

Datter Rosetum K/S

Rosengårdcentret
Ørbækvej 75, DK-5220 Odense SØ

CVR no. 32 34 89 20

Annual report 2021

Approved at the Company's annual general meeting on 25 April 2022

Chair of the meeting:

A handwritten signature in blue ink, appearing to read 'Markus Oskar Schmitt-Habersack', is written over a horizontal dotted line.

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 2021.

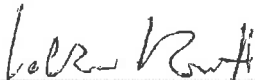
The annual report is prepared in accordance with the Danish Financial Statements Act.

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 2021 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 2021.

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, 25 April 2022
Board of Directors:



Dr. Volker Kraft



Andre Scharf



Peter Larsen



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 2021, 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 2021, 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 2021 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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 25 April 2022
EY 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
Limited partners	Dr. Volker Kraft Andre Scharf Peter Larsen Markus Oskar Schmitt-Habersack
General Partner	RGC JV CO. S.á r.l. Arbejdsmarkedets Tillægspension
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	157,297	155,706	154,194	151,871	154,669
Gross profit	125,900	115,477	122,754	120,685	122,259
Operating profit/loss	156,016	-2,334	244,104	96,211	377,905
Net financials	62,669	-118,520	-46,436	-45,470	-45,338
Profit/loss for the year	218,685	-120,854	197,668	50,741	332,567
Total assets					
Total assets	3,932,859	3,890,912	3,982,718	3,828,862	3,785,020
Investment in property, plant and equipment	-33,610	-28,636	-54,433	-84,784	-42,417
Net assets attributable to limited partners	1,928,583	1,805,085	1,994,571	1,951,797	1,920,224
Financial ratios					
Operating margin	99.2%	-1.5%	158.3%	63.4%	244.3%
Gross margin	80.0%	74.2%	79.6%	79.5%	79.0%
Return on assets	4.0%	-0.1%	6.2%	2.5%	10.4%
Current ratio	51.3%	70.7%	18.3%	68.5%	95.7%
Solvency ratio	49.0%	46.4%	50.1%	51.0%	50.7%
Return on net assets attributable to limited partners	11.7%	-6.4%	10.0%	2.6%	18.9%

Management's review

Business review

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

Recognition and measurement uncertainties

The outbreak of COVID-19 continues to impact the tenants within the mall and retail sectors. Management is monitoring the situation closely as the COVID-19 pandemic is ongoing, and uncertainties remain over its extent, duration and business impacts.

Within Denmark, we see a high number of transactions in the market for investment properties. However the transaction activity regarding investment properties in the mall and retail sector are minimal, as the investors allocation of capital due to COVID-19 is less.

The reduction in the level of transactions within the sector increases the valuation uncertainty. As a consequence of the increased valuation uncertainty, Management has prepared a sensitivity analysis. Reference is made to note 3 for the sensitivity analysis of the assumption used to assess the fair value of the investment property.

Financial review

In 2021, the group's revenue came in at DKK 157,297 thousand compared to DKK 155,706 thousand last year. The income statement for 2021 shows a profit of DKK 218,685 thousand against a loss of DKK 120,854 thousand last year, and the balance sheet at 31 December 2021 shows net assets attributable to limited partners of DKK 1,928,583 thousand.

Revenue and profit for 2021 are below the original budget for the year, but in face of the world-wide COVID-19 pandemic above expectation.

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

Events after the balance sheet date

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

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

Income statement

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
	Revenue	157,297	155,706	119,169	121,663
	Other external expenses	-31,397	-40,229	-22,206	-30,180
	Gross profit	125,900	115,477	96,963	91,483
	Fair value adjustments of investment property	30,116	-117,811	23,500	-83,881
	Profit/loss before net financials	156,016	-2,334	120,463	7,602
	Income from investments in group entities	0	0	55,030	-48,037
	Financial income	84,087	9	58,110	9
	Financial expenses	-21,418	-118,529	-14,918	-80,428
	Profit/loss for the year	218,685	-120,854	218,685	-120,854

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

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
	ASSETS				
	Non-current assets				
2	Property, plant and equipment				
3	Investment property	3,806,458	3,759,516	2,875,951	2,841,823
	Lease incentives	84,542	80,484	41,797	39,637
		<u>3,891,000</u>	<u>3,840,000</u>	<u>2,917,748</u>	<u>2,881,460</u>
4	Financial assets				
	Investments in group entities, net asset value	0	0	436,653	381,623
	Derivative financial instruments	8,719	0	6,028	0
		<u>8,719</u>	<u>0</u>	<u>442,681</u>	<u>381,623</u>
	Total non-current assets	<u>3,899,719</u>	<u>3,840,000</u>	<u>3,360,429</u>	<u>3,263,083</u>
	Current assets				
	Receivables				
	Trade receivables	15,493	15,513	8,781	13,334
	Other receivables	0	1,143	0	1,143
5	Prepayments	500	1,608	500	1,292
		<u>15,993</u>	<u>18,264</u>	<u>9,281</u>	<u>15,769</u>
	Cash	<u>17,147</u>	<u>32,648</u>	<u>14,702</u>	<u>12,670</u>
	Total current assets	<u>33,140</u>	<u>50,912</u>	<u>23,983</u>	<u>28,439</u>
	TOTAL ASSETS	<u>3,932,859</u>	<u>3,890,912</u>	<u>3,384,412</u>	<u>3,291,522</u>

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

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
	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
	Retained earnings	888,526	765,028	888,526	765,028
	Total net assets attributable to limited partners	1,928,583	1,805,085	1,928,583	1,805,085
	Liabilities				
6	Non-current liabilities				
	Mortgage debt	1,939,650	1,938,620	1,340,946	1,340,174
	Derivative financial instruments	0	75,212	0	51,994
	Total non-current liabilities	1,939,650	2,013,832	1,340,946	1,392,168
	Current liabilities				
	Trade payables	2,688	5,314	2,751	4,055
	Payables to group entities	0	0	78,335	48,346
	Other payables	61,938	66,681	33,797	41,868
	Total current liabilities	64,626	71,995	114,883	94,269
	Total liabilities	2,004,276	2,085,827	1,455,829	1,486,437
	TOTAL NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS AND LIABILITIES	3,932,859	3,890,912	3,384,412	3,291,522

- 1 Accounting policies
- 7 Derivative financial instruments and disclosure of fair values
- 8 Collateral
- 9 Related parties
- 10 Appropriation of profit/loss

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

Statement of changes in net assets attributable to limited partners

		Group		
		Limited partnership capital	Retained earnings	Total
Note	DKK'000			
	Net assets attributable to limited partners at 1 January 2020	1,040,057	954,514	1,994,571
	Transfer through appropriation of loss	0	-189,486	-189,486
	Net assets attributable to limited partners at 1 January 2021	1,040,057	765,028	1,805,085
	Transfer through appropriation of profit	0	123,498	123,498
	Net assets attributable to limited partners at 31 December 2021	1,040,057	888,526	1,928,583
		Parent company		
		Limited partnership capital	Retained earnings	Total
Note	DKK'000			
	Net assets attributable to limited partners at 1 January 2020	1,040,057	954,514	1,994,571
10	Transfer, see "Appropriation of profit/loss"	0	-189,486	-189,486
	Net assets attributable to limited partners at 1 January 2021	1,040,057	765,028	1,805,085
10	Transfer, see "Appropriation of profit/loss"	0	123,498	123,498
	Net assets attributable to limited partners at 31 December 2021	1,040,057	888,526	1,928,583

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

Cash flow statement

Note	DKK'000	Group	
		2021	2020
	Profit/loss for the year	218,685	-120,854
11	Adjustments	-80,057	246,156
	Cash generated from operations (operating activities)	138,628	125,302
12	Changes in working capital	-5,099	1,229
	Cash generated from operations (operating activities)	133,529	126,531
	Interest received, etc.	155	9
	Interest paid, etc.	-20,388	-26,735
	Cash flows from operating activities	113,296	99,805
	Additions of property, plant and equipment	-33,610	-28,636
	Cash flows to investing activities	-33,610	-28,636
	Dividends distributed	-95,187	-68,632
	Proceeds of long-term liabilities	0	1,937,786
	Proceeds from bridge financing	0	-111,905
	Repayments, long-term liabilities	0	-1,825,754
	Cash flows from financing activities	-95,187	-68,505
	Net cash flow	-15,501	2,664
	Cash and cash equivalents at 1 January	32,648	29,984
13	Cash and cash equivalents at 31 December	17,147	32,648

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 2021 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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement on a current basis.

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/loss 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)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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

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 2021	3,100,887	126,476	3,227,363
Additions in the year	16,826	25,921	42,747
Disposals in the year	0	-840	-840
Cost at 31 December 2021	3,117,713	151,557	3,269,270
Revaluations at 1 January 2021	658,629	0	658,629
Revaluations in the year	30,116	0	30,116
Revaluations at 31 December 2021	688,745	0	688,745
Impairment losses and depreciation at 1 January 2021	0	45,992	45,992
Amortisation/depreciation in the year	0	22,242	22,242
Reversal of prior-year impairment losses	0	-1,219	-1,219
Impairment losses and depreciation at 31 December 2021	0	67,015	67,015
Carrying amount at 31 December 2021	3,806,458	84,542	3,891,000

DKK'000	Parent company		
	Investment property	Lease incentives	Total
Cost at 1 January 2021	2,212,068	70,386	2,282,454
Additions in the year	10,628	15,507	26,135
Cost at 31 December 2021	2,222,696	85,893	2,308,589
Revaluations at 1 January 2021	629,755	0	629,755
Revaluations in the year	23,500	0	23,500
Revaluations at 31 December 2021	653,255	0	653,255
Impairment losses and depreciation at 1 January 2021	0	30,749	30,749
Amortisation/depreciation in the year	0	13,708	13,708
Reversal of prior-year impairment losses	0	-361	-361
Impairment losses and depreciation at 31 December 2021	0	44,096	44,096
Carrying amount at 31 December 2021	2,875,951	41,797	2,917,748

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Notes to the financial statements

3 Investment property

Group

Fair value estimation

The fair value is based on a level 3 assessment.

The fair value of the investment property is an estimate calculated by the appraiser based on information available and actual expectations for the future provided by management.

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 6.70%
- ▶ Exit yield 4.65%
- ▶ Inflation rate 2.00 %
- ▶ First year NOI net of capex DKK 122.2 million and terminal NOI DKK 230 million, Extraordinary capex DKK 93.25 million in 2022/23

Sensitivity analysis

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognized in the balance sheet as well as value adjustments carried in the income statement.

An increase in the exit yield and discount rate by 0.25 percentage points will imply a decrease in the fair value of T.DKK 205,000. A decrease in the exit yield and discount rate by 0.25 percentage points will imply an increase in the fair value of T.DKK 229,000.

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4 Financial assets

DKK'000	Parent company		Total
	Investments in group entities, net asset value	Derivative financial instruments	
Cost at 1 January 2021	317,500	0	317,500
Cost at 31 December 2021	317,500	0	317,500
Value adjustments at 1 January 2021	64,123	0	64,123
Share of the profit/loss for the year	55,030	0	55,030
Fair value of swap	0	6,028	6,028
Value adjustments at 31 December 2021	119,153	6,028	125,181
Carrying amount at 31 December 2021	436,653	6,028	442,681

Parent company

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Datter Rosetum II	K/S	Odense	100.00%	436,653	55,030

5 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years DKK 500 thousand (2020: DKK 1,608 thousand).

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, DKK 500 thousand (2020: DKK 1,292 thousand).

6 Non-current liabilities

DKK'000	Group			
	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,939,650	0	1,939,650	1,965,184
	1,939,650	0	1,939,650	1,965,184

Amortised borrowing costs recognised in mortgage debt represents DKK 15,529 thousand.

DKK'000	Parent company			
	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	1,340,946	0	1,340,946	1,358,606
	1,340,946	0	1,340,946	1,358,606

Amortised borrowing costs recognised in mortgage debt represents DKK 10,676 thousand.

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Notes to the financial statements

7 Derivative financial instruments and disclosure of fair values

Group

Interest rate risks

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

Group

Interest rate risks

DKK'000	Paying interest	2021		Time to maturity years
		Notional principal amount	Fair value	
Interest rate swaps	9,350	1,955,180	8,719	8

Group

Fair values

The fair value of the below financial instruments deviates from the value recognised in the Group's balance sheet at 31 December 2021.

Fair value disclosures

The Group has the following assets and liabilities measured at fair value:

DKK'000	Derivative financial instruments
Group	
Fair value at year end	8,719
Value adjustments in the income statement	83,931
Fair value level	2
Parent Company	
Fair value at year end	6,028
Value adjustments in the income statement	58,022
Fair value level	2

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Notes to the financial statements

7 Derivative financial instruments and disclosure of fair values (continued)

Group

Interest rate swaps have been entered into in order to hedge future interest payments on floating-rate loans. The swaps have an original maturity term of 10 years. Under the contracts, an interest rate of CIBOR 6 months is exchanged for a fixed rate of interest of 0,36% on loans with a principal amount of T.DKK 1,955,180.

The interest rate swaps have been entered into in order for the total term of the grace period of the loans. The fair value of interest rate swaps at the balance sheet date amount to T.DKK 8,719. Which has been recognized as an asset under derivative financial instruments.

Parent company

Interest rate swap has been entered into in order to hedge future interest payments on floating-rate loan. The swap has an original maturity term of 10 years. Under the contract, an interest rate of CIBOR 6 months is exchanged for a fixed rate of interest of 0,36% on loan with a principal amount of T.DKK 1,351,622.

The interest rate swap has been entered into in order for the total term of the grace period of the loan. The fair value of interest rate swap at the balance sheet date amount to T.DKK 6,028. Which has been recognized as an asset under derivative financial instruments.

8 Collateral

Group

As security for the Group's debt to mortgage credit institutions and banks, DKK 1,939,650 thousand, the Group has pledged land and buildings. The total carrying amount of the assets placed as security was DKK 3,806,458 thousand at 31 December 2021.

Parent company

As security for the parent company's debt to mortgage credit institutions and banks, DKK 1,340,946 thousand, the parent company has placed land and buildings as security. The total carrying amount of the assets placed as security was DKK 2,875,951 thousand at 31 December 2021.

9 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.

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Notes to the financial statements

DKK'000		Parent company	
		2021	2020
10	Appropriation of profit/loss		
	Recommended appropriation of profit/loss		
	Dividend to limited partners	95,187	68,632
	Retained earnings/accumulated loss	123,498	-189,486
		<u>218,685</u>	<u>-120,854</u>
		Group	
DKK'000		2021	2020
11	Adjustments		
	Net adjustment lease incentives	12,728	9,825
	Financial income	-84,087	-9
	Financial expenses	21,418	118,529
	Fair value adjustments of investment property	-30,116	117,811
		<u>-80,057</u>	<u>246,156</u>
12	Changes in working capital		
	Change in receivables	2,271	-4,530
	Change in trade payables, etc.	-7,370	5,759
		<u>-5,099</u>	<u>1,229</u>
13	Cash and cash equivalents at year-end		
	Cash according to the balance sheet	17,147	32,648
		<u>17,147</u>	<u>32,648</u>