Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Tværkajen 5
Postboks 10
5100 Odense C

Phone 63 14 66 00
Fax 63 14 66 12
www.deloitte.dk

Berlin Wohnungs Invest K/S

Gl. Torv 2, 1. 4.
5800 Nyborg
Central Business Registration
No 38030396

Annual report 2018

The Annual General Meeting adopted the annual report on 08.04.2019

Chairman of the General Meeting

____

Name: Jesper Kim Pedersen

Contents

	Page
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2018	8
Consolidated balance sheet at 31.12.2018	9
Consolidated statement of changes in equity for 2018	11
Consolidated cash flow statement for 2018	12
Notes to consolidated financial statements	13
Parent income statement for 2018	17
Parent balance sheet at 31.12.2018	18
Parent statement of changes in equity for 2018	20
Notes to parent financial statements	21
Accounting policies	23

Entity details

Entity
Berlin Wohnungs Invest K/S
Gl. Torv 2, 1. 4.
5800 Nyborg

Central Business Registration No (CVR): 38030396
Founded: 23.09.2016
Registered in: Nyborg
Financial year: 01.01.2018 - 31.12.2018

Executive Board
Komplementaranpartsselskabet for Berlin Wohnungs Invest

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
Postboks 10
5100 Odense C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Berlin Wohnungs Invest K/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations and cash flows for the financial year 01.01.2018 - 31.12.2018.

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

We recommend the annual report for adoption at the Annual General Meeting.

Nyborg, 08.04.2019

Executive Board

Komplementaranpartsselskabet
for Berlin Wohnungs Invest

Independent auditor's report

To the shareholders of Berlin Wohnungs Invest K/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Berlin Wohnungs Invest K/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent 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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary
Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Odense, 08.04.2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Anders Flou
State Authorised Public Accountant
Identification No (MNE) mne32777

Lars Rynord
State Authorised Public Accountant
Identification No (MNE) mne28680

Management commentary

	2018 DKK'000	2016/17 DKK'000
Financial highlights		
Key figures		
Revenue	25,676	10,238
Gross profit/loss	80,845	38,705
Operating profit/loss	76,967	34,581
Net financials	(8,221)	(2,618)
Profit/loss for the year	68,687	31,963
Profit/loss for the year excl minority interests	50,149	23,965
Total assets	708,879	453,495
Investments in property, plant and equipment	218,102	358,475
Equity	303,064	179,598
Equity excl minority interests	238,715	151,179
Cash flows from (used in) operating activities	9,929	5,824
Cash flows from (used in) investing activities	(70,072)	(93,968)
Cash flows from (used in) financing activities	38,160	119,757
Ratios		
Gross margin (%)	314.9	378.1
Net margin (%)	267.5	312.2
Return on equity (%)	25.7	15.9
Equity ratio (%)	33.7	33.3

The Company's first financial year 2016/17 covers 15 months.

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests x 100}}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests x 100}}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Group's objective and activity consist of investment in rental property, primarily residential property situated in Berlin. The investments are made through German companies. The Parent owns shares and handles the administration.

Development in activities and finances

The Group's profit for the year amounts to DKK 68,746k before tax and DKK 68,687k after tax. The profit is considered satisfactory. The profit for the year is positively affected by a value adjustment of the investment properties of DKK 64,511k.

The Group has acquired majority of two residential properties in Berlin in 2018.

Equity incl. minority interests amounts to DKK 303,064k at 31 December 2018 compared to a consolidated balance sheet total of DKK 708,879k.

Outlook

A profit is expected for the next financial year higher than in 2018 before value adjustments of properties. Moreover, the Company expects a positive value adjustment of the properties for 2019.

Particular risks

The Company and the Group are affected by the interest development and the general development on the property market in Berlin.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2018

	Notes	2018 DKK'000	2016/17 DKK'000
Revenue		25,676	10,238
Fair value adjustments of investment property		64,511	31,702
Other external expenses		(5,052)	(1,913)
Property costs		(4,290)	(1,322)
Gross profit/loss		**80,845**	**38,705**
Staff costs	1	(3,834)	(4,124)
Depreciation, amortisation and impairment losses		(44)	0
Operating profit/loss		**76,967**	**34,581**
Income from investments in associates		1,383	(100)
Other financial income	2	127	140
Other financial expenses	3	(9,731)	(2,658)
Profit/loss before tax		**68,746**	**31,963**
Tax on profit/loss for the year		(59)	0
Profit/loss for the year		**68,687**	**31,963**
Proposed distribution of profit/loss			
Retained earnings		50,149	23,965
Minority interests' share of profit/loss		18,538	7,998
		68,687	**31,963**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2016/17 DKK'000
Investment property		673,624	390,196
Other fixtures and fittings, tools and equipment		453	8
Property, plant and equipment	4	**674,077**	**390,204**
Investments in associates		0	9,193
Receivables from associates		0	4,452
Other investments		26	4
Deposits		4,933	2,930
Other receivables		1,481	1,452
Fixed asset investments	5	**6,440**	**18,031**
Fixed assets		**680,517**	**408,235**
Raw materials and consumables		80	0
Inventories		**80**	**0**
Trade receivables		505	635
Other receivables		6,321	1,764
Prepayments		870	249
Receivables		**7,696**	**2,648**
Cash		**20,586**	**42,612**
Current assets		**28,362**	**45,260**
Assets		**708,879**	**453,495**

Consolidated balance sheet at 31.12.2018

	Notes	2018 DKK'000	2016/17 DKK'000
Contributed capital		150,000	125,000
Retained earnings		88,715	26,179
Equity attributable to the Parent's owners		**238,715**	**151,179**
Share of equity attributable to minority interests		**64,349**	**28,419**
Equity		**303,064**	**179,598**
Mortgage debt		322,812	218,589
Deposits		5,002	2,930
Payables to shareholders and management		36,000	36,000
Other payables		1,683	0
Non-current liabilities other than provisions	6	**365,497**	**257,519**
Current portion of long-term liabilities other than provisions	6	10,300	5,411
Bank loans		141	0
Trade payables		4,017	6,896
Payables to shareholders and management		13,102	0
Other payables		11,282	3,541
Deferred income		1,476	530
Current liabilities other than provisions		**40,318**	**16,378**
Liabilities other than provisions		**405,815**	**273,897**
Equity and liabilities		**708,879**	**453,495**
Contingent liabilities	8		
Assets charged and collateral	9		

Consolidated statement of changes in equity for 2018

	Contributed capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	125,000	0	26,182	28,418
Effect of mergers and business combinations	0	0	0	40,669
Effect of divestments of entities etc	0	0	0	(22,289)
Increase of capital	25,000	1,638	0	0
Transferred from share premium	0	(250)	250	0
Costs related to equity transactions	0	(1,388)	0	0
Exchange rate adjustments	0	0	485	155
Other entries on equity	0	0	11,649	(1,142)
Profit/loss for the year	0	0	50,149	18,538
Equity end of year	**150,000**	**0**	**88,715**	**64,349**

	Total DKK'000
Equity beginning of year	179,600
Effect of mergers and business combinations	40,669
Effect of divestments of entities etc	(22,289)
Increase of capital	26,638
Transferred from share premium	0
Costs related to equity transactions	(1,388)
Exchange rate adjustments	640
Other entries on equity	10,507
Profit/loss for the year	68,687
Equity end of year	**303,064**

Equity costs consist of costs of formation and capital increase.

The share capital is fully paid up at 31.12.2018.

Consolidated cash flow statement for 2018

	Notes	2018 DKK'000	2016/17 DKK'000
Operating profit/loss		68,746	31,963
Working capital changes	7	7,036	5,463
Fair value adjustments of investment property		(64,514)	(31,702)
Income from investments		(1,383)	100
Depreciation		44	0
Cash flow from ordinary operating activities		**9,929**	**5,824**
Cash flows from operating activities		**9,929**	**5,824**
Acquisition etc of property, plant and equipment		(68,944)	(93,415)
Acquisition of cash in enterprises		2,730	6,736
Loans		(3,378)	(7,289)
Other cash flows from investing activities		(480)	0
Cash flows from investing activities		**(70,072)**	**(93,968)**
Loans raised		18,774	35,971
Repayments of loans etc		(5,979)	(28,038)
Incurrence of debt to associates		0	(13,010)
Cash increase of capital		25,365	124,834
Cash flows from financing activities		**38,160**	**119,757**
Increase/decrease in cash and cash equivalents		**(21,983)**	**31,613**
Cash and cash equivalents beginning of year		42,612	11,234
Currency translation adjustments of cash and cash equivalents		(43)	(235)
Cash and cash equivalents end of year		**20,586**	**42,612**

Notes to consolidated financial statements

	2018 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	3,298	4,085
Other social security costs	534	29
Other staff costs	2	10
	3,834	**4,124**
Average number of employees	**8**	**3**

	2018 DKK'000	2016/17 DKK'000
2. Other financial income		
Financial income from associates	0	38
Other interest income	127	102
	127	**140**

	2018 DKK'000	2016/17 DKK'000
3. Other financial expenses		
Other interest expenses	6,538	2,658
Other financial expenses	3,193	0
	9,731	**2,658**

Notes to consolidated financial statements

	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000
4. Property, plant and equipment		
Cost beginning of year	358,467	8
Addition through business combinations etc	180,281	0
Exchange rate adjustments	1,079	0
Additions	37,332	489
Cost end of year	**577,159**	**497**
Revaluations beginning of year	31,729	0
Exchange rate adjustments	103	0
Revaluations for the year	64,633	0
Revaluations end of year	**96,465**	**0**
Depreciation for the year	0	(44)
Depreciation and impairment losses end of year	**0**	**(44)**
Carrying amount end of year	**673,624**	**453**

As described in accounting policies, the Group's investment properties are measured at fair value based on external assessments and Management's estimates. Management's estimate is based on a rate-of-return model. An external valuer has assisted in the assessment of the properties at a total fair value of DKK 467m. For other properties totalling DKK 207m the cost in the year of acquisition is considered to reflect the fair value.

Building projects in progress amount to DKK 2.8m, which is added to cost, or the recoverable amount, if lower.

Return on the total property portfolio amounts to an average of 4.0% with an average price factor of 20 times the annual rent, and an average market price of DKK 13,500 per m2. If the market price was calculated using an alternative rate of return of 4.25% the fair value would amount to 632m instead.

All the Group's 6 properties are located in and around Berlin and are primarily residential properties. Vacancy level for the portfolio is low.

Notes to consolidated financial statements

	Investments in associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
5. Fixed asset investments				
Cost beginning of year	9,193	4	2,930	1,452
Transfers	(9,193)	0	0	0
Additions	0	22	2,003	29
Cost end of year	**0**	**26**	**4,933**	**1,481**
Carrying amount end of year	**0**	**26**	**4,933**	**1,481**

	Due within 12 months 2018 DKK'000	Due within 12 months 2016/17 DKK'000	Due after more than 12 months 2018 DKK'000	Outstanding after 5 years DKK'000
6. Liabilities other than provisions				
Mortgage debt	10,300	5,411	322,812	66,512
Deposits	0	0	5,002	0
Payables to shareholders and management	0	0	36,000	0
Other payables	0	0	1,683	0
	10,300	**5,411**	**365,497**	**66,512**

	2018 DKK'000	2016/17 DKK'000
7. Change in working capital		
Increase/decrease in inventories	(24)	0
Increase/decrease in receivables	(1,046)	1,427
Increase/decrease in trade payables etc	8,106	4,036
	7,036	**5,463**

8. Contingent liabilities

Berlin Wohnungs Invest K/S has signed an administration agreement, which is interminable until 31 December 2021. The agreement, however, is terminable at 6 months' notice until expiry of a calendar year provided all the property funds' limited partners at a prior general meeting have decided unanimously to terminate this agreement.

The Group has two investment properties, which are situated on rented land. The lease agreements run until year 2053 and 2065, respectively. At the expiry of the lease agreements, the buildings are passed to the owner of the land with compensation payment according to an expert fair value assessment.

There are obligations to pay rent for the land untill at least the year 2065. The obligation is DKK 35m.

Notes to consolidated financial statements

9. Assets charged and collateral

The Group has raised mortgage debt at a carrying amount of DKK 333m at 31 December 2018, which is secured on investment properties at a carrying amount of DKK 674m at 31 December 2018.

Deposits under fixed asset investments are held in escrow accounts and cover the deposits paid by the lessees.

Parent income statement for 2018

	Notes	2018 DKK'000	2016/17 DKK'000
Other operating income		195	0
Other external expenses		(2,079)	(749)
Gross profit/loss		**(1,884)**	**(749)**
Staff costs	1	(812)	(4,011)
Operating profit/loss		**(2,696)**	**(4,760)**
Income from investments in group enterprises		52,751	28,628
Other financial income	2	145	200
Other financial expenses	3	(51)	(99)
Profit/loss for the year		**50,149**	**23,969**
Proposed distribution of profit/loss			
Retained earnings		50,149	23,969
		50,149	**23,969**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2016/17 DKK'000
Investments in group enterprises		239,278	45,982
Fixed asset investments	4	**239,278**	**45,982**
Fixed assets		**239,278**	**45,982**
Receivables from group enterprises		438	110,035
Other receivables		553	0
Receivables		**991**	**110,035**
Cash		**218**	**502**
Current assets		**1,209**	**110,537**
Assets		**240,487**	**156,519**

Parent balance sheet at 31.12.2018

	Notes	2018 DKK'000	2016/17 DKK'000
Contributed capital		150,000	125,000
Reserve for net revaluation according to the equity method		95,970	31,085
Retained earnings		(7,255)	(4,903)
Equity		**238,715**	**151,182**
Trade payables		1,722	4,135
Other payables		50	1,202
Current liabilities other than provisions		**1,772**	**5,337**
Liabilities other than provisions		**1,772**	**5,337**
Equity and liabilities		**240,487**	**156,519**
Contingent liabilities	5		

Parent statement of changes in equity for 2018

	Contributed capital DKK'000	Share premium DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000
Equity beginning of year	125,000	0	31,085	(4,903)
Increase of capital	25,000	1,638	0	0
Transferred from share premium	0	(250)	0	250
Costs related to equity transactions	0	(1,388)	0	0
Exchange rate adjustments	0	0	485	0
Other entries on equity	0	0	11,649	0
Profit/loss for the year	0	0	52,751	(2,602)
Equity end of year	**150,000**	**0**	**95,970**	**(7,255)**

	Total DKK'000
Equity beginning of year	151,182
Increase of capital	26,638
Transferred from share premium	0
Costs related to equity transactions	(1,388)
Exchange rate adjustments	485
Other entries on equity	11,649
Profit/loss for the year	50,149
Equity end of year	**238,715**

Equity costs consist of costs of formation and capital increase.

The share capital is fully paid up at 31.12.2018.

Notes to parent financial statements

	2018 DKK'000	2016/17 DKK'000
1. Staff costs		
Wages and salaries	798	3,994
Other social security costs	12	7
Other staff costs	2	10
	812	**4,011**
Average number of employees	**1**	**3**

	2018 DKK'000	2016/17 DKK'000
2. Other financial income		
Financial income arising from group enterprises	0	48
Exchange rate adjustments	145	152
	145	**200**

	2018 DKK'000	2016/17 DKK'000
3. Other financial expenses		
Other interest expenses	29	6
Exchange rate adjustments	22	93
	51	**99**

	Invest-ments in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	14,897
Additions	128,411
Cost end of year	**143,308**
Revaluations beginning of year	31,085
Exchange rate adjustments	485
Adjustments on equity	11,649
Share of profit/loss for the year	52,751
Revaluations end of year	**95,970**
Carrying amount end of year	**239,278**

Notes to parent financial statements

In connection with participation in a capital increase in a subsidiary, a residual liability of EUR 770k remains unpaid.
A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5. Contingent liabilities

Berlin Wohnungs Invest K/S has signed an administration agreement, which is interminable until 31 December 2021. The agreement, however, is terminable at 6 months' notice until expiry of a calendar year provided all the property funds' limited partners at a prior general meeting have decided unanimously to terminate this agreement.

Click here to enter text.

Accounting policies

Reporting class
This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C and consolidated financial statements.

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

Non-comparability
The Company Berlin Wohnungs Invest K/S was established on 23.09.2016, and the first financial year 2016/17 covers a financial period of 15 months (23.09.2016-31.12.2017).

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements. Minority

Accounting policies

interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition.

Profits or losses from divestment of equity investments
Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Accounting policies

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement
Revenue
Revenue from property operations includes rental income regarding letting of investment properties and related income from letting out. The lessees contribution to cover the costs of the properties regarding heat supply and contributions to cover operating costs that eventually rest with the lessee are set off against paid costs in the balance sheet as other receivables or payables.

Fair value adjustments of investment property
Fair value adjustment of investment properties for the financial year of the Entity’s investment properties measured at fair value at the balance sheet date.

Other external expenses
Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

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

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to other fixtures comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets as well as gains and losses from the sale of equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises’ profit/loss after full elimination of internal profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates’ profit/loss after elimination of internal profits or losses.

Accounting policies

Other financial income
Other financial income comprises interest income, payables and transactions in foreign currencies and amortisation of financial assets.

Other financial expenses
Other financial expenses comprises interest expenses, payables and transactions in foreign currencies and amortisation of financial liabilities.

Tax on profit/loss for the year
The limited partnership is not an independent taxpayer. Consequently, tax is not recognised in the annual report as current and deferred tax are incumbent on the limited partners.

Balance sheet
Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-7 years

Other fixtures and fittings, tools and equipment are written down to the lower of recoverable amount and carrying amount.

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

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

Fair value is determined by using external assessment and management estimates based on a yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

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

Accounting policies

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in associates.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

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

Other investments

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

Inventories

Inventories consist of fuel oil for the properties. Inventories are measured at cost applying the FIFO method.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

Mortgage debt

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

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Deferred income

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash funds.