

Datter Rosetum K/S

Rosengårdcentret
Ørbækvej 75, DK-5220 Odense SØ

CVR no. 32 34 89 20

Annual report 2019

Approved at the Company's annual general meeting on 29 April 2020

Chairman:


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Markus Oskar Schmitt-Habersack





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Statement by the Board of Directors

Today, the Management has discussed and approved the annual report of Datter Rosetum K/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2019 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2019.

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

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

Odense, 29 April 2020
Board of Directors:




Dr. Volker Kraft



Lasse Winther Thorsen



Martin Vang Hansen



Markus Oskar Schmitt-
Habersack

Independent auditor's report

To the limited partners of Datter Rosetum K/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Datter Rosetum K/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in net assets attributable to limited partners and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 April 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kaare K. Lendorf
State Authorised Public Accountant
mne33819

Management's review

Company details

Name	Datter Rosetum K/S
Address, Postal code, City	Rosengårdcentret Ørbækvej 75, DK-5220 Odense SØ
CVR no.	32 34 89 20
Registered office	Odense
Financial year	1 January - 31 December
Board of Directors	Dr. Volker Kraft Lasse Winther Thorsen Martin Vang Hansen Markus Oskar Schmitt-Habersack
Limited partners	RGC JV CO. S.á r.l. Arbejdsmarkedets Tillægspension
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2019	2018	2017	2016	2015
Key figures					
Revenue	154,194	151,871	154,669	155,705	151,232
Gross profit	122,754	120,685	122,259	126,355	127,107
Operating profit/loss	244,104	96,211	377,905	186,128	242,878
Net financials	-46,436	-45,470	-45,338	-45,744	-45,911
Profit for the year	197,668	50,741	332,567	140,384	196,967
Assets					
Total assets	3,982,718	3,828,862	3,785,020	3,461,114	3,379,445
Investment in property, plant and equipment	-54,433	-84,784	-42,417	-13,633	-107,367
Net assets attributable to limited partners	1,994,571	1,951,797	1,920,224	1,606,825	1,627,452
Financial ratios					
Operating margin	158.3%	63.4%	244.3%	119.5%	160.6%
Gross margin	79.6%	79.5%	79.0%	81.2%	84.0%
Return on assets	6.2%	2.5%	10.4%	5.4%	7.4%
Current ratio	18.3%	68.5%	95.7%	43.7%	12.2%
Solvency ratio	50.1%	51.0%	50.7%	46.4%	48.2%
Return on net assets attributable to limited partners	10.0%	2.6%	18.9%	8.7%	13.1%

Management's review

Business review

The Group's primary activity is to own and to carry on letting of real property.

Financial review

In 2019, the group's revenue came in at DKK 154,194 thousand compared to DKK 151,871 thousand last year. The income statement for 2019 shows a profit of DKK 197,668 thousand against a profit of DKK 50,741 thousand last year, and the balance sheet at 31 December 2019 shows net assets attributable to limited partners of DKK 1,994,571 thousand.

Revenue for 2019 is below expectation, whereas profit was above expectations.

Management considers the group's financial performance in the year satisfactory.

Events after the balance sheet date

The outbreak of coronavirus can, depending on its progress, cause significant effects on the overall economic development and in particular the consumer climate and retail sales. In addition, it can lead on the procurement side of our tenants to disruptions in the supply and logistics chain and this can lead to a decline in turnover among our tenants. Resulting from these risks, the increased economic pressure on the stationary retail trade and our tenants might have an impact on the amount and probability of occurrence of our business-specific risks and thus our business operations.

Beginning from 18 March 2020 in the shopping center the Company owns, only certain retailers and service providers are allowed to operate. Management considered the fact that temporary lockdown imposed by the government may be revised and further extended.

The exact assessment of the risk from the outbreak of coronavirus is currently not quantifiable and depends on further developments, which the management is monitoring closely. However, in management's view, based on cash flow projections and taking into account the current financial and liquidity position, the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date and the going concern assumption adopted in the preparation of these financial statements is appropriate.

The entire bank loan was re-financed by April 2020 with an interest fixing of 10 years.

No further events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

For 2020 revenues are expected to amount to DKK 168.526 thousand. On this basis, a profit of DKK 82.174 thousand has been budgeted for 2020. The expectations are based on the assumption that the market value of the investment property remains unchanged, which was made before the Covid-19 outbreak.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
	Revenue	154,194	151,871	123,594	122,520
	Other external expenses	-31,440	-31,186	-22,490	-19,783
	Gross profit	122,754	120,685	101,104	102,737
	Fair value adjustments of investment property	121,350	-24,474	87,622	-20,920
	Profit before net financials	244,104	96,211	188,726	81,817
	Income from investments in group entities	0	0	42,033	1,542
	Financial income	13	41	13	41
	Financial expenses	-46,449	-45,511	-33,104	-32,659
	Profit for the year	197,668	50,741	197,668	50,741

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
		ASSETS			
		Non-current assets			
2	Property, plant and equipment				
3	Investment property	3,875,837	3,731,547	2,924,214	2,828,397
	Lease incentives	63,163	50,453	36,141	39,141
		<u>3,939,000</u>	<u>3,782,000</u>	<u>2,960,355</u>	<u>2,867,538</u>
4	Financial assets				
	Investments in group entities, net asset value	0	0	429,660	387,627
		<u>0</u>	<u>0</u>	<u>429,660</u>	<u>387,627</u>
	Total non-current assets	<u>3,939,000</u>	<u>3,782,000</u>	<u>3,390,015</u>	<u>3,255,165</u>
	Current assets				
	Receivables				
	Trade receivables	7,930	4,502	5,680	4,116
	Other receivables	5,440	7,034	3,885	8,246
5	Prepayments	364	238	296	0
		<u>13,734</u>	<u>11,774</u>	<u>9,861</u>	<u>12,362</u>
	Cash	<u>29,984</u>	<u>35,088</u>	<u>10,898</u>	<u>34,350</u>
	Total current assets	<u>43,718</u>	<u>46,862</u>	<u>20,759</u>	<u>46,712</u>
	TOTAL ASSETS	<u><u>3,982,718</u></u>	<u><u>3,828,862</u></u>	<u><u>3,410,774</u></u>	<u><u>3,301,877</u></u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
		NET ASSETS			
		ATTRIBUTABLE TO LIMITED PARTNERS AND LIABILITIES			
		Net assets attributable to limited partners			
		Limited partnership capital			
		1,040,057	1,040,057	1,040,057	1,040,057
		954,514	911,740	954,514	911,740
		Total net assets attributable to limited partners			
		1,994,571	1,951,797	1,994,571	1,951,797
6		Non-current liabilities			
		Mortgage debt			
		1,749,898	1,808,667	1,234,258	1,275,107
		Total non-current liabilities			
		1,749,898	1,808,667	1,234,258	1,275,107
		Current liabilities			
		Mortgage debt			
		60,107	0	41,624	0
		Bridge financing			
		111,905	0	54,480	0
		Trade payables			
		4,437	20,277	3,494	15,117
		Payables to group entities			
		0	0	43,600	25,662
		Other payables			
		61,800	48,121	38,747	34,194
		Total current liabilities			
		238,249	68,398	181,945	74,973
		Total liabilities			
		1,988,147	1,877,065	1,416,203	1,350,080
		TOTAL NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS AND LIABILITIES			
		3,982,718	3,828,862	3,410,774	3,301,877

1 Accounting policies

7 Collateral

8 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in net assets attributable to limited partners

		Group		
Note	DKK'000	Limited partnership capital	Retained earnings	Total
	Net assets attributable to limited partners at 1 January 2019	1,040,057	911,740	1,951,797
	Transfer through appropriation of profit	0	42,774	42,774
	Net assets attributable to limited partners at 31 December 2019	1,040,057	954,514	1,994,571
		Parent company		
Note	DKK'000	Limited partnership capital	Retained earnings	Total
	Net assets attributable to limited partners at 1 January 2019	1,040,057	911,740	1,951,797
9	Transfer, see "Appropriation of profit"	0	42,774	42,774
	Net assets attributable to limited partners at 31 December 2019	1,040,057	954,514	1,994,571

Consolidated financial statements and parent company financial statements 1 January -
31 December

Cash flow statement

Note	DKK'000	Group	
		2019	2018
	Profit for the year	197,668	50,741
10	Adjustments	-56,130	78,234
	Cash generated from operations (operating activities)	141,538	128,975
11	Changes in working capital	-4,122	10,411
	Cash generated from operations (operating activities)	137,416	139,386
	Interest received, etc.	13	41
	Interest paid, etc.	-45,111	-44,126
	Cash flows from operating activities	92,318	95,301
	Additions of property, plant and equipment	-54,433	-84,784
	Disposals of property, plant and equipment	0	20
	Cash flows to investing activities	-54,433	-84,764
	Dividends distributed	-154,894	-19,168
	Proceeds from bridge financing	111,905	0
	Cash flows from financing activities	-42,989	-19,168
	Net cash flow	-5,104	-8,631
	Cash and cash equivalents at 1 January	35,088	43,719
12	Cash and cash equivalents at 31 December	29,984	35,088

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Datter Rosetum K/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The figures regarding Datter Rosetum II K/S are included in the consolidated financial statements for Datter Rosetum K/S, and consequently there is no requirement to submit stand-alone financial statements for this entity. Instead of submitting stand-alone financial statements for Datter Rosetum II K/S, Management will submit an exemption statement in accordance with section 5(1) of the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company, Datter Rosetum K/S, and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Rental income receivable from operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis.

The lease period is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where at the inception of the lease the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when they arise.

Service charges and expenses recoverable from tenants:

Income arising from expenses recharged to tenants is recognised in the period in which the expense can be contractually recovered. Service charges and other such receipts are included gross of the related costs in revenue when the directors deem that the Group acts as principal and net when the directors deem that the Group acts as agent.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sales activities, maintenance, administration in general, bad debts, etc.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

The item includes the Parent Company's proportionate share of the profit/loss for the year in subsidiaries after elimination of intra-group income or losses.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses.

Tax

The financial statements do not include tax as the individual limited partners include results from the limited partnership in their income statements.

Balance sheet

Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method accounting to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Net assets attributable to limited partners

According to the Company's Articles of Association, the net results of operations are distributed to the limited partners in proportion to the individual limited partner's share of the Aggregate Commitments.

Any non-discretionary obligation to pay dividends entails a liability that must be recorded on initial recognition of the instrument.

The fact that the limited partners are entitled to a distribution of the net results of the operations establishes an additional liability for the Company, as the Company has a contractual obligation to pay cash in respect of both the redemption of paid commitment and the required dividend payments.

The liability must be recognised at an amount equal to the present value of both the redemption amount of the paid commitment and the non-discretionary dividends. As the dividends were set at market rate, this resulted in an overall liability classification of both the paid commitment and the required dividend payments.

The paid commitment and retained earnings have therefore been presented as net assets attributable to limited partners in the financial statements.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of investment property.

Cash flows from financing activities comprise changes in the size or composition of the Group's net assets and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Net assets attributable to limited partners at year end} \times 100}{\text{Total net assets attributable to limited partners and liabilities at year end}}$
Return on net assets attributable to limited partners	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average net assets attributable to limited partners}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Property, plant and equipment

DKK'000	Group		
	Investment property	Lease incentives	Total
Cost at 1 January 2019	3,076,457	76,992	3,153,449
Additions in the year	22,940	31,494	54,434
Disposals in the year	0	-6,833	-6,833
Cost at 31 December 2019	3,099,397	101,653	3,201,050
Revaluations at 1 January 2019	655,090	0	655,090
Revaluations in the year	121,350	0	121,350
Revaluations at 31 December 2019	776,440	0	776,440
Impairment losses and depreciation at 1 January 2019	0	26,539	26,539
Amortisation/depreciation in the year	0	18,784	18,784
Reversal of amortisation/depreciation and impairment of disposals	0	-6,833	-6,833
Impairment losses and depreciation at 31 December 2019	0	38,490	38,490
Carrying amount at 31 December 2019	3,875,837	63,163	3,939,000

DKK'000	Parent company		
	Investment property	Lease incentives	Total
Cost at 1 January 2019	2,202,383	61,777	2,264,160
Additions in the year	8,195	11,067	19,262
Disposals in the year	0	-6,833	-6,833
Cost at 31 December 2019	2,210,578	66,011	2,276,589
Revaluations at 1 January 2019	626,014	0	626,014
Revaluations in the year	87,622	0	87,622
Revaluations at 31 December 2019	713,636	0	713,636
Impairment losses and depreciation at 1 January 2019	0	22,636	22,636
Amortisation/depreciation in the year	0	14,067	14,067
Reversal of amortisation/depreciation and impairment of disposals	0	-6,833	-6,833
Impairment losses and depreciation at 31 December 2019	0	29,870	29,870
Carrying amount at 31 December 2019	2,924,214	36,141	2,960,355

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

3 Investment property

Group

Fair value estimation

The independent appraisers Cushman & Wakefield | RED have been consulted for purposes of estimating the fair value of the investment property.

The valuation model used to estimate the fair value is a DCF model with a ten-year budget model.

Expected future cash flows are based on budgets approved by Management for the coming years and an estimated terminal value for the remaining life of the property. The discount factor comprises the risk-free interest rate and a risk premium for the property.

The most significant fair value assumptions are the following:

- Discount rate 6.50%
- Exit yield 4.50%
- Inflation rate 2.00 %
- First year NOI net of capex DKK 145.8 million and terminal NOI DKK 223.5 million, Extraordinary capex DKK 5.96 million in 2020 and 56 million in 2021.

4 Investments

DKK'000	Parent company Investments in group entities, net asset value
Cost at 1 January 2019	317,500
Cost at 31 December 2019	317,500
Value adjustments at 1 January 2019	70,127
Share of the profit/loss for the year	42,033
Value adjustments at 31 December 2019	112,160
Carrying amount at 31 December 2019	429,660

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Datter Rosetum II	K/S	Odense	100.00%	429,660	42,033

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Notes to the financial statements

5 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years DKK 364 thousand (2018: DKK 238 thousand).

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, DKK 296 thousand (2018: DKK 0 thousand).

6 Non-current liabilities

DKK'000	Group			
	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,810,005	60,107	1,749,898	1,440,909
	1,810,005	60,107	1,749,898	1,440,909

Amortised borrowing costs recognised in mortgage debt represents DKK 14,912 thousand.

DKK'000	Parent company			
	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,275,882	41,624	1,234,258	1,018,491
	1,275,882	41,624	1,234,258	1,018,491

Amortised borrowing costs recognised in mortgage debt represents DKK 8,628 thousand.

7 Collateral

Group

As security for the Group's debt to mortgage credit institutions and banks, DKK 1,921,911 thousand, the Group has pledged land and buildings. The total carrying amount of the assets placed as security was DKK 3,875,837 thousand at 31 December 2019.

Parent company

As security for the parent company's debt to mortgage credit institutions and banks, DKK 1,330,362 thousand, the parent company has placed land and buildings as security. The total carrying amount of the assets placed as security was DKK 2,924,214 thousand at 31 December 2019.

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Notes to the financial statements

8 Related parties

Parent company

Datter Rosetum K/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
ECE Progressive Income Growth Fund, SCA SICAV-RAIF	Luxembourg	Participating interest
Arbejdsmarkedets Tillægspension	Denmark	Participating interest

Transactions with related parties

All internal group transactions have been carried through on an arm's length basis.

	Parent company	
	2019	2018
DKK'000		
9 Appropriation of profit		
Recommended appropriation of profit		
Dividend to limited partners	154,894	19,168
Retained earnings	42,774	31,573
	<u>197,668</u>	<u>50,741</u>
	Group	
DKK'000	2019	2018
10 Adjustments		
Amortisation/depreciation and impairment losses	18,784	8,290
Financial income	-13	-41
Financial expenses	46,449	45,511
Fair value adjustments of investment property	-121,350	24,474
	<u>-56,130</u>	<u>78,234</u>
11 Changes in working capital		
Change in receivables	-1,960	-471
Change in trade payables, etc.	-2,162	10,882
	<u>-4,122</u>	<u>10,411</u>
12 Cash and cash equivalents at year-end		
Cash according to the balance sheet	29,984	35,088
	<u>29,984</u>	<u>35,088</u>