B. Thriges Gade in the centre of Odense, a four-lane road that effectively divides the city in two, will be transformed into an area with housing, shops and businesses. A new city precinct will be created, moving cars to the underground car park with 650 spaces. This new urban area will cover some 50,000 square metres. It welcomes pedestrians and cyclists, but also public transportation, which will be

given much higher priority. In February 2012, a team headed by the architecture firm Entasis was chosen to develop the project on the basis of an international competition.

In Aarhus, the *Urban Mediaspace Aarhus* project will transform the industrial harbour into a vibrant urban space. The new Mediaspace complex will rise like a fortress on the waterfront, housing the new Central Library, Citizens' Services, event facilities and cafés. A fully automatic car park will have room for about 1,000 cars. This project, the

largest of its kind ever undertaken by the Municipality of Aarhus, will provide the city with a recreational area linking the harbour and the historical city centre. In March 2009, schmidt hammer lassen architects and Arkitekt Kristine Jensens Tegnestue won the competition to design the Mediaspace and the waterfront spaces. The projects in Odense and Aarhus were developed as cooperative efforts between Realdania and the two municipalities.

DANISH WEBSITES: WWW.FRAGADETILBY.DK AND WWW.URBANMEDIASPACE.DK



Aarhus industrial harbour becomes Urban Mediaspace Aarhus.

Thomas B. Thriges Gade in Odense will be closed and replaced by a new urban area buzzing with city life.





MP:H – MULTIPARK OPENED IN ELSINORE

“It gives me enormous pleasure that these magnificent facilities are now ready for use. Huge efforts have been made by many people to get this far, and the results are astounding.”

The Mayor of Elsinore, Johannes Hecht-Nielsen, was in a jubilant mood at the opening of the new MultiPark in Elsinore in November 2011. Among other facilities, the MultiPark features a skateboard rink, a parkour facility, a playing field and a covered stage, offering children and adults from the city and surrounding areas new opportunities to get together for sports, play and other social activities. The MultiPark is an invitation to exercise, supporting healthy and active lives – and at the same time the park and the many activities taking place there can serve as an effective agent of social integration.

DANISH WEBSITE: WWW.MP-H.DK

COPENHAGEN GETS A NEW INDOOR ARENA

The Copenhagen Indoor Arena will be situated in Ørestad South and aims to boost Copenhagen's international profile, providing space for international sports and cultural events. Live Nation, which operates a number of arenas in Europe, has won the operator tender. Live Nation's international experience with the running of arenas is an excellent platform for events that will enable Copenhagen to compete with cities like London, Berlin, Stockholm and Hamburg.

Copenhagen Indoor Arena is expected to be ready for use in 2015. The next step, already in progress, is the design and programming process, for which five teams have prequalified.

READ MORE:
WWW.COPENHAGEN-ARENA.DK



118 MILLION KRONER FOR A CLIMATE PROJECT AND ACTIVITY VENUES IN KOKKEDAL

In the town of Kokkedal in Northern Zealand, the need to manage increasing amounts of rainwater along with the need for new meeting and activity venues has inspired the Municipality of Fredensborg and Realdania to cooperate on a project that will demonstrate how adaptation to climate changes and suburban development can go hand in hand. Coping with increasing quantities of rainwater while providing new types of recreational and activity areas will make Kokkedal a more attractive and sustainable place, both socially and environmentally.

Kokkedal is a typical Danish suburban area within the Capital Region of Denmark, where many of the buildings and facilities such as schools, day-care institutions and shopping centres are built facing inwards, turning their backs, so to speak,

on the surrounding world. The new activity and meeting venues are intended to link the urban districts more closely together and offer opportunities for social and physical activities that will benefit the area's diverse population.

The project involves increasing the capacity of the River Usserød to reduce the danger of flooding. With a total budget of 118 million kroner, the project, which is also supported by The Danish Foundation for Culture and Sports Facilities and two local public housing societies, represents one of Denmark's largest collective efforts to adapt to climate change. In that sense this is a demonstrational project, which is meant to inspire other suburban areas facing similar challenges.

READ MORE: WWW.REALDANIA.DK





LIBRARIES AS A DRIVING FORCE IN URBAN DEVELOPMENT

Realdania has supported a research project and a book: *Biblioteket i byudviklingen - oplevelse, kreativitet og innovation* (Libraries and Urban Development – New Experiences, Creativity and Innovation. Danish Library Association, in Danish). The book explores the potential of libraries to be energetic and creative players in the field of urban development.



NEW INFORMATION PORTAL AT REBILD HILLS AND ROLD FOREST

From 2013, the 400,000 or so people who visit Rebild Hills and Rold Forest every year will be serviced by a new Information Portal, which will be erected at the edge of the Rebild area. It will function as a gathering point, offer ideas for physical activities and serve as an architectural landmark in the area.



THE YOUTH OF GILLELEJE NOW HAVE THEIR OWN VENUE

Gilleleje Engine Shed, which used to house locomotives, is 100 years old. In 2011 it was renovated and fitted out as a cultural youth centre.

AGRICULTURAL BUILDINGS OF THE FUTURE

Six agricultural building projects suggest ways in which agriculture can embrace architectural concerns, the landscape and animal welfare. The first two buildings have been finished and are in use, and a modern cowshed for dairy cows at Vejlskov-gård near Odder is expected to be completed in 2012.



ROLLER SKATING ON THE FORTIFICATIONS

In 2011, the Vestvolden Fortifications – a section of Copenhagen's old fortifications – were given new lighting and resurfaced paths to the great delight of roller skaters, cyclists and others. The project of breathing new life into the old fortifications involves the Danish Nature Agency, the Danish Agency for Culture and Realdania.



DRACHMANN'S HOUSE IN SKAGEN REOPENS AFTER RENOVATION

In June 2011, the house of the Danish poet and painter Holger Drachmann (1846-1908), a listed building, was reopened after comprehensive renovation involving the brickwork, the timber framing, windows and doors.

Membership Participation

BY OLE BRANDT

“ We not only grant funding; we also hand out our knowledge and experience. In other words, we work with both the mind and the heart. The fact is that we regard philanthropy as a profession; a profession with binding obligations that we take very seriously. We strive to be effective philanthropists.”

– quotation from the chairman's report presented at the annual election meetings in 2011.

More and more members show up when Realdania holds elections to its Board of Representatives. We experienced this again in 2011 when meetings were held in geographical areas 4 and 8, which cover the southern and northern parts of Jutland.

Awareness of the work carried out by Realdania continues to grow, as the projects are realised. When people see the projects that Realdania is helping to launch, they often become interested in learning more.

Each year there is an election in four of Realdania's sixteen election districts, and in 2011 we held meetings in Aalborg and Haderslev. In these two election districts, Realdania has supported and launched many projects, large and small, of which some of the best known are the House of Music in

Aalborg, Han Herred Seaboats, the restoration of the cathedral square in Ribe and, not least, the building of a 650-metre beach promenade in Hjerting, north of Esbjerg.

Election meetings offer members the opportunity to keep up to date with what is behind Realdania's current efforts and achievements. The overall strategies behind current focus areas are presented, as are the areas themselves and the individual projects involved. Naturally, projects situated in the members' own local areas attract the most interest, and in many cases, some of those attending are themselves involved in projects. Thus, the election meetings offer an ideal opportunity to ask questions, discuss matters and present views and ideas. ■



“Realdania is a catalyst that can make things happen”



“There is a pressing and indeed a growing need in society to find ways of handling tasks that cannot be financed without foundations and philanthropic organisations such as Realdania,” said the chairman, Jesper Nygård, in the speech he gave at the election meetings.

“Realdania may be regarded as a kind of catalyst that can make things happen, in cooperation with others of course. This requires us to think and act intelligently and with a long-term perspective while keeping our feet firmly on the ground in relation to other agents and society in general. Having a lot of money and influence carries responsibilities, and Realdania legitimises itself through its actions. Our work is, and always must be, characterised by a strong sense of propriety, which, as far as I am concerned, is the central word in our value vocabulary.”

The chairman also emphasised that Realdania draws heavily on active members: “Member participation in the democratic process quite simply forms the core of our thinking and provides a framework that we very much appreciate and support,” said Jesper Nygård.

Those elected

Members elected to the board of representatives, 2011

Regional election meetings

Of the eleven people elected to the Board of Representatives at the regional election meetings in Aalborg and Haderslev, five were newly elected and had not previously served on the board.

Professional election groups

Of the fourteen people elected to the Board of Representatives at the meetings of the election groups for agriculture and commerce, three were newly elected and had not previously served on the board.

Board of Representatives

Seven out of eleven proposed candidates from special interest organisations were elected to the board at its autumn meeting. Four of these were newly elected and had not previously served on the board.



You can read more about these election groups at www.realdania.dk, where you can also see the complete list of members of the Board of Representatives.

Economic uncertainty, debt crises in a number of European countries and challenges in the financial sector have all characterised 2011. Unrealised losses on shares held by Realdania in Danske Bank have also affected the 2011 investment return, with a total loss of 21.3%. Bonds and real property contributed more positive returns, and investments in alternative products also started well.

2011 WAS MORE CHALLENGING THAN FORECAST

BY ANDERS LEHMANN

Following a difficult year in the wake of the financial crisis and the subsequent economic crisis, at the start of 2011 there were great hopes for sunnier days ahead for the global economy. However, the positive trends at the beginning of the year were rapidly replaced by stormier economic weather and a challenging political and economic climate. Over the summer it became clear for European economists and politicians alike that the most important item on the economic agenda was effective action to tackle the debt problems facing a number of countries in southern Europe, and that there was an acute need for economic first aid. The entire foundation of the euro cooperation was being undermined, and combined with the effects of the downwards adjustment of the US credit rating, high inflation, natural disasters as well as the Arabic spring, which led to instability throughout the region, 2011 offered investors few peaceful and predictable breaks.

Looking at the figures, in 2011 global economic growth fell from 5% to 4% compared with 2010. This includes approximately 1.6% growth in economies in the developed countries; a drop by almost a half of the 2010 figure. Economies in emerging markets grew by 6.4%; slightly less than 2010 at 7.4%.

"2011 was very different and more challenging than most predicted at the beginning of the year, including Realdania, and therefore the investment return in 2011 was also poorer than we had hoped and expected. The situation persisted, and the markets are still suffering. However, trends in the US and Asia are looking better, and therefore we are more optimistic about 2012," said Gert Poulsen, Chief Investment Officer at Realdania.

Overall, Realdania came out of 2011 with a negative return on assets totalling 21.3%, or DKK 19.4 bn. The negative return is primarily due to unrealised losses on Realdania's shareholding in Danske Bank, which was also hit by the general scepticism held by investors regarding bank shares. This was apparent in the 31% drop in the European bank index MSCI Europe Banks.

Rays of sunshine in stormy times

Despite a challenging 2011, there were some small rays of sunshine for investors. Investments in bonds and real property saw positive returns of 4.9% and 11.3%, respectively. Good opportunities are expected for private equity in the years to come.

"Things have gone well, even though, like many other investors, we took a beating on our Pandora shares through a private equity investment. However we have several investments in unlisted companies which are looking good, although our principle is that we'd prefer to not just have a bird in the hand; we also want it well roasted. Just enjoying watching the birds in the bush is not enough, but things are looking good," said Gert Poulsen.

Ready for surprises

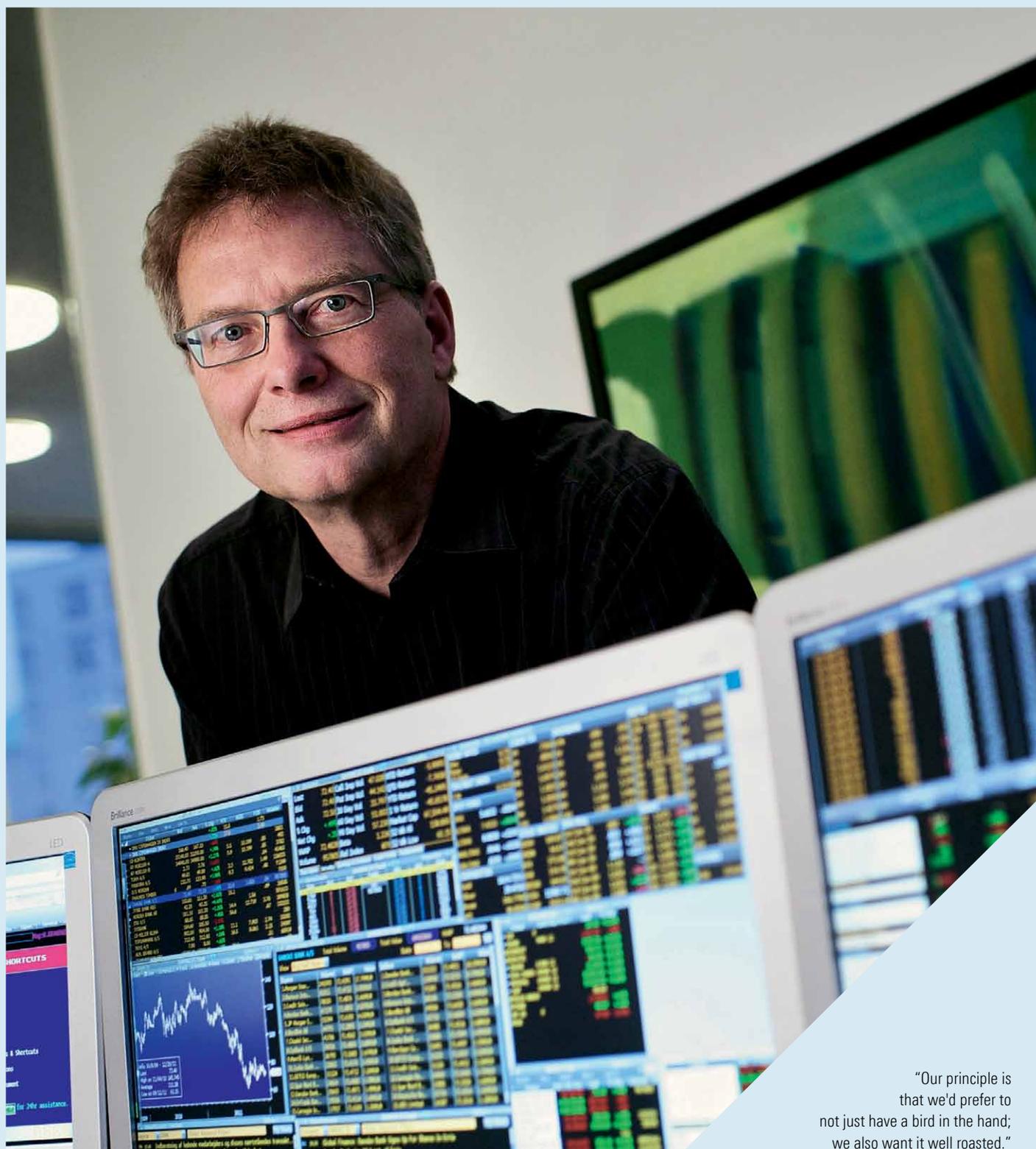
Despite the surprising developments in 2011, Gert Poulsen is more optimistic in his outlook for 2012. The proportion of investments in shares may therefore be raised slightly, while investment in low-rated bonds will also probably come into focus a little more as a result of the high interest levels and relatively low risk of bankruptcies. However, the CIO always has in mind what his university professors said:



Value at 31 Dec. 2011, DKK million

Return 2011, DKK million

Return 2011 %

19,355**-5,141****-21.3**

"Our principle is that we'd prefer to not just have a bird in the hand; we also want it well roasted."

"Theory and insight are good to have, but never forget that the world can still be a nasty place, and that you can well be surprised, as our professors said. That's worth remembering in these uneasy times," said Gert Poulsen.

Less dependence on the global economy

Since 2010, when the Realdania board of directors adopted a new investment strategy with a broader framework, Gert Poulsen and his colleagues have also been able to invest in alternative products such as insurance products, hedge funds and commodities. All these can help reduce the overall risk for Realdania. Realdania can spread its risk by making investments in insurance policies covering natural disasters, for example, as these are by their nature unaffected by changes in the global economy.

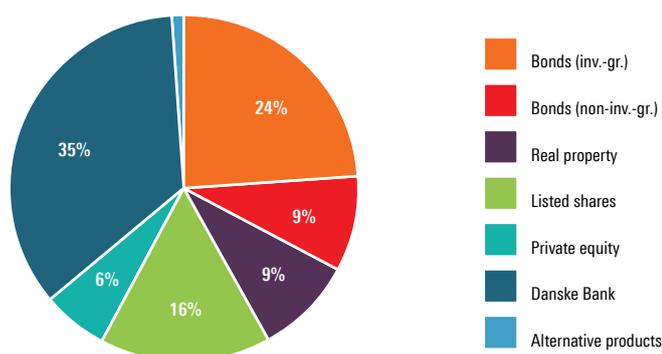
So far, investments in alternative products amount to just DKK 138 million of Realdania's total assets of DKK 19.4 bn. Thorough preliminary investigations of the various markets combined with research into the abilities and results of portfolio managers as well as a conscious strategy to tread carefully in these new areas are reasons why alternative investments so far only amount to a small fraction of total investments.

"We are still far from our strategic goal for the area, but our initial experience has been good. We're always cautious when entering new areas in which we have limited experience and rely mainly on theory. We want to reap our own experiences and have our theoretical models tested in practice," says Gert Poulsen.

Despite a brighter outlook, Realdania will still prepare for new challenges in 2012. ■

BREAKDOWN OF ASSETS

Interest-based products	33%
Investment-grade bonds	24%
Non-investment-grade bonds	9%
Real property	9%
Shares	57%
Listed shares	16%
Private equity	6%
Danske Bank	35%
Alternative products	1%
Total investments	100.0%



INVESTMENTS: HOLDING AND GROSS RETURN FOR PORTFOLIOS IN 2011 AND 2010

Classes of assets	Value of holding as at 31 Dec. 2011 DKK m	Percentage	Return 2011 DKK m	Return 2011 %	Return 2010 DKK m	Return 2010 %
Interest-based products	6,448	33	311	4.9	466	7.7
– Bonds, inv.-grade	4,647	24	303	6.3	281	5.8
– Bonds, non-inv.-grade	1,801	9	8	0.5	185	15.9
Real property	1,726	9	178	11.3	94	6.9
Shares	11,044	57	-5,632	-34.3	3,085	24.5
– Listed shares	3,098	16	-344	-9.5	908	26.4
– Private equity	1,100	6	-52	-4.2	418	49.0
– Danske Bank	6,846	35	-5,236	-44.9	1,759	21.2
Alternative products	138	1	2	2.2	-	-
Total investments	19,355	100	-5,141	-21.3	3,645	18.2

INTEREST-BASED PRODUCTS

Investment-grade bond portfolios

Portfolios at the end of 2011: Realdania has five portfolios, and none were set up or closed down in 2011.

Value of portfolios at the end of 2011: DKK 4.6 bn.

Return in 2011: 6.3%

Goal: to earn a return that matches or exceeds the chosen reference benchmarks.

Non-investment-grade bond portfolios

Portfolios at the end of 2011: Realdania has five portfolios, of which one was set up in 2011.

Value of portfolios at the end of 2011: DKK 1.8 bn.

Return in 2011: 0.5%

Goal: to earn a return that matches or exceeds the chosen reference benchmarks.

BOND MARKET IN 2011

At the end of 2010 there were general expectations for a 2011 with increasing growth and risk appetite as a result of the positive trends in the last part of 2010. However, developments in 2011 proved to be very different from those anticipated.

Bonds with high credit ratings had a good year, and interest rates reached historically low levels, while bonds with low credit ratings had a poor year. In 2011, problems with the national debt in a number of Southern European countries overshadowed everything, and countries with an excessively high debt saw short interest rates increase strongly with consequential fears of national bankruptcy. In contrast, countries with low national debt saw short interest rates approaching zero.

The European Central Bank (ECB) raised its short interest rate twice in the spring so that it reached 1.5%. However the rate was cut again in the autumn back to the 1% level of the start of the year. Over the year the ECB made large amounts of liquidity available for banks to secure a good level of liquidity on the inter-bank market. Most recently, the ECB allowed banks to borrow liquidity for up to three years and at more favourable terms.

In 2010 there was already focus on the national debt in Southern European countries. This focus sharpened in 2011 as the debt problems turned out to be more serious than first assumed; not least in Greece but also in Portugal, Ireland, Spain and Italy. Interest rates on government bonds in these countries rose considerably during 2011. In Greece the rate on 10-year government bonds rose to around 25%, and in Portugal to around 12%. Ten-year rates in Ireland, Spain and Italy at the end of 2011 were between 5.5% and 8%. In EU core countries and in Scandinavia rates were between 1.5% and 4.5% at the end of 2011.

In the US the Fed maintained leading rates in 2011 at between 0 and 0.25%. However in 2011 the Fed was very active in the bond market, and via well advertised buying programmes it has bought mortgage bonds and government bonds. This has increased the money supply in society. Today the Fed is the largest owner of US government bonds.

During 2011 the US launched several economic policy initiatives to stimulate the economy. At the same time tax cuts introduced in 2009 have been continued. Initiatives are beginning to bear fruit, and at the end of 2011 there were clear signs of improvements in US employment and growth.

The US was unable to agree on public budgets, and this was part of the reason that the Standard & Poor's credit rating agency downgraded the US credit rating. The downgrading had no immediate effect on US interest rates. At the start of 2011, US 10-year government bonds stood at 3.3% and dropped to 1.9% at the end of the year. Interest on US government bonds is now slightly higher than the rate on corresponding European (German) government bonds.

In 2011 Danmarks Nationalbank more or less followed the ECB, but at the end of the year it cut its lending rate from 1.55% to 0.70%. Furthermore, Danmarks Nationalbank has regularly changed the rate on certificates of deposit in line with changes in the European short rates and changes in currency reserves. The reason Danmarks Nationalbank has cut leading interest rates by more than the ECB is foreign demand for Danish securities. Denmark has been considered a safe haven compared with the rest of Europe. Norway and Sweden saw the same conditions. This means that at the end of 2011 Danish treasury bills with 3-6 months' maturity were traded at an unprecedented negative interest. Compared with Germany, the interest rate on Danish 10-year government bonds has moved from being 0.1 percentage points higher to 0.15 percentage points less than Germany at the end of 2011.

REAL PROPERTY

Realdania's Real Property portfolio

Real property: includes Danish property companies, a British property fund, two pan-European property funds, an Eastern European property fund, a US property fund, two US forestry funds and an infrastructure fund.

Book value of property portfolios at the end of 2011: DKK 1.7 bn.

Return in 2011: DKK 178 million, corresponding to 11.3%

REAL PROPERTY MARKET 2011

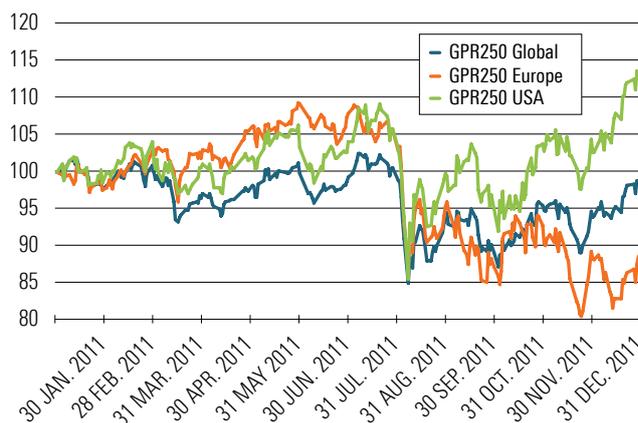
In general, during the first half of 2011 there was a certain amount of optimism in global property markets amongst both property investors and tenants. However, the macro-economic surprises during the second half year brought back caution. This has led to continued polarisation, favouring the "safe" markets and properties. More secondary locations and properties are still fighting to attract interest from investors and tenants. The US came out of 2011 in better shape than Europe, probably because property investors and multinational tenants consider it likely that the US will recover from the economic crisis faster than Europe. The index of the world's largest listed property companies, the GPR 250 Global, finished the year with a drop of 3.3%.

In the European property markets there was generally increasing trading activity in 2011, with the largest increases in Central and Eastern Europe. Poland in particular stood out with widespread optimism. In Western Europe, Belgium, Germany and Sweden also saw good growth in trading volumes. There have also been significant property deals in Denmark, including the

sale of the Illum department store to the Australian capital fund Macquarie for almost DKK 1.7 bn. as well as the purchase by Arbejdsmarkedets Tillægspension and PensionDanmark of the UN development at Marmormolen in Copenhagen for DKK 2.1 bn. Property prices have shown large fluctuations in the various sub-markets, partly because of the polarisation mentioned above. The index of the listed European property companies, the GPR 250 Europe, finished the year with a drop of 10.6%.

Trading activity on the US property markets continued to grow and is now back at pre-crisis levels. Rental markets have been stable or shown slight increases, with increases primarily around cities and coastal traffic hubs. There were similar patterns for vacant properties, with stable or slightly falling prices. These factors combined to give nascent growth in operating results, which together with generally falling demands for returns led to slightly increasing property prices and even strong increases in hubs such as New York City, Boston and Washington, D.C. US listed property shares rose in line with this in 2011, and the GPR 250 America index jumped by 10.3%.

PROPERTY SHARE PRICES 2011 INDEX 31 DEC. 2010



SHARES

Realdania's share portfolios

Share portfolios at the end of 2011: eleven share portfolios, of which nine invest globally and regionally, while two are exclusively Danish.

The value of the two Danish portfolios amounts to slightly less than one third of the total value of the share portfolios. In 2011 some share portfolios were reorganised with one new portfolio being set up and one being closed. The new portfolio is global.

Value of the share portfolios at the end of 2011: DKK 3.1 bn.

Return in 2011: -9.5%, corresponding to DKK -344 million.

Goal: to earn a return that exceeds the chosen benchmarks. The return on the share portfolios should be assessed over a longer period of three to five years. Shares are selected on the basis of a belief that they have greater potential than reflected in the current price at the time of purchase.

THE STOCK MARKETS IN 2011

Lower global economic growth meant that companies, which at the start of the year expected growth in earnings for 2011 of 10%, saw a drop of about 12% in their reported net earnings.

Investors' appetite for risk was generally low, partly because of developments in the US economy and in the Southern European countries, challenges in the financial sector and sluggish growth in emerging markets.

There was great uncertainty throughout the year. Changes were very irregular with moderate falls in share prices in the first and second quarters. The third quarter saw a fall of 11% measured on the MSCI World index, while in the fourth quarter rises almost cancelled out the drop in the previous quarter. In terms of the MSCI World index the global stock market ended 2011 with a drop of 3.3%.

The Greek stock market performed worst and fell by 62%, followed by Austria and Finland with falls of around 33% and 26% respectively. Next came Japan, China, Italy, Portugal and France with falls of more than 20%. The only positive stock market was in Ireland where shares rose by about 15%.

The Danish stock market has performed better than the European market in two out of three years over the past 40 years. However, not in 2011, when the Danish market fell by 17%; about twice as much as the European market, which fell by 8%.

In the Nordic countries, Finnish shares performed worst with a drop of 26%. Next came Denmark, followed by Norway and Sweden; both with falls of 11%.

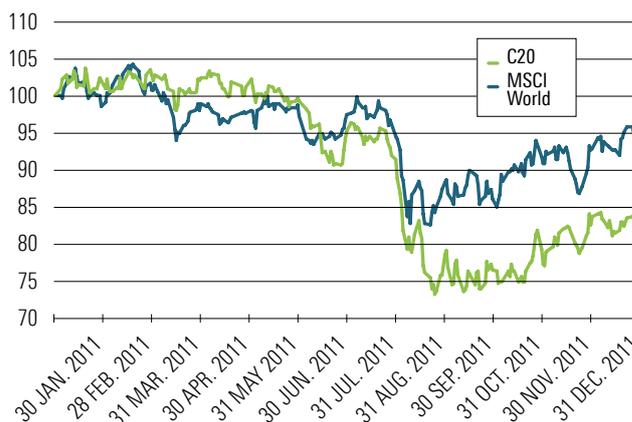
There were large price fluctuations on the Danish stock market in 2011. This is because investors were nervous and because of considerable uncertainty.

The Danish stock market was affected by a number of negative events. The bankruptcy of Amagerbanken, Fjordbank Mors and Max Bank led to large immediate losses for owners of bonds and shares in the affected banks. Subsequently, losses for creditors have fallen significantly to a loss of about 15%. Bank shares were hit by the bankruptcies and the general fear of losses on bank shares because of the Southern European debt problems. Danske Bank, Jyske Bank and Sydbank all fell by more than 40% in 2011.

Pandora was without doubt the greatest disappointment after a 40% downwards adjustment in growth to 0% spread shock around the financial markets. This resulted in a drop in the share price of more than 80%, the hitherto largest on the Danish NASDAQ OMX Copenhagen exchange. Vestas followed with a fall of 65%. In contrast, the defensive shares performed well with increases in Tryg and Topdenmark insurance companies of more than 20%, followed by William Demant, NovoZymes, Chr. Hansen and Novo, all of which rose by more than 10%.

In 2011 there were no new stock exchange introductions in Denmark, but there were capital increases in DLH, Bavarian Nordic and Danske Bank, which was the largest with a new issue in April of DKK 20 bn.

SHARE PRICES 2011 INDEX 31 DEC. 2010



PRIVATE EQUITY

Realdania's private equity portfolios

Portfolios at the end of 2011: Realdania participates in 21 private equity funds with a total capital pledge of DKK 2.0 bn. The portfolios include venture and private equity funds with particular priority on private equity funds which invest in the mid-cap market composed of small and medium-sized enterprises.

Six new portfolios were set up in 2011 covering the following:

- a Danish fund
- two mezzanine funds
- a venture fund
- an emerging markets fund
- a hybrid fund, which invests in Europe and North America.

Value of private equity portfolios at the end of 2011: DKK 1.1 bn.

Return in 2011: -4.2%.

THE PRIVATE EQUITY MARKET

Private equity has had yet another turbulent year. The first half year saw high levels of activity. A record number of transactions were completed, and large amounts of financing were available. The background for this included significantly improved operation of portfolio companies, accumulated demand because of the low activity in the previous year and the continued high levels of financing from the capital raised in the years leading up to the crisis. In contrast, the second half year saw great uncertainty and caution. Financing therefore dried up, and the number of transactions fell dramatically. The most important reason for this low level of activity was the debt crisis, in particular in Europe, which instilled caution in all market players.

The portfolio enterprises generally had a good year on the back of an otherwise strong 2010. However there seems to have been a lull in the fourth quarter of 2011 as a result of increasing uncertainty in the markets and amongst consumers. The primary reason for the generally good operation of the portfolio enterprises is not growth but the fact that at the start of the crisis the funds were quick to cut back on costs of portfolio enterprises.

Fundraising for private equity remains at a low level. Despite investors generally receiving a good amount of money in connection with divestments, a number of institutional investors have been cautious in order to meet future creditworthiness requirements and stricter requirements from the authorities. Fundraising is primarily in emerging markets funds, in funds investing in niche markets and funds which have historically had high returns. There is an expectation that the difficulties in raising capital will lead to fewer new funds being set up in the future. Despite this, professional investors expect that investments made during the crisis and in the years to come could give returns higher than the historical average. Private equity investments have also given good returns in previous periods of low economic growth.

There has been a great deal of speculation as to the performance of private equity funds invested in the years before the financial crisis. Many of these investments have been valued too high and have excessive indebtedness. Furthermore, the financial crisis has meant that the enterprises that investors have invested in have generally not realised their growth plans. There are many indications that there will be no increase in the number of bankruptcies but that the majority of the portfolio companies are generally healthy. However there is a clear expectation that investments will take longer to ripen ready for sale, and this will reduce returns.

In the past year a number of articles were published on the returns on private equity compared with other classes of assets. The overall picture is that private equity is an attractive asset class with increasing growth and profits in the period in which the portfolio companies are owned by the private equity funds; higher than in companies not owned by private equity funds. Measured in terms of returns over several phases in the economic cycle, private equity has contributed with attractive returns which are higher than listed shares, for example. Selection of funds is the key to achieving returns, as investment in private equity is very much a skill where, also statistically, a good fund will give good returns on future investments, and vice versa.

DANSKE BANK

Realdania's Danske Bank portfolio

Value of Danske Bank portfolio at the end of 2011: DKK 6.8 bn.

Return on Danske Bank in 2011: -44.9%. The MSCI Europe Banks index fell by 31% in 2011.

At the end of 2011, the market value of Danske Bank was DKK 68 bn. corresponding to 54% of net asset value.

DANSKE BANK

In general, 2011 was a bad year for financial undertakings in Europe. This is not least due to fears that the national debt crisis will cause the financial sector to collapse. Many European banks have large holdings of government bonds from countries involved in the national debt crisis. The southern-European banks are particularly heavily exposed, but French and German banks also have large holdings of these bonds. In July 2011 it was decided to write down the Greek national debt, and banks were forced to take part in this write-down. Danish banks, including Danske Bank, only have small exposures in the relevant countries, however.

Danish banks were also hit by the bankruptcy of Amagerbanken and other banks, and this caused uncertainty regarding the risk of losses for depositors and lenders in Danish banks.

The bankruptcies also meant increases in financing costs for Danish banks. The larger Danish banks generally performed worse than the European average. Danske Bank fell by 44.9%, while Jyske Bank and Sydbank fell by 45.6% and 39.8% respectively. Nordea performed better than the others. This is partly due to fewer losses and partly due to the fact that much of Nordea's business is in Norway and Sweden, economies which have coped better than the Danish economy.

In April, Danske Bank increased its share capital by DKK 20 bn. The new shares were offered at a price of 86. Realdania took part in the issue with its proportionate share.

ALTERNATIVE INVESTMENT PRODUCTS

Realdania's alternative investment products

In 2011, Realdania commenced implementation of the new investment strategy adopted in 2010. The new investment strategy allows for investments in alternative investment products that were previously not permitted.

Portfolios at the end of 2011: Realdania has three portfolios with alternative investment products.

Value of portfolios at the end of 2011: DKK 138 million.

Return in 2011: DKK 1.9 million, corresponding to 2.2%

THE ALTERNATIVE INVESTMENT PRODUCTS MARKET

In 2011 Realdania made its first three alternative investments. All three investments serve to reduce Realdania's the overall risk. These are new investment products for Realdania, and therefore the portfolios are relatively small.

Stonehenge Value Mix is a portfolio with a tactical risk-spread of assets between shares and bonds. Stonehenge can vary the distribution between bonds in line with developments in the economy, which means that the portfolio has a varying correlation with shares and bonds respectively.

CATCo invests in disaster insurance policies. Insurance companies seek to reduce their risk of losses and therefore, in return for a premium, sell some of their risk onwards. CATCo buys shares in various types of risk which have a low probability of becoming reality.

PAAMCO is a fund of funds hedge fund which invests in hedge funds. The hedge funds are divided into different categories, depending on the strategies they apply. Hedge funds do not operate as traditional investment funds and are therefore harder to categorise relative to traditional classes of assets.

ABOUT REALDANIA

Mission

Realdania improves quality of life for the common good through the built environment.

Realdania's philanthropic activities focus on the quality of life in houses, between houses, in urban and rural areas and are to benefit the common good.

Through processes that create value, Realdania brings forth long-term qualities. Realdania's projects are to create value, make a difference and benefit many different people. The goal is that projects are sustainable.

Principles and work method

Five basic principles define Realdania's enterprise and guide management and employees.

Realdania's principles:

- develop and change
- through partnerships and networks
- based on dialogue and knowledge
- through a proactive effort
- based on openness and transparency

Who is Realdania?

Realdania is an association based on democracy for our members. Realdania runs a philanthropic enterprise based on its investment business. We are responsible for and committed to our mission, which is to improve quality of life for the common good through the built environment.

We work with strategic and effective philanthropy and projects fall within our three focus areas:

- The City
- Buildings
- The Built Heritage

We see philanthropy as a profession that requires professional, networking and managerial competences. This also means that as a philanthropic enterprise we are responsible for our effort providing good, lasting results.

We commit ourselves professionally and financially to the projects we are involved in and prefer to work in partnerships and networks. We help plan, carry out, coordinate and integrate the different activities that are necessary in order to secure a long-term effect of the projects.

On a day-to day basis we participate actively in developing and carrying out the projects and take a responsibility for qualifying them. We emphasize the importance of projects being staffed with key professionals, who can secure project management, building expertise etc.

In large and complex development projects we help organize projects so they are carried out in a professional manner. It is important to us that project organizations are led by a board, in which the members have the necessary professional, networking and managerial competences. This is the case with for example the House of Music in Northern Jutland and the Blue Planet in Tårnby, which is to house Denmark's Aquarium. Usually projects that we help initiate are subsequently run by others. For example we participate in the development and building of the Blue Planet, but not in the running of it.

Smaller projects are monitored by Realdania's own project managers from the Philanthropy department through participation in steering groups, expert monitoring groups and day-to-day project management. Apart from being represented ourselves, we collaborate with external professional consultants whenever needed. Realdania is currently represented in 118 steering groups, and in 25 of those we are represented on management level. A managing director heads the Philanthropy department, which is staffed by nine project managers and three project secretaries. Realdania also draws on an extensive network. In several projects, consultants are involved who contribute with specific managerial or specialist competences.

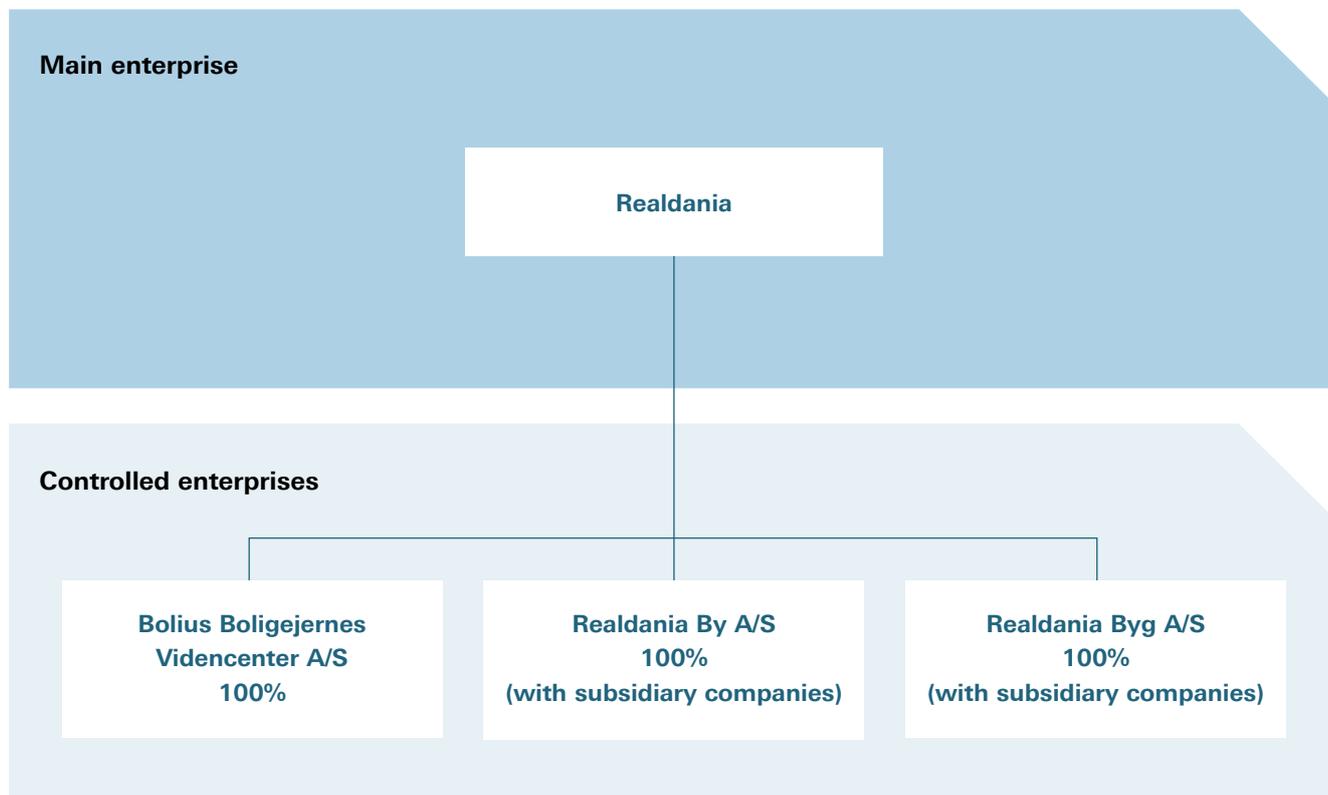
Where does the money come from?

In 2000, Realkredit Danmark ("Credit Mortgage Denmark") merged with the bank Danske Bank. Realdania (then called Foreningen Realdanmark) owned Realkredit Danmark and having sold off our credit mortgage activities, our purpose changed. Since 2000 we have run a philanthropic enterprise by supporting and initiating projects within the built environment to benefit the common good and running an investment business.

Immediately after the merger the capital amounted to almost 17 billion kroner. This money had for 150 years been administered within the mortgage credit association framework and according to credit mortgage laws it could not just be distributed among members. It was therefore decided to secure the worth of the capital in an association, so future generations could also benefit from the money through development of the built environment.

Overview of the Realdania concern

As of December 31, 2011 an overview of the main enterprise and its controlled enterprises can be displayed as follows:



BOLIUS BOLIGEJERNES VIDENCENTER A/S

(Bolius Knowledge Centre for Homeowners)

Bolius offers competent and impartial knowledge and advice to private homeowners. This is primarily done through being in touch with hundreds of thousands of homeowners throughout the year and expanding and maintaining that relation.

The goal is to help homeowners achieve better solutions and higher quality in their homes, primarily through qualified, impartial communication of knowledge and secondly through technical advice. The knowledge and advice of Bolius are related to issues such as the technical condition, organization and appearance of the home as well as more general subjects such as buying, maintaining, running, the garden, improvement or selling.

In the middle of the year, Bolius and NRGi Rådgivning established a joint enterprise, EBAS, Energi og Bygningsrådgivning A/S, in which both companies put in their divisions for home condition reports and energy labelling. Bolius owns 45% of EBAS. After selling of this activity, Bolius now only consists of one business area (the knowledge centre).

Management: Ulrik Heilmann.

FOR FURTHER INFORMATION,
PLEASE VISIT WWW.BOLIUS.DK.

REALDANIA BY A/S

The purpose of the company is to promote quality in area development projects through buying, developing and selling of areas for urban development and urban transformation as well as promote Realdania's activities and increase the capital.

The company's activities are carried out through partnerships – primarily with municipalities, where independent enterprises are established for each individual area development project. Projects are established in Fredericia and Køge, which are organized as affiliated and associated units in relation to Realdania By.

Through the subsidiary company Jord ApS, Realdania By owns a portfolio of undeveloped sites. The portfolio has been partly sold and is expected to be sold off as the situation in the real estate market improves.

Management: Mette Lis Andersen.

**FOR FURTHER INFORMATION,
PLEASE VISIT WWW.REALDANIABY.DK.**

REALDANIA BYG A/S

Realdania Byg has two areas of special effort: New building focusing on experiments and development and future protection through development of specific listed and preservation worthy buildings on the condition that contemporary use and financially sustainable operation is established. There are 40 buildings and sites in Realdania Byg's portfolio.

Via the subsidiary companies Boligejendom ApS and Jord og Boligejendom ApS, Realdania Byg owns a portfolio of ongoing and finished project buildings. During the period 2009-2011 the portfolio has been partly sold and is expected to be completely sold off within a number of years as the situation in the real estate market improves.

Management: Peter Cederfeld.

**FOR FURTHER INFORMATION,
PLEASE VISIT WWW.REALDANIABYG.DK.**

Philanthropy

Realdania's philanthropic activities help create development and change. They are significant, important to the built environment and widely spread across the country. Since the beginning in 2000, Realdania has contributed with 12,7 billion kroner for more than 1,877 different projects within the built environment – and has simultaneously paid 2,2 billion kroner in taxes. In the table below, distributions and philanthropic investments per year are drawn up in million kroner.

Total grants per year for philanthropic activities – in million kroner

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	Total
Distributions	669	792	445	1,091	1,345	2,109	912	640	335	310	363	9,011
Investments	406	174	-2	772	496	1,298	198	-15	207	9	136	3,679
Grant	1,075	966	443	1,863	1,841	3,407	1,110	625	542	319	499	12,690

Realdania is currently involved in 573 projects with a total project economy of 19 billion kroner. Of this, Realdania finances 9,8 billion kroner. Financial support from Realdania is important for the projects. Also important is support as regards competences such as: Specialist knowledge, project development, project management, organization and financial control.

Ongoing projects including specification of project value per December 31, 2010

Project type	Projects Number	Total project sum Million kroner	Realdania's Grants Million kroner
Flag ship projects	40	12,417	7,585
Ordinary projects	407	4,864	1,722
Individual projects *)	126		
Total	573	19,179	9,794

*) Individual projects are projects that are carried out under an "umbrella" project, for example a campaign that Realdania manages and follows closely or a research centre with multiple research projects.

In coming years, Realdania focuses especially on supporting and initiating projects in relation to the following areas of special effort: Health and Social Sustainability through the Built Environment, Environmental and Resource Sustainability in the Built Environment, The Suburb version 2.0 and The Potentials of Outer Areas, and Transforming the railway town.

Corporate Governance

Realdania is an association with a representative member democracy, which runs a private philanthropic enterprise based on its investment business.

Realdania's management structure is dual and consists of a supervisory board and an executive board. The Supervisory Board attends to the overall management, while the Executive Board

handles day-to-day management. Members elect a board of representatives at geographically distributed and professional election meetings. The Board of Representatives then elects the Supervisory Board, which hires the Executive Board.

Overall, the Board of Representatives represents the network and the professional and managerial knowledge that Realdania needs to be able to run its enterprise on a competent and solid foundation. Everyone who owns real estate in Denmark can become a member of Realdania. Today we have approximately 166,000 members.

Realdania follows the recommendations of the stock exchange regarding good corporate governance with the necessary adjustments based on Realdania's legal status as an association.

OUR CORPORATE GOVERNANCE IS OUTLINED IN THE MODEL BELOW:

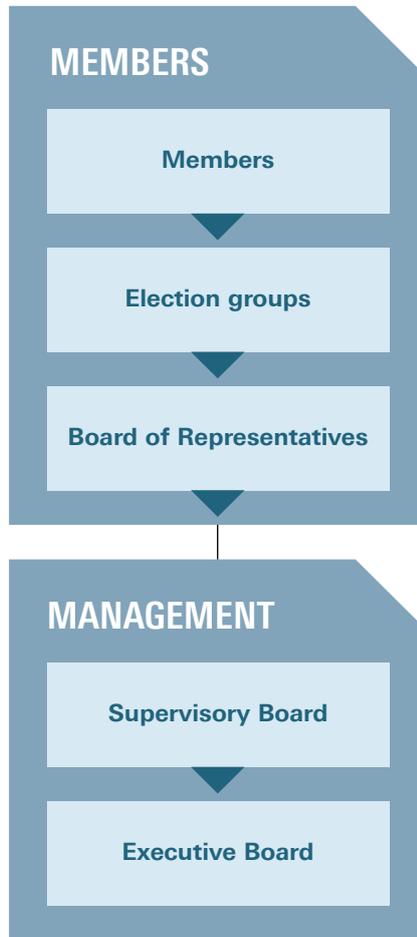
MEMBERS

Members (approximately 166,000)

- 6 specialist election groups elect 42 representatives every 4 years
- 10 regional election groups elect 60 representatives every 4 years
- The Board of Representatives elects 7 representatives based on recommendations from specific organizations

Board of Representatives (109)

- Elects the Supervisory Board
- Monitors whether the Supervisory Board and the Executive Board are doing their best in carrying out the foundation for Realdania's work and strategies
- Chooses accountant
- Approves annual report
- Approves regulations



MANAGEMENT

Supervisory Board (11)

- Elects Chairman and Vice-Chairman
- Hires and supervises the Executive Board
- Collaborator of the Executive Board
- Draws up and approves The Foundation of Realdania's work
- Draws up and approves strategies
- Approves the budget
- Monitors accounting and capital management accounting
- Approves cases of unusual character or scale

Executive Board (2)

- Implements The Foundation of Realdania's work and strategies
- Brings forth suggestions for Realdania's goals and general policy
- Builds a satisfactory organization
- Hires the necessary staff
- Is in charge of accounting and capital management
- Secretariat for election meetings, board of representatives and supervisory board
- Is in charge of members activities
- Reports on significant circumstances

VISIT WWW.REALDANIA.DK
TO READ MORE ABOUT OUR ACTIVITIES.



KEY FIGURES AND RATIOS

GROUP

Main figures, mio. EUR	2011	2010	2009	2008	2007
Result					
Investment return	-694	490	884	-1,841	-352
Result of philanthropic investments	-11	0	-12	-5	3
Operating costs, Realdania	-15	-14	-15	-13	-12
Grants	-97	-121	-60	-147	-181
Tax	32	-51	1	37	-14
Profit/loss	-784	303	798	-1,970	-555
Balance sheet					
Total assets	3,012	3,550	3,251	3,333	4,402
Base capital	1,411	1,407	1,410	1,410	1,410
Other reserves	659	1,438	1,138	339	2,030
Total Equity	2,070	2,846	2,547	1,749	3,719
Key figures					
Investment:					
Value of commercial investment portfolio	2,604	3,133	2,717	2,011	4,088
Return on commercial investments	-21.3%	18.2%	45.5%	-45.6%	-7.8%
Market risk*	28.7%	29.2%	37.1%	37.4%	24.0%
Operating expenses / average portfolio value	0.19%	0.18%	0.23%	0.16%	0.10%
Philanthropy:					
Portfolio of philanthropic programs	2,580	2,318	2,153	2,182	1,904
Of this sponsored by Realdania**	1,317	1,249	1,168	1,232	1,020
Operating expenses / average portfolio value	0.20%	0.22%	0.23%	0.20%	0.25%
Total philanthropic activities for the year	160	130	60	147	181
Philanthropic activity this year / average equity	6.5%	5.0%	3.6%	9.5%	6.2%
Operating expenses / philanthropic activity this year	3.1%	3.6%	6.5%	1.6%	1.7%
Sector financial statements, mio. EUR					
Investment	-699	484	878	-1,847	-356
Philanthropy	-112	-126	-77	-156	-182
Corporate management	-4	-4	-4	-4	-3
Profit/loss before tax	-816	354	797	-2,007	-541
Tax	32	-51	1	37	-14
Net profit	-784	303	798	-1,970	-555

* Including real value protection (2007) and revaluation reserve (2011)

** Risk of loss as a consequence of changes in the financial markets, calculated with a risk model based on the concept of Value-At-Risk.

The percentage rate indicates maximum loss of investment portfolio within one year with a probability of 97.5%

*** Including philanthropic investments

**** Result of philanthropic activities before tax including the philanthropic investment element.



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